

## The foot soldiers of Modi's cashless India

Rediffmail | 2<sup>nd</sup> Dec 2016

*As Narendra Modi and his ministers vigorously campaign for a shift to a cashless society, **Rediff.com**'s Syed Firdaus Ashraf reports on what is happening on the ground.*

Sharad Sawant, the area business manager for India Transact Services Limited, a company that markets Point of Sales (POS) machines, met Lakhbir Singh Dogra, an ice cream vendor at the Jai Jawan stall at Mumbai's Girgaum Chowpatty, many times to convince him to install the POS machine, which helps cashless transactions, but Dogra was unconvinced.

'I am a small vendor, why should I install a POS machine? Why do I need it?' Dogra used to ask Sawant.

After the night of November 8, Dogra's life and business turned upside down after Prime Minister Narendra Modi ordered the scrapping of Rs 500 and Rs 1,000 notes.

In a couple of days, the customers had disappeared from Chowpatty. Worse, those who came had no currency. Business was down 80%.

Then there were customers who came with credit cards or debit cards. But Dogra had no way to swipe those cards.

On November 11, when Sawant met Dogra again, it was the ice cream vendor who urged Sawant to install the machine.

The age of Digital India, Dogra understood, had arrived.

"Customers don't have cash today. They are ready to pay by card and therefore I had to opt for the POS machine," Dogra tells *Rediff.com*"

"I invested Rs 25,000 and I am happy to see my business flourishing again," he adds.

"I can't believe I am accepting digital money for as low a denomination as Rs 20 for a mineral water bottle," he says. "Since November 12, my business has picked up again. Today, I earn Rs 7,000 per day through the POS machine as people pay by credit or debit cards."

Ten kilometres away, Ravindra Sonawane, Sawant's colleague, goes from shop to shop in Mahim, central Mumbai, trying to convince shopkeepers -- even *paanwallahs* -- to go cashless and buy a POS machine.

"Modiji is our idol," says Sonawane. "He has made things easy for us. Before November 8, I had to explain to people what POS machines were and then do a sales pitch on its advantages to convince them to buy it. Now, everyone knows what a POS machine is all about and its advantages."

"I have been selling these machines for the last six months," he adds. "I have sold 60 till date, of which 24 were sold after November 8."

Shopkeepers are ready to see a machine demo, but some small businessmen are not yet ready to buy the POS gadgets.

Mohammad Sayeed refuses to heed Sonawane's sale call. "My customers come to buy tea and bun *maska*. It costs just Rs 17," he says, asking, "why do I need to invest in this machine? It does not make sense to me."

There are different schemes under which POS machines are sold by Sonawane.

Shopkeepers can buy it for a one-time fee or rent the machine. The minimum charge is less than Rs 2,500; the maximum can go up to Rs 35,000.

Sonawane's next stop is the Kishen Paan Shop where Rohit Kishen Sawi is all ears.

"What will my profit be," Sawi asks Sonwane after the salesman has made his pitch and run a demo for the *paanwallah*.

After asking Sonawane the machine's price, he says he will consult his father and let the salesman know.

Leaving on an optimistic note, Sonwane tells *Rediff.com*, "Earlier out of 10 people only 2 used to listen and see my demo. Today, more than 6 people see my demo. They want to know more and more about how the cashless economy works."

Even though Modi decided on November 8 that the way forward to curb black money is the digital economy, Reserve Bank of India statistics show that the penetration of POS machines, credit cards and debit cards is very low.

According to the RBI, ([external link](#)) in August 2016 for a population of 1.25 billion of Indians there are only about 1.46 million POS machines.

The number of credit card users in India in August was about 2.63 crore (26.3 million) and the number of debit cards users was about 71.24 crore (712.4 million).

The data does not reveal if these are individual card holders or whether one person holds one or more credit/debit cards.

"80% want to install the machines, but don't want to pay 0.75% commission on each transaction of less than Rs 2,000 with a credit/debit card and 1% or more if people spend more than Rs 2,000," says Sonawane.

"The government has asked card companies not to take that commission till December 30. I feel if this charge is removed permanently then more people will go the digital way," he adds.

Will more Indians go digital for payments?

Will the Indian mindset of accepting only cash change?

"I don't know about mindset. But from the need perspective, everyone has realised that they need to have some form of digital payments," says Deepak Bhutra, CEO, India Transact Services Ltd.

"Obviously POS and cards remain relevant because people have seen it working around them," Bhutra adds. "They are comfortable with that. The need definitely has come in and the mindset depends on cash availability and what would come out after this exercise (*demonetisation*)."

"We have seen a huge surge in demand," he says. "What I used to sign up in a day with merchants has gone up 7 or 8 times after November 8."