

IMPACT OF UPI PAYMENTS ON THE BUSINESS PERFORMANCE OF RETAILERS IN NANDURBAR DISTRICT

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ABSTRACT

The use of mobile phones as well as the Internet has increased in the last few years. As a result of this, the use of digital payment systems is seen to increase. The study examines UPI's influence on sales and consumer purchasing power. Findings suggest that UPI users demonstrate higher purchasing power. The digital payment revolution is seen as positively transforming consumer behavior, enhancing financial security, and fostering transparency in retail transactions, ultimately contributing to India's economic and social progress.

Key words: UPI, Digital Payment Systems, Retailers

1. INTRODUCTION

The Indian economy has been developing rapidly over the past few years. Additionally, the nature of every sector in the economy is becoming digital, including the retail sector along with other important sectors. Retailing in India is one of the pillars of its economy, contributing approximately 10% to GDP⁽⁵⁾. Furthermore, 8% of people are currently employed in the retail sector⁽⁵⁾. India ranks fifth in the world in terms of total investment in the retail sector⁽⁵⁾. Retailers have a direct relationship with customers in the market because they purchase products from manufacturers or wholesalers and then sell them directly to consumers⁽⁶⁾. Retailers accept both online and offline payments. The number of consumers using digital payment systems has increased over the past few years, with UPI being the most widely used digital payment system⁽⁸⁾. Unified Payments Interface (UPI) is a digital payment system launched in India on 11 April 2016⁽⁹⁾. UPI is a digital payment system developed by the National Payments Corporation of India (NPCI)⁽⁷⁾. Although UPI was launched in 2016, it gained popularity after the demonetization and the outbreak of the COVID-19 pandemic⁽¹⁰⁾⁽¹¹⁾. Online payments are rapidly digitizing and helping to the growth of countries' economies⁽⁸⁾. In developing countries like India, digital payment systems are receiving special preference from customers. However, offline payment systems are still widely used in the country. It has become necessary to study the both online and offline payment systems of consumers, as understanding their impact on retailers' business performance is important.

The barter system was used in ancient times before the existence of modern currency. Then, metal coins came into existence because the barter system presented many challenges such as the lack of double coincidence of wants, the absence of a common standard of value, the inability to subdivide goods, and the difficulty of storing wealth ⁽¹³⁾. Some ancient empires, like Lydia and Greece, started using metal coins. According to information obtained from various researchers, paper currency began in China in the 7th century ⁽¹⁴⁾. After China, nearly all countries in the world adopted paper currency ⁽¹⁵⁾. However, with the increased use of paper currency, its side effects also became noticeable, such as note tearing, theft, counterfeit currency, and black money. Hence, many alternatives to paper currency were invented. After extensive research, online payment methods were developed.

For the first time in history, Stanford Federal Credit Union, an American financial institution, offered online payment services to its customers in 1994 ⁽¹⁷⁾. The use of digital payment services in India started late. In 2000, Bill Desk started the digital payment system in India ⁽¹⁷⁾. Digital payment systems like NEFT and RTGS were also used to make digital payments, but after the introduction of UPI, consumers in India have shown the most preference for it ⁽⁸⁾. In 2016, UPI became widely used as a digital payment system and an alternative to traditional currency due to demonetization and the outbreak of the COVID-19 pandemic in India ⁽¹⁶⁾.

2. REVIEW OF LITERATURE

1. **Ghosh, G. (2021)**. Adoption of digital payment system by consumer: a review of literature, *International Journal of Creative Research Thoughts*, 9(2), 2320-2882. Due to the increasing use of mobile phones and the internet, digitalization is rapidly growing in the country. The use of digital payments is also seen to be rising. Since digital payments allow for quick transactions, it saves time for both customers and businesses. With the increased use of digital payment systems, the government's 'Digital India' initiative is receiving support, leading the country's economy towards a cashless economy.

2. **Franciska, A. M., & Sahayaselvi, S. (2017)**. An overview on digital payments. *International Journal of Research*, 4(13), 2101-2111. Compared to traditional payment methods, consumers perceive digital payment systems as more convenient and secure. Individuals utilizing digital payments exhibit a significant reduction in cash usage. Consumers increasingly prioritize digital payment systems, as they consider storing funds in bank accounts to be safer than handling physical cash. Consequently, there is a noticeable shift towards the adoption of digital transactions over conventional cash-based methods.

3. **Deb, A. S.** United Payments Interface (UPI): How Indian Consumers are choosing their Payment Application Services Anurag Chanda MBA Student, Bharathidasan Institute Management, Tiruchirappalli. *isme.in, isme. In*. In 2016. The demonetization of ₹500 and ₹1000 currency notes in India resulted in a significant cash shortage across the market, prompting a substantial increase in the adoption of digital payments as an alternative to cash transactions.

Similarly, following the outbreak of the COVID-19 pandemic in 2019, concerns about viral transmission through physical currency led to a further shift towards digital payment systems. Both the demonetization and the pandemic acted as catalysts for the accelerated growth in the use of digital payment platforms, marking a significant shift in consumer behaviour towards cashless transactions.

4. **Nagarjuna, B.** Emerging Trends in Digital Payments–A Prospective Study. Consumers, merchants, retailers, and other business entities are increasingly adopting innovative concepts such as digital payment systems. These systems have shown a positive impact on business-to-consumers with a consistent increase in their adoption, predicting continued growth, efficiency and convenience in future transactions.

3. RESEARCH METHODOLOGY

Both primary and secondary data have been used for the above study.

Primary data: The observation method has been used to collect primary data from 25 retailers randomly selected for this study. The retailers represented various businesses, including grocery stores, medical shops, cloth stores, wine shops, pan tapris, and tea stalls. Data was collected on the number of customers using UPI (online) and traditional (offline) payment methods. Additionally, information regarding customer behavior, such as average spending on online versus offline transactions, was collected.

Secondary data: Various websites, articles, published research journals, and various reference books, etc. have been used to collect secondary information.

Tools for Data Analysis: Mean and Standard Deviation to compare average spending between online and offline payments. T-test for independent samples to determine if there is a statistically significant difference in UPI usage between male and female customers.

a) **Objectives**

1. To examine the impact of UPI payments on the purchasing power of consumers of retailer
2. To examine the share of customers who favor online payment methods compared to offline options.
3. To understand the usage of UPI between Male and Female Users

b) **Hypothesis**

1. Customers who pay online have more purchasing power than customers who use a cash payment system.
2. There is a significant difference between male and female customers regarding the usage of UPI.

4. DATA ANALYSIS AND INTERPRETATION

H0: Customers who pay online does not have more purchasing power than customers who use a cash payment system

H1: Customers who pay online have more purchasing power than customers who use a cash payment system

Table 4.1

Statistics			
		Avg Online Spend	Avg Offline Spend
N	Valid	25	25
	Missing	0	0
Mean		192.0904	182.1892
Std. Deviation		246.01939	336.25520

(Table 4.1 Showing Average Comparison between Offline and Online Spending)

Table 4.1 Clearly Shows that the average Online Spending which is 192.0904 is more than the average offline spending which is 182.1892, hence the **null hypothesis is rejected**.

H0: There is no significant difference between male and female customers regarding the usage of UPI.

H2: There is a significant difference between male and female customers regarding the usage of UPI.

Table 4.2

Independent Samples Test											
		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
										Lower	Upper
Male Female Online	Equal variances assumed	1.175	.284	4.401	48	.000	4.440	1.009	2.412	6.468	
	Equal variances not assumed			4.401	39.335	.000	4.440	1.009	2.400	6.480	

(Table 4.2 shows the difference between male and female customers regarding usage of UPI.)

Based on Table 4.2 the p-value is 0.284 which is greater than 0.05 which is significant evidence that the **null hypothesis has been accepted**, hence it is said that there is no significant difference between usage of UPI by Male and Female users.

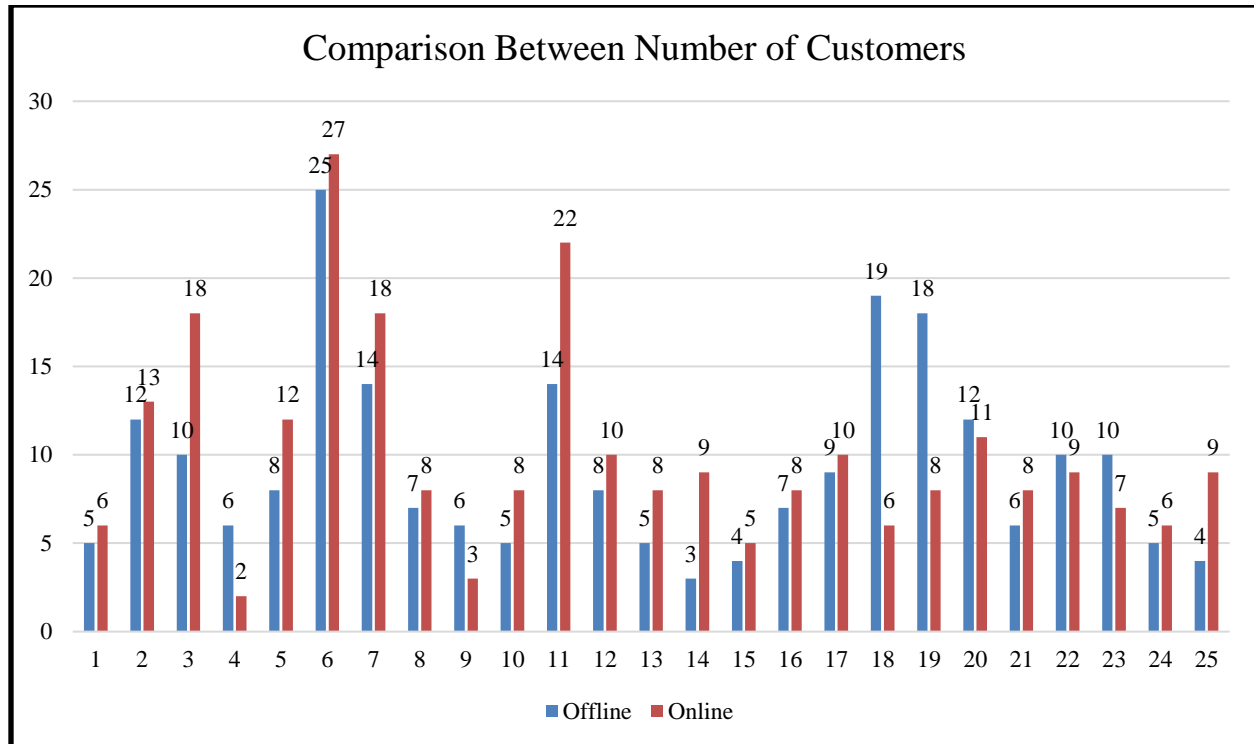
Table 4.3

Sr. No	Types of Retailers	Offline Paying Customers	Online Paying Customers
1	Pan tapri	5	6

2	Grocery store	12	13
3	Grocery store	10	18
4	Footwear store	6	2
5	Pani Puri Stall	8	12
6	College Canteen	25	27
7	Grocery store	14	18
8	Medical Store	7	8
9	Footwear store	6	3
10	Cloth Shop	5	8
11	Wine Shop	14	22
12	Medical Store	8	10
13	Pan tapri	5	8
14	Footwear store	3	9
15	Cloth Shop	4	5
16	Cloth Shop	7	8
17	Pani Puri Stall	9	10
18	Tea stall	19	6
19	Wine Shop	18	8
20	Wine Shop	12	11
21	Book Shop	6	8
22	Sweets and Farsan shop	10	9
23	Tea stall	10	7
24	Fruits stall	5	6
25	Fruits stall	4	9

(Table 4.2 shows the difference between the total numbers of customers making online and offline payments of various types of retailers.)

"Table 4.3 shows that, excluding a few selected types of retailers, online payment customers outnumber offline payment customers among all other types of retailers."



(Chart 4.1 shows the difference between the total numbers of online and offline customers.)

The blue column in the chart represents the number of customers using offline payment systems, while the red column represents those using online payment methods. Since the red columns are generally taller than the blue ones, this suggests that more customers are opting for online payments compared to offline methods.

5.CONCLUSION

The Findings show that consumers using UPI payments have more purchasing power than those using cash. The increasing adoption of digital payments is changing the buying behavior of consumers by significantly reducing the use of offline payments.

There is an increasing preference for alternative payment methods like debit cards and e-wallets. The increase in digital payment usage has facilitated retail transactions by increasing convenience and transparency in selling and purchasing activities.

The study found that there is no significant difference between male and female customers using the UPI payment system, this indicates that customers of both genders are preferring UPI payment system. It has been observed that the availability of these payment systems has also improved financial security for consumers, reducing the need to carry large amounts of cash.

It is concluded from the study that more consumers are opting for online payment as compared to offline methods in tribal regions like Nandurbar.

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