**India,** a very diversified country having 32,87,263 KM of area and 135 crores of population. And there is a quote that *"big things come with big responsibility and problems"* and here we are to discuss the problem of rural and provide the solutions for the lesser use of digital payment.

how to come up with a digital model of payment collection from the borrowers in the hinterlands?

But before any solution, we should focus on the problem to understand the basic issues for non-acceptable digital payments by the rural. These problems are related to
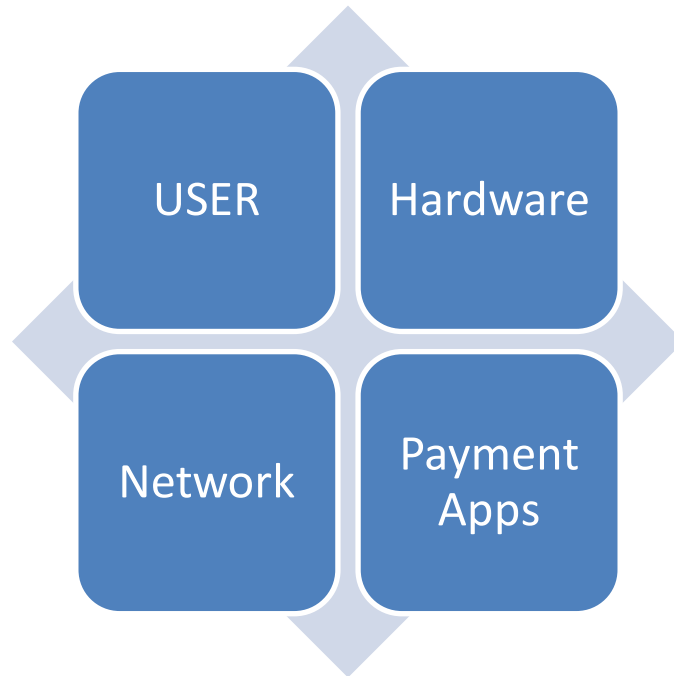
Here are the brief explanations on such issue:-

1. **User related problems:** User is the end consumer who pays money as well as the service provider or retailer who accept the money. He is the ultimate person to decide whether to make payment digitally or not. Here is the quick review of the problem related to user-

   i. **Education:** As per Wikipedia, India has a literacy rate of 74.04% in 2020 overall and when it comes to Rural areas, we have a literacy rate of 64.7%. These are the literacy rate which does not mean they all are educated. It means that they can read and write their names. Basic education is a very big problem in India and it is the major concern for the govt to provide digital services for the users of the Rural area.

   ii. **Lack of Awareness:** Most of the user who are educated but they are not aware for the digital payments and its benefit and in this regard, this is a combined failure of the govt department and banks as well to motivate people to adopt digital payments.

iii. **Hesitation for Change:** It is a human nature that we do not accept change very easily unless it has become a requirement to adopt such changes. The digital payment was introduced a long back and it has introduced various payment methods from time to time as in early 90, cheque and DD were the major source of transfer of funds and by the time we have NEFT, RTGS, UPI, Card payments and various methods of the payment and Govt. is also promoting digital payment as well as they are promoting for the lesser use of Cash by putting certain conditions and people left with no other option than to adopt Digital payment.

2. **Hardware related problem.** Digital payment requires a good and reliable hardware (Either smartphone or computer) and when it comes to especially rural areas, the cost plays a significant role in it.

   Majority of the population in India who resides in the rural area are from below poverty line and the majority of them are not able to spend a lot of money for a smartphone or even a phone or internet connectivity.

   As per economic times dated 24 Dec 2019, India has 90 colour users of the mobile phone out of which 55 crore user uses feature phone out of which 40-45% have a phone under 1000.

   In this year especially due to COVID 19 situation cost and availability of cheaper hardware is become a major problem as the production is not up to the mark and demand is higher.

3. **Network Related problems.** Network is the important factor for the digital payment. Network availability, internet speed and cost plays a significant role for user to use it. In Rural areas network is not available or speed is not that great as compared to urban areas and for the standard of living of the people in rural areas, the cost of internet is high and less useful for them. **As per the World Bank, in 2017 only 34.4% population in India has access to the internet and which means 65.6% of the population does not have internet connectivity.**

In the Union Territory of Jammu and Kashmir, the Internet and calling facility was banned in last year and still, high-speed internet is also banned, **how we can expect them to use digital payment.**

4. **Payment apps/sites related problems.** Payment apps which are used generally for the digital payment has these issues.
   i. Security
   ii. Language
   iii. User Interface
   iv. Increased number of frauds

Solutions:

1 user related

Provide basic education and encourage people for digital payment and tell them the benefits of it

2. Some reward program for user to motivate them for the use of the digital payments so that they can be made habitual for the use

3. "Digital payment was introduced a long back and it has introduced various payment methods from time to time as in early 90, cheque and DD were the major source of transfer of funds and by the time we have NEFT, RTGS, UPI, Card payments and various methods of the payment and Govt. is also promoting digital payment as well as they are promoting for the lesser use of Cash by putting certain conditions and people left with no other option than to adopt Digital payment."

New and simple methods UPI for easy payment are available

Hardware related me

1. Cheap hardware can be provided.

2. Encourage hardware manufacturers for low price hardware by subsidy or incentive like low GST etc.

Internet and Network must be taught at the basic education level and on ban on internet Services should be adopted. At least for the necessary work eg. Payments etc.

Strict law for Fraud should be adopted. And user interface should be made friendly for everyone by lang options.