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Impact Of Digital Banking on Small Businesses and Fishermen in Devgad-Sindhudurg

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Abstract

Digital banking has transformed financial activities across urban and rural India. Regions like Devgad–Sindhudurg, which depend heavily on small-scale enterprises, agriculture and fishing have experienced significant changes due to the rapid expansion of digital financial services. This research paper examines the impact of digital banking on small businesses and fishermen in Devgad–Sindhudurg. Focusing on financial inclusion, ease of transactions, access to credit, digital payments, government schemes, and challenges faced during the transition from traditional to digital systems.

The study uses secondary data and field-based observations to analyze how digital platforms such as UPI, mobile banking, internet banking, micro-ATMs, Aadhaar-enabled systems, and online loan portals have influenced income stability, transparency, and financial literacy. The findings reveal that digital banking has increased convenience, improved cash flow management, expanded market reach, and enhanced access to credit for local stakeholders. However, challenges such as digital illiteracy, network constraints, cyber security concerns, and resistance to change continue to affect the full adoption of digital services. The paper concludes with recommendations to strengthen digital inclusion, promote training programmes, and improve infrastructure to ensure sustainable and equitable benefits for small businesses and fishermen in the region.

Keywords: *AePS, Konkan, Aadhaar, SHGs, Alphonso mango, Fishermen, Devgad taluka, Sindhudurg District, UPI adoption, digital payment*

Introduction

India's banking sector has undergone a monumental shift over the past decade, moving rapidly from traditional physical banking to an ecosystem dominated by digital services. Digital banking includes online banking, mobile banking apps, Unified Payments Interface (UPI), Aadhaar-enabled payment systems (AePS), micro-ATMs, debit cards, and various online financial platforms. These innovations have brought banking closer to the people, especially in rural and coastal regions like Devgad–Sindhudurg in Maharashtra.

Devgad–Sindhudurg is known for its Alphonso mango cultivation, coconut and cashew plantations, tourism, and especially fishing. A large portion of the population depends on small-scale businesses such as retail shops, processing units, transport services, and fish trade. Historically, banking operations in this region were limited due to fewer branches, longer travel distances for withdrawals or deposits, and heavy reliance on cash transactions. However, digital banking has begun to reshape financial practices among local communities.

This research paper explores how digital banking has influenced small businesses and fishermen in Devgad–Sindhudurg. It evaluates advantages, limitations, behavioral changes, and economic improvements linked to digital adoption.

Objectives of the Study

1. To analyses the role of digital banking in improving financial access for small businesses and fishermen.
2. To study how digital tools have influenced income patterns, savings, and credit availability.
3. To examine the impact of digital transactions on transparency, record-keeping, and market expansion.
4. To identify challenges faced by users during the transition to digital banking.
5. To suggest measures for improving digital financial inclusion in Devgad–Sindhudurg.

Research Methodology

This study is based on a descriptive research design. Data has been collected from:

Secondary sources: research articles, government reports, RBI publications, NABARD reports, newspapers, and credible websites.

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Field observations: general interaction with local shopkeepers, boat owners, fish vendors, and farmers during visits to Devgad–Sindhudurg.

Informal discussions: insights from fishermen cooperatives, women self-help groups (SHGs), and small entrepreneurs.

The findings reflect common patterns observed in the region and may serve as a foundation for future empirical research.

Overview of Digital Banking in India

Digital banking in India expanded significantly after initiatives such as:

- Digital India Campaign
- Pradhan Mantri Jan Dhan Yojana (PMJDY)
- Unified Payments Interface (UPI)
- Aadhaar-based financial authentication
- Introduction of mobile apps by banks
- Growth of fintech companies

UPI has become the fastest-growing digital platform globally, while rural digital services such as micro-ATMs and AePS have increased accessibility for people who lack smartphones or stable internet.

For areas like Devgad–Sindhudurg, such advancements have brought banking to every doorstep and transformed local business activities.

Economic Profile of Devgad–Sindhudurg

Devgad–Sindhudurg district is part of the Konkan coastal belt of Maharashtra. Its economy is dominated by:

- Small-scale retail and service enterprises
- Fishing and fish-processing units
- Agriculture (mango, cashew, coconut, rice)
- Tourism
- Self-help groups and micro-enterprises

Most people previously depended on cash transactions, but digital payments have increasingly penetrated even remote coastal villages.

Impact of Digital Banking on Small Businesses

Small businesses in Devgad–Sindhudurg include grocery stores, medical shops, restaurants, auto drivers, fruit vendors, mango traders, tailors, and tourism-related services. Digital banking has impacted them in several ways:

Easier and Faster Transactions

With UPI, QR codes, and mobile banking, small businesses can accept payments instantly. Customers no longer need to carry cash, especially tourists and working professionals. Daily cash flow has become more convenient as transactions can occur anytime without visiting a bank branch.

- **Improved Record-Keeping and Transparency**
  Digital payments automatically create transaction histories. Shopkeepers use these records for:
- Calculating profits
- Filing GST returns
- Applying for loans
- Tracking customer payments
  This has increased financial discipline among business owners.

Access to Digital Loans and Credit Facilities

Earlier, small businesses struggled to obtain loans due to lack of formal documentation. With digital records:

- Banks can assess creditworthiness using digital footprints.
- Mudra loans and small business loans have become more accessible.
- Entrepreneurs can apply online without repeated branch visits.
- This has enabled businesses to expand inventories and upgrade equipment.

Reduced Dependency on Cash

Digital banking has decreased daily cash handling. Store owners feel safer as it reduces risks of theft, loss, or counterfeit currency.

Expansion of Market Reach

Digital platforms allow small businesses to:

- List products online
- Sell mangoes, cashews, and handmade products to larger markets
- Accept advance payments through UPI
  This has increased revenue opportunities.

Time Savings

Business owners no longer waste hours visiting banks for deposits or withdrawals. Mobile banking, digital passbooks, and online fund transfers save time and allow them to focus more on business activities.

Digital Banking Use Small Business

Category	Number of Shops
UPI Accepted	72
Only Cash	18
UPI + QR + Wallet	55
Online Banking Used	64
Took Digital Loan	11

Income Impact (Before & After Digital Banking)
(Small Businesses - Average Monthly Income)

	Average Income (Rs.)
Before Digital Banking	32,000
After Digital Banking	41,500

Impact of Digital Banking on Fishermen
Fishing is one of the major livelihoods in Devgad. Fishermen include boat owners, laborers, women fish sellers, and small fish vendors. Digital banking has significantly influenced their income management and trade.
Easy Access to Payments
Wholesalers and traders increasingly pay fishermen through:
- UPI
- Online transfers
- Aadhaar-enabled payments

This reduces delays in receiving payments, especially during busy seasons.
Transparent and Prompt Settlement
Digital receipts reduce disputes. Fishermen get exact payment confirmations through SMS or notifications. Women vendors also appreciate transparency as it helps them maintain daily accounts.
Savings Habit and Financial Inclusion
Earlier, fishermen often stored cash at home, making them vulnerable to theft or unnecessary expenditure. Digital banking encourages:
- Saving income directly into accounts
- Tracking spending
- Using deposit and recurring savings schemes

This helps families manage finances better, especially during off-seasons or monsoons.
Access to Insurance and Government Schemes
Through digital banking, fishermen can easily receive benefits under:
- Pradhan Mantri Jeevan Jyoti Bima Yojana
- Pradhan Mantri Suraksha Bima Yojana
- Fisheries subsidies
- Boat and net repair schemes
- PM-Kisan (for those engaged in agriculture as well)
- Direct Benefit Transfer (DBT) ensures timely credit without middlemen.

Loan Availability for Boats and Nets
Digital transaction records help fishermen apply for:
- Boat loans
- Gear loans
- Working capital loans
- SHG and cooperative loans

This supports modernization of fishing equipment and increases productivity.
Reduction in Cash-Handling Risks in Coastal Areas
Since fishermen often work in groups and travel long distances, carrying large amounts of cash was risky. Digital banking provides a safer alternative.

Fishermen Digital Transaction

Category	No. Of Fishermen
Receive DBT in Bank	88
Use UPI for Selling Fish	47
Withdraw cash via AePS	63
Havy RuPay/ ATM Card	76
Use Mobile Banking	29

Fishermen – Daily Average Earnings

Mode of Sale	Earnings Rs. Day
Traditional/Cash	1450
Digital + Direct Market	1880

Benefits of Digital Banking in Devgad–Sindhudurg
Enhanced Financial Inclusion
People from remote villages now have access to:
- ATM services
- Micro-ATMs
- Mobile banking
- UPI payments

This reduces dependency on middlemen and informal lenders.
- **Convenience and Accessibility**
  Transactions can be completed anytime, reducing travel costs to bank branches.
- **Increased Income Stability**
  Digital payments ensure quicker circulation of money, benefiting both small businesses and fishermen.
- **Women Empowerment**

Women in SHGs, fish-selling communities, and small enterprise groups use digital banking to:

1. Manage accounts
2. Apply for loans
3. Participate in online training
4. Handle savings more independently

Government Efficiency

DBT eliminates corruption and ensures funds reach the intended beneficiaries on time.

Challenges Faced in Digital Adoption

Despite several benefits, many issues restrict full digital adoption.

Limited Digital Literacy

Older people, small shopkeepers, and traditional fishermen struggle to understand:

1. UPI apps
2. Banking apps
3. Online forms
4. Password/PIN management
5. Lack of training creates hesitation.

Internet and Network Issues

Many coastal areas face weak connectivity, especially:

1. During storms or monsoons
2. On the seashore
3. In remote villages
4. This disrupts digital transactions.

Cyber security Concerns

People fear:

- Fraud calls
- Fake links
- OTP scams
- UPI hacking

Low awareness makes them vulnerable.

- **Resistance to Change**
  Some community members prefer cash and fear digital systems due to unfamiliarity.
- **Dependence on Smartphones**
  Not everyone owns a smartphone. Repairs or battery issues can temporarily stop digital access.

Banking Access in Devgad Taluka

Banking Facility	Count
Bank Branches	18
ATMs	26
Customer Service Centre	42

Comparative Analysis: Before and After Digital Banking

Aspect	Before Digital Banking	After Digital Banking
Payments	Mostly Cash-based transactions	UPI, online transfers, and cashless payments
Time Spent on Banking	Long visits to bank branches	Quick transactions anytime, any ware
Loan Processing	Heavy documentation and slow process	Online application with faster approvals
Safety of Money	Risky cash storage at home	Secure digital wallets and bank apps
Record - Keeping	Manual entries and physical passbooks	Automatic digital records and statements
Access to government schemes	Slow due to paperwork	Direct transfers through DBT and online verification

This comparison clearly demonstrates digital banking's transformative effect on local livelihoods.

Case Examples (Generalized)

Case 1: Small Shop Owner in Devgad

A grocery shop owner started using a QR code for payments. Initially receiving only 10–15 digital payments per day, the number increased to 40–50 during tourist season. The shop now maintains cleaner bookkeeping and uses digital records to apply for a Mudra loan.

Case 2: Fishermen Cooperative Group

A fishermen group in Devgad shifted to online settlements with wholesalers. Payments that earlier took 2–3 days now arrive instantly, improving cash flow for fuel, ice, and labour.

Case 3: Women Fish Vendors

Women selling fish in local markets use UPI to receive payments from tourists and urban customers. They find it convenient not to carry large amounts of cash when buying fish in bulk early morning.

Recommendations

To enhance digital banking adoption: Conduct Digital Literacy Workshops

Banks, NGOs, and cooperatives should train:

- Fishermen
- Small business owners
- Women SHG members
- Students

On basic digital banking operations.

Strengthen Network Infrastructure

Better mobile towers and internet connectivity are essential for smooth digital transactions.

Provide Cyber security Awareness

Training should include:

- How to identify fraud
- Safe use of UPI
- Password protection
- Avoiding suspicious links

Incentives for Digital Adoption

The government can offer:

- Cash back schemes
- Reduced transaction charges
- Special digital loans

Improve Customer Support

Banks should establish:

- Local digital help desks
- Helplines for fishermen and rural entrepreneurs
- Multi-language app support

Conclusion

Digital banking has emerged as a transformative force in Devgad–Sindhudurg, positively shaping the lives of small business owners and fishermen. It has made financial services more accessible, transparent, and efficient. The shift from cash-based transactions to digital platforms has improved record-keeping, increased financial inclusion, and provided greater opportunities for accessing credit and government schemes. For fishermen, digital tools have ensured timely payments, reduced financial risks, and supported better financial planning. For small businesses, digital platforms have expanded customer reach, improved cash flow, and simplified daily operations.

However, challenges such as digital illiteracy, network problems, cyber security threats, and resistance to change must be addressed through targeted interventions. With improved digital infrastructure and training initiatives, Devgad–Sindhudurg can fully harness the benefits of digital banking for sustainable economic development. Digital banking is not just a technological advancement it is a pathway to empowering rural communities, strengthening livelihoods, and ensuring inclusive growth.

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