

ANALYSIS OF IMPACT OF UPI ON THE OF SMALL VENDORS: OPPORTUNIES AND CHALLENGES

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ABSTRACT

The Unified Payments Interface (UPI) is a digital payment system created by the National Payments Corporation of India (NPCI). It uses mobile phones as the main tool for making payments. It is a system that brings together all your different bank accounts into one single mobile app. This study aims to understand how the adoption and utilization of UPI influence various aspects of business operations, performance and customer engagement. This study tells us what impact UPI is having on small vendors and the problems they face while using it. Some merchants or service providers may not accept UPI payments, especially in remote or rural areas where digital payment infrastructure is less developed. Sending and receiving money through UPI is incredibly simple. Despite the challenges, UPI is still super important for helping everyone in India access digital payments easily, making life simpler for many people. Data of small vendors of Ayodhya was collected to know the impact of UPI on vendors. The reason UPI is so important is because the Reserve Bank of India (RBI) and the government really wanted to make digital payments simple, safe, and affordable for everyone in the country. They worked hard to create a system that would work well for the huge population of India. In conclusion; the vendors are having benefit by adopting UPI. Vendors are experiencing increased customer base and sales.

Keywords- Small Vendors, Unified Payment Interface, Reserve Bank of India

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INTRODUCTION

Unified Payments Interface (UPI) is like a superhero for your bank accounts. It's a system that brings together all your different bank accounts into one single mobile app. Imagine having all your banking features in one place, making it super easy to transfer money and pay merchants without any hassle. The reason UPI is so important is because the Reserve Bank of India (RBI) and the government really wanted to make digital payments simple, safe, and affordable for everyone in the country. They worked hard to create a system that would work well for the huge population of India. The RBI and the National Payments Corporation of India (NPCI) have done a great job spreading the idea of digital payments. According to RBI, a good digital payment system should be easy to use, safe, and fast. They had a vision of a future where all transactions would be digital, and they outlined certain criteria for the perfect payment system. UPI fits perfectly into this vision because it meets all the criteria set by the RBI. It's safe, efficient, and works across different banks seamlessly. It's also authorized, meaning it follows all the rules and regulations set by the government. Plus, it's accessible to everyone and inclusive, meaning people from all walks of life can use it. And it meets international standards, so it's recognized and respected worldwide. In simple terms, UPI is like the dream payment system that RBI envisioned – it's safe, easy to use, and works like magic for digital transactions. In an era characterized by rapid technological advancement and digital innovation, financial systems across the globe have been subject to transformative changes. One such ground-breaking development that has reshaped the landscape of business transactions is the Unified Payments Interface (UPI). Launched in India, UPI has emerged as a pioneering real-time payment system that has not only revolutionized the way individuals make financial transactions but has also left an indelible mark on the business world.

The Unified Payments Interface is a revolutionary digital payment platform that facilitates instant and seamless monetary transactions through smartphones. Since its inception, UPI has witnessed exponential growth in adoption rates, and its influence on businesses cannot be overstated. From small enterprises to large corporations, UPI has permeated various sectors, redefining the way financial transactions are conducted, managed, and leveraged for business growth. The purpose of this research proposal is to embark on a comprehensive exploration of the multifaceted impact of UPI on businesses. In an age where digitalization is considered a prerequisite for competitiveness, understanding the implications of UPI adoption is paramount for businesses striving to thrive in a dynamic economic environment. This research aims to delve into the various dimensions of UPI's influence on businesses, encompassing financial, operational, strategic, and societal aspects.

LITERATURE REVIEW

There are many researches done on UPI payments and its impact. While considering the review of literature some articles have reviewed followed. In (2007 Thorat) has defined the economic growth of the nation will depends on the contribution of each person from all segment. If any segment of the person left it will impact negatively and consequently affect the economic growth. The authorities must shift their focus from financial inclusion to financial exclusion (Thorat, 2007). While focusing the concept of financial exclusion, it is a situation in a country where people do not have access to primary financial instruments and services (Srinivasan, 2007; Swamy, 2014). The introduction of the technology has totally changed the working of banking sector (Morgan & Long, 2020). With the help of technology, the Indian banking sector introduced many services like- digital infrastructures, NEFT, RTGS, ATM and UPIs. They also transformed their way of working with the help of technology. In recent years, when Covid 19 impacted the livelihood of peoples of the nation, then these new technologies take place and performed well in serving the banking services to the peoples. Demonetisation has also helped the banking sector to take away the traditional method of banking operations. Panda and Sahoo has highlighted the requirement of digitalisation in basic banking services. The objective of digitalisation is to reducing the cash transactions in day-to-day operation. The Government of India has taken many revolutionary measures after demonetisation. Government has also encouraged the digital payments practices in order to make it an effective, convenient, easy and efficient mode of payment. NDCI Provided the infrastructural support system for easy access to digital payments in all corners of the country. In order to ensure faith in UPI, the NPCI launched a campaign 'UPI Chalega' through a press release for creating awareness about digital mode payment and its safety features. These development on the digitalization in banking sector in the country all sectors have taken this opportunity to grow their businesses. Small vendors have also taken this opportunity with both hands and have significantly contributed in Indian Economy.

According to a study (Baghla, 2018), India is typically tardy in adopting digital payment methods due to a lack of education and digital literacy. The future of digital payment adoption is dependent on having a secure and reliable payment network, and the government needs to play its part in spreading awareness about the payment methods and make sure people do not fear losing their money while using digital payment methods. (Mohd and Pal, 2020) also found in the study that there is still less awareness of the digital payment modes. There is a lack of acquaintance with the information and technology, making it inadequate to implement the digital ecosystem. Training initiatives related to financial literacy that financial institutions around the country can offer are required. The proper functioning of the country's ATMs is also required. There have to be trainers or instructors at each ATM and should be supervised by the banks. The government has to promote cashless payment methods by providing zero charges on transfers, opening bank accounts, and transferring money from debit and credit cards free of cost. Local shops and

micro-entrepreneurs can play a significant role in helping the government by motivating consumers to use cashless payment methods. (Singh and Sinha, 2020) developed an observational model to evaluate retailers' intentions to embrace mobile wallet technology. The characteristics considered in the study include perceived compatibility, usefulness, and comprehension. Hilka Pelizza Vier Machado (2016) has identified the various concepts of growth of the small vendors. They highlighted many determinants of growth of small vendors like contribution to national income, competition level and the activities of small traders. Sayaka Ogawa (2006) has analysed the process of payment of minor traders. They have also figured out their unique credit transactions and their effects on economy. Their study also focused on the credit of transaction done by the petty traders from the local money lenders. Baba Musa et al (2015) in their research work conducted in New Abirem in the Biram District found that the small and petty traders had so much struggles to attain the credits. The self-help group (Susu group) supports them to rotate their savings for needy group members.

RESEARCH GAP

Despite the widespread adoption of UPI in India, there may be a lack of comprehensive empirical studies examining its specific impact on the growth metrics (such as revenue, customer base, operational efficiency) of small vendors across various sectors.

RESEARCH OBJECTIVE:

The research objective of a study on the impact of UPI (Unified Payments Interface) on businesses and customer is to systematically investigate and understand how the adoption and utilization of UPI influence various aspects of business operations, performance, and customer engagement.

1. To study the Impact of adoption of UPI (Unified Payments Interface) on small vendors.
2. To study the Impact of adoption of UPI (Unified Payments Interface) on customer engagement.
3. To study the Impact of adoption of UPI (Unified Payments Interface) on operational efficiency of small vendors.
4. To study the Impact of adoption of UPI (Unified Payments Interface) on financial inclusion among small vendors.

RESEARCH HYPOTHESIS

H₀: There is no significance relationship between adoption of UPI (Unified Payments Interface) and performance of small vendors.

H₀: There is no significance relationship between adoption of UPI (Unified Payments Interface) and operational efficiency of small vendors.

H₀: There is no significance relationship between adoption of UPI (Unified Payments Interface) and customer engagement.

RESEARCH METHODOLOGY

RESEARCH DESIGN: The study is based on the descriptive research design. **SAMPLING DESIGN:** In this study sampling is doing in convenience sampling.

SAMPLING AREA: The study was conducted among the small vendors of using UPI apps and transactions and payments and its services in Ayodhya city.

SAMPLE SIZE: 60 samples were collected from the respondents.

DURATION OF THE STUDY: This study is started from November 2023 to February 2024.

DATA ANALYSIS

UPI Adoption

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.00	58	98.3	98.3	98.3
2.00	1	1.7	1.7	100.0
Total	59	100.0	100.0	

From the above table it is found that 98% small vendors are adopted the UPI for the transaction.

Convenient of UPI

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.00	49	83.1	83.1	83.1
2.00	10	16.9	16.9	100.0
Total	59	100.0	100.0	

From the above table it is found that out 83% of the respondent are feeling convenient regarding the use of UPI.

From the above table it is shown that 76% respondent are agree that using UPI they are more convenient in their financial management.

Increase on sale

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.00	27	45.8	45.8	45.8
2.00	32	54.2	54.2	100.0
Total	59	100.0	100.0	

Convenient of FM

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1.00	45	76.3	76.3	76.3
2.00	14	23.7	23.7	100.0
Total	59	100.0	100.0	

From the above table it is shown that 54% respondent are disagree that using UPI can help in increase of sale. For increasing the sale UPI is not responsible.

CONCLUSION AND FINDINGS

The motive behind the present research work is to find out UPI payment awareness on business performance of street vendors in Ayodhya of Uttar Pradesh. A wide variety of street vendors are selected for the study for robustness and unbiased analysis. An attempt was made to determine the respondent's exposure to digital payment awareness, which is tried to measure through standardised questionnaires. An examination of data using SPSS and with the help of t test have been done. The responsible factors such as primary or basic banking knowledge, knowledge about features and functioning of digital payment, QR code scanning and being a user of digital payment help the street vendors to avail its benefits, and the convenience and easiness in receipt and payment has a positive impact on their business performance. Respondent are not agreed on Using the UPI method can increase their sales. They are worried that their some other factors are responsible for the increase in the sale and decrease in the sale. However, still, a gap exists for many to be aware of this simple 'high technology-low cost'-based banking facility that would definitely help to accelerate the speed of financial inclusion in the nation to the last mile. However, there is no one-size-fits-all answer to achieving total financial inclusion for our people's diverse demands (Morgan & Long, 2020).

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