

## Model villages no longer model for others

Last December, Telangana's Ibrahimpur village was much celebrated for becoming the first hamlet in south India to go cashless. This was not long after the central government invalidated high-value banknotes. While a majority of the nation's rural population struggled to eke out a living in the next couple of months, Ibrahimpur came out a winner and became a model village.

"Except for school-going children, about 1,200 villagers from 370 families were given debit cards," the *Hindustan Times* had reported, adding that all shops in the village had been provided with point of sale (PoS) machines by the state government and all households had functional bank accounts.

Almost a year later, the same newspaper has reported that the village has hardly any PoS machines, there are no automated teller machines (ATMs) in the vicinity, and rates charged by the banks on PoS machines are too high.

The cashless village of Ibrahimpur has returned to a cash-only mode of payment and is no longer celebrated by its people or the government. The authorities, too, seem to be simply shrugging at the situation.

What holds back Indian villages from climbing onto the digital bandwagon and staying there?

Firstly, it's a behavioural issue. The day 86% of India's currency by value was taken out of circulation, the government was aware that India is a largely cash-dependent economy, with as much as 85-90% of all transactions taking place in cash. It is not just a matter of convenience. Given the lack of digital literacy, coupled with a lack of literacy, the Indian population puts much more trust in cash transactions than it does on digital payments.

Let's take a look around and notice our parents in urban India. Are they as comfortable making payments online as we are? Then how can we expect an illiterate person, who is as new to digital payments as we are to driverless cars, to adopt mobile wallets or electronic transfers?

Unlike technology and infrastructure, that can be introduced/replaced overnight, behavioural patterns take years to change. On the other hand, right after demonetisation, the government lowered or removed electronic bank transaction charges and introduced the benefits of digital payments.

Less than six months later, the charges were back as usual and benefits erased.

When the government was not willing to change its attitude towards the less privileged (for whom even Rs10 as a transaction fee is a lot), how does it expect its citizens to change their behaviour?

Secondly, the availability and quality of infrastructure is poor. As much as 80% of India's population is still offline, according to the World Bank.

In a country with a population of 1.3 billion Indians, there are only 24.51 million credit cards and 661.8 million debit cards in circulation. All of them may or may not be actively used.

There are also only 200,000 ATMs; 62% of these are in urban locations, the rest in semi-urban or rural areas. At its highest capacity, Paytm only reaches 200 million users in India, most of them living in metro cities.

Even if we believe the government's figure of having reached 80,000 panchayats with fibre optic cable (and not connectivity) under BharatNet, there are still 170,000 panchayats that are yet to see the dawn of the information highway.

Many others that have connectivity often complain of its non-functionality. While more and more advertisements are encouraging consumers to buy 4G data, there are many villages that even lack 2G connectivity or basic telecom connectivity.

With an extremely high number of unconnected and digitally illiterate individuals, with little or no access to digital tools or technology, how can the government expect the nation go to cashless or become digital overnight?

Thirdly, joining the digital bandwagon involves cost. While you and I take going digital or going cashless for granted; it involves several layers of cost for a poor person.

A user of digital payments must have a mobile phone, preferably a smartphone, data pack for the phone and a decent income that does not pinch a consumer paying a "nominal" charge per transaction or a petty shopkeeper to pay a PoS machine rental cost that runs into a couple of thousand rupees. (The latter is the reason why most shopkeepers in Ibrahimpur have returned their PoS machines.)

Fourth, though technology is supposed to be a middleman, it requires another middleman for the poor. An illiterate person, with little or no exposure to digital tools and technology, cannot access the benefits of a computer or the Internet of his/her own. This technology requires them to go through another individual who is technologically sound and can facilitate the delivery of services.

Even to access their own bank details online, an illiterate person would require the help of another person who cannot only read and write but also operate a computer. Thus, technology, though a mediator, requires another layer of mediation for the rural poor.

Fifth, security is a concern that the government is yet to efficiently deal with. This is related to behavioural issues, too. Unless we strengthen and secure our digital ecosystem, our citizens will not be able to put their trust in technology. If a person is putting his/her trust in technology and the government, the latter owes it to its people to ensure that their data is tightly secured and the security of their personal and banking details is not jeopardized.

Ibrahimpur is no longer a cashless village and you can't blame its people. They tried their best. It is the system that has failed them. Interestingly, Ibrahimpur was also declared Telangana's first mosquito-free village in 2015. Let's hope the mosquitoes aren't forced to return to the village like cash.

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