



Impact of Digital Payment on Economic Growth of Unorganized Sector

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Abstract:

Digital payment systems have significantly transformed the economic landscape of developing countries like India. The unorganized sector, which includes small vendors, vegetable sellers, beauty parlours, and small shopkeepers, is gradually adopting digital payment methods such as UPI, Google Pay, PhonePe, and Paytm etc. This study examines the impact of digital payment systems on the economic growth of the unorganized sector. The research is based on both primary and secondary data. Primary data was collected from 50 respondents from unorganized sectors through a structured questionnaire. The findings reveal that digital payment methods have improved transaction transparency, increased sales opportunities, and enhanced financial inclusion among small business owners. However, challenges such as lack of digital literacy and internet connectivity still exist. The study concludes that digital payment systems play an important role in improving the economic performance of the unorganized sector.

Keywords: Digital Payment, Unorganized Sector, UPI, Financial Inclusion, Economic Growth.

Introduction:

The digital revolution has brought significant changes to the financial system worldwide. In India, the government has encouraged digital transactions to promote transparency and economic development. Digital payment methods such as Unified Payments Interface (UPI), mobile wallets, debit cards, and internet banking have become popular among businesses and consumers.

The unorganized sector plays an important role in the Indian economy. It includes small traders, vegetable vendors, beauty parlour operators, street vendors, and other self-employed individuals. Traditionally, this sector relied heavily on cash transactions. However, the introduction of digital payment platforms has gradually changed the way transactions are conducted.

Digital payments offer several advantages such as convenience, security, and faster

transactions. They also help small businesses maintain records of their sales and improve financial management. This research study aims to analyze how digital payment systems influence the economic growth and business performance of individuals working in the unorganized sector.

Objectives of the Study:

1. To study the usage of digital payment methods in the unorganized sector.
2. To analyze the impact of digital payments on business income.
3. To understand the benefits and challenges faced by small vendors while using digital payments.

Scope of the Study:

The study focuses on individuals working in the unorganized sector such as vegetable sellers, beauty parlour owners, and small shopkeepers. The research examines how digital payment systems influence their daily transactions, income levels, and business growth. The geographical scope of the study is limited to local market areas.

Research Methodology:

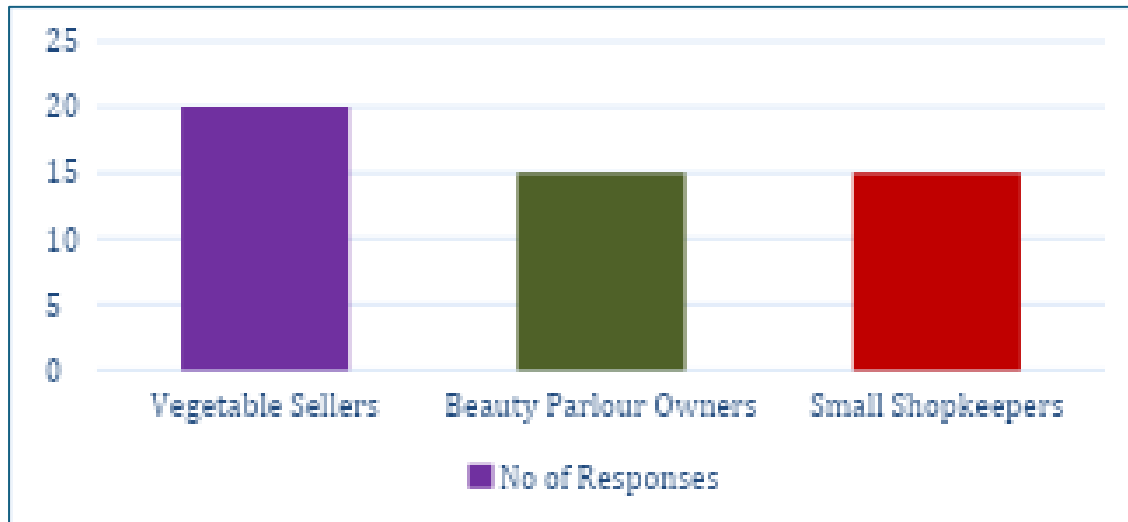
Primary Data: Primary data was collected from 50 respondents from unorganized sector using a questionnaire method.

Secondary Data: Secondary data was collected from journals, research articles, government reports, and online sources related to digital payments.

Sampling Method: Convenience sampling method was used to select respondents.

Data Analysis and Interpretation: Table No 1: Number of Respondents

Category	Respondents	Percentage
Vegetable Sellers	20	40
Beauty Parlour Owners	15	30
Small Shopkeepers	15	30
Total	50	100

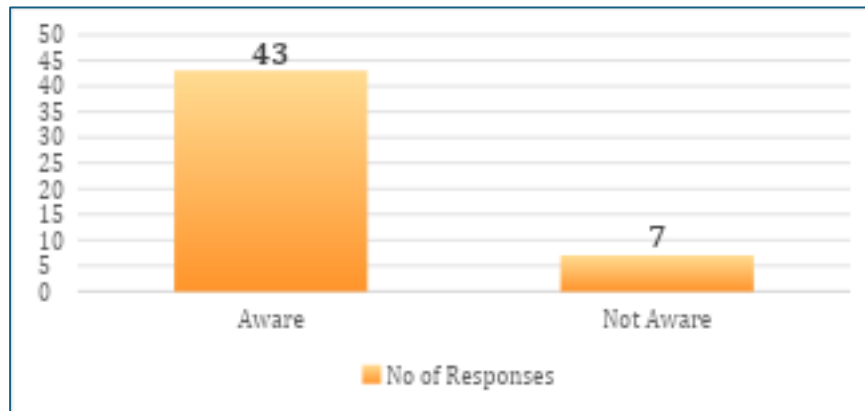
Chart 1: Category of respondents**Interpretation:**

The above table shows the occupational distribution of respondents included in the study. Out of the total 50 respondents, 20 (40%) are vegetables sellers, 15 (30%) are beauty parlour operators and 15 (30%) are small traders. The data indicates that the study includes a diverse representation of participants from different segments of the unorganized sector. Vegetable sellers represent the largest proportion of respondents, highlighting the importance of digital payment systems.

Table No 2: Number of respondents aware of digital payment

Category	Respondents	Percentage
Aware	43	86
Not Aware	07	14
Total	50	100

Chart 2: Awareness of Digital Payment



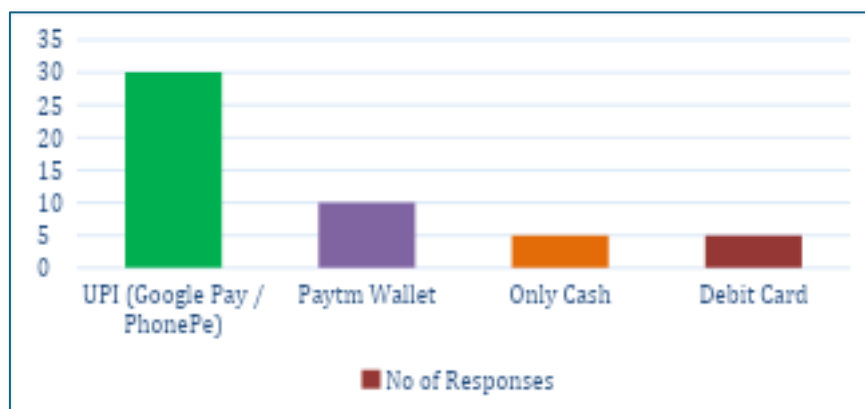
Interpretation:

The table indicates that a large majority of respondents (90%) are aware of digital payment systems, while only 10% are not aware of them. This suggests that digital payment technologies have achieved significant awareness among individuals working in the unorganised sector. Government initiatives and increasing smartphone usage may have contributed to this high level of awareness.

Table No 3: Number of respondents use Digital Payment Methods

Category	Respondents	Percentage
UPI (Google Pay / PhonePe)	30	60
Paytm Wallet	10	20
Only Cash	05	10
Debit Card	05	10
Total	50	100

Chart 3: Use of Digital Payment Methods

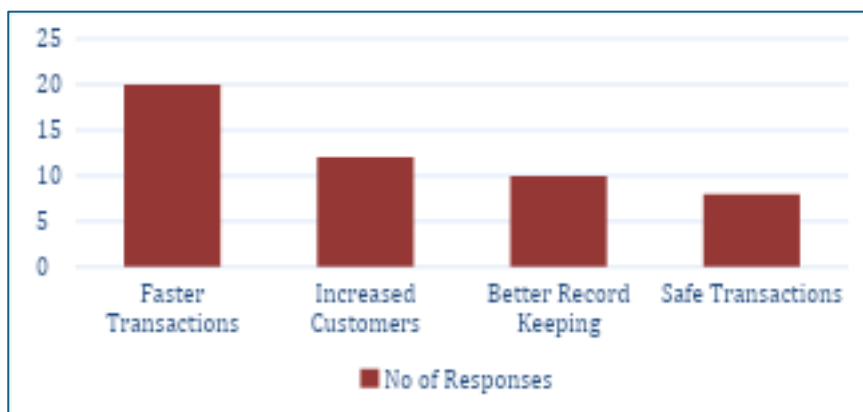


Interpretation:

The table shows the most commonly used digital payment methods among respondents. UPI is the most widely used method, with 60% of respondents using it for transactions. Paytm wallet are used by 20% of respondents, only cash and debit card are used by 10% respectively. The dominance of UPI indicates that it is the most convenient and accessible digital payment option for unorganised sector.

Table No 4: Benefits of Digital Payment

Benefits	Responses	Percentage
Faster Transactions	20	40
Increased Customers	12	24
Better Record Keeping	10	20
Safe Transactions	08	16
Total	50	100

Chart 4: Benefits of Digital Payment**Interpretation:**

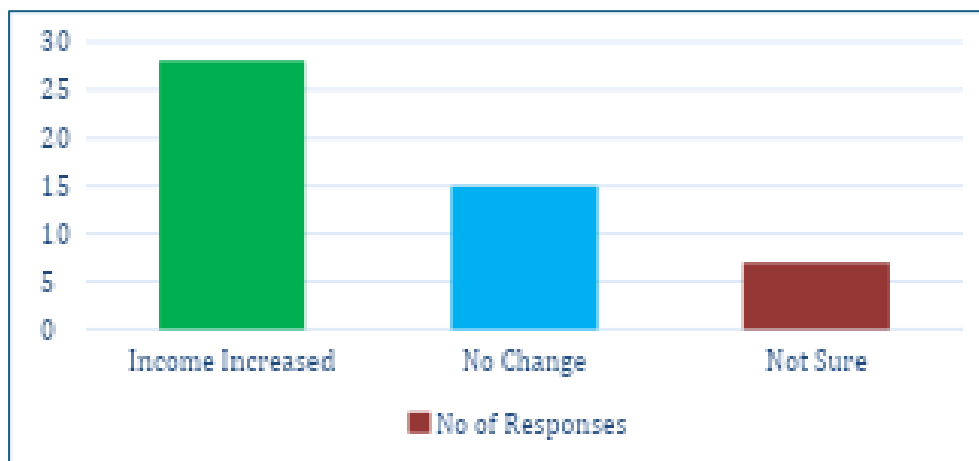
The table highlights the perceived benefits of digital payment systems. The majority of respondents (40%) believe that digital payments enable faster transactions. About 24% reported that accepting digital payments has increased the number of customers visiting their businesses. Additionally, 20% stated that digital payments help maintain proper transaction records, while 16% believe that digital payments provide safer transactions. Overall, the results suggest that digital payment

systems improve operational efficiency and customer convenience in the unorganised sector.

Table No 5: Impact of Digital Payment on Income

Category	Respondents	Percentage
Income Increased	28	56
No Change	15	30
Not Sure	07	14
Total	50	100

Chart 5: Impact of Digital Payment on Income



Interpretation:

The data collected from the respondents indicates that a majority of respondents prefer UPI-based payment systems. Many small vendors reported that digital payments helped them attract more customers and increased their daily sales.

Findings:

1. Most respondents have started accepting digital payments after the growth of UPI platforms.
2. Digital payments increased convenience for both customers and vendors.
3. Many vendors experienced an increase in daily transactions.
4. Some respondents faced difficulties due to lack of digital knowledge.
5. Internet connectivity problems sometimes affect digital payment usage.

**Suggestions:**

1. Government should provide digital literacy training for small vendors.
2. Banks should promote easy and secure digital payment systems.
3. Better internet connectivity should be provided in local markets.
4. Awareness programs should be conducted to encourage digital transactions.

Conclusion:

Digital payment systems have positively influenced the economic growth of the unorganized sector. Small business owners are gradually adopting digital payment methods due to their convenience and efficiency. Although certain challenges such as digital literacy and network issues exist, the overall impact of digital payments on small businesses is positive. With proper support and awareness, digital transactions can significantly improve the financial stability and growth of the unorganized sector.

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