



Research Article

A Study on Adoption of Digital Payments in Informal Sectors: Post-Demonetization in District Bilaspur, Himachal Pradesh

Praveen Kumar^{1*}, Dr. Jyoti Sondhi², Dr. Divya Rai³, Dr. Avinash Rana⁴, Hemant Kapoor⁵

¹ MBA Student, School of Management, Abhilashi University, Mandi, Himachal Pradesh, India

² Associate Professor, School of Management, Abhilashi University, Mandi, Himachal Pradesh, India

^{3,4,5} Assistant Professor, School of Management, Abhilashi University, Mandi, Himachal Pradesh, India

Corresponding Author: * Praveen Kumar

DOI: <https://doi.org/10.5281/zenodo.20505102>

Abstract

This study examines the adoption of digital payments in India's informal sector following the 2016 demonetization. Using a mixed-method approach with 60 participants — vendors, small retailers, and daily wage earners from Bilaspur, Himachal Pradesh, the research identifies key adoption determinants and their implications for financial inclusion. Findings show 88.3% of respondents use digital payments, with 71.7% transacting daily. While necessity drove initial adoption, sustained usage depends on ease of use, trust, and smartphone access. Targeted interventions in digital literacy and infrastructure are recommended.

Manuscript Information

- ISSN No: 2583-7397
- Received: 01-04-2026
- Accepted: 30-05-2026
- Published: 02-06-2026
- IJCRM:5(3); 2026: 526-529
- ©2026, All Rights Reserved
- Plagiarism Checked: Yes
- Peer Review Process: Yes

How to Cite this Article

Kumar P, Sondhi J, Rai D, Rana A, Kapoor H. A Study on Adoption of Digital Payments in Informal Sectors: Post-Demonetization in District Bilaspur, Himachal Pradesh. Int J Contemp Res Multidiscip. 2026;5(3): 526-529 526-529.

Access this Article Online



www.multiarticlesjournal.com

KEYWORDS: Digital Payments, Informal Sector, Demonetization, Financial Inclusion, Digital Literacy, Cashless Economy.

1. INTRODUCTION

This study investigates digital payment adoption within Bilaspur, Himachal Pradesh’s informal sector, a critical yet traditionally cash-reliant component of India’s economy that contributes nearly 45% to GDP and employs over 80% of the workforce. Historically detached from formal financial systems, this sector faced a major disruption during the 2016 demonetization, which invalidated 86% of currency in circulation and triggered an urgent liquidity crisis. This event forced small vendors, daily wage earners, and retailers to adopt digital payment platforms such as UPI, Paytm, PhonePe, and Google Pay as accessible, low-cost alternatives. While initial adoption was driven by necessity, the shift toward digital payments has not been uniformly sustained due to persistent structural barriers. Challenges such as limited digital literacy, spotty internet connectivity, and restricted smartphone access remain significant, especially in semi-urban and geographically constrained areas like Himachal Pradesh. Additionally, concerns about transaction security and trust in digital platforms continue to influence user behaviours.

Drawing on primary data from 60 respondents, including vendors, small retailers, and daily wage earners, this research offers localised insights into digital payment usage, obstacles, and perceptions in a region marked by infrastructural and geographical limitations. The study aims to deepen understanding of how digital financial systems are integrating

into informal economic activities in such contexts and to inform policy interventions that can promote inclusive, sustained adoption and enhance financial inclusion.

2. OBJECTIVES OF THE STUDY

1. To examine the extent and patterns of digital payment adoption among informal sector participants in Himachal Pradesh post-demonetization.
2. To identify the key determinants, including digital literacy, infrastructure access, perceived ease of use, and trust, that influence sustained digital payment usage.
3. To evaluate the implications of digital payment adoption for financial inclusion and recommend evidence-based policy interventions to bridge the digital divide.

3. RESEARCH METHODOLOGY

RESEARCH DESIGN

A mixed-method design was employed, combining structured quantitative surveys with qualitative semi-structured interviews to capture both statistical trends and contextual nuances.

SAMPLE

Purposive sampling was used to select 60 participants from urban and semi-urban areas of Bilaspur, Himachal Pradesh, comprising vendors (38.3%), small retailers (36.7%), daily wage workers (18.3%), and others (6.7%).

Profile	Variable	Count	percentage
Age	18-25	38	63.3%
	26-35	14	23.3%
	36-45	8	13.4%
	46 or above	0	0
Gender	Female	44	73.3%
	Male	16	26.7%
Occupation	Vendor	23	38.3%
	Retailer	22	36.7%
	Daily wage worker	11	18.3%
	other	4	6.7%
Have you ever used a digital platform	yes	53	88.3%
	no	7	11.7%
Which of the following digital payment methods have you used? (Select all that apply)	Paytm	13	21.7%
	UPI	11	18.7%
	Google Pay	21	35%
	Phone Pay	14	23.3%
	Other	1	1.7%
Digital payment for your business transaction	Daily	43	71.7%
	Weekly	10	16.7%
	Occasionally	5	8.3%
	Never	2	3.3%
What motivated you to start using digital payments	Necessity due to demonetization	26	43.3%
	Convenience	21	35%
	Pressure from customers or suppliers	9	15%
	Government initiatives	4	6.7%
Did you face any challenges while adopting digital payments?	Lack of digital literacy	21	35%
	Internet connectivity	13	21%
	High transaction	8	13%
	Unavailability of a smartphone	10	17%
	No issues	6	9.7%
Do you feel that using digital payments has made your business more efficient?	Other	2	4.3%
	Yes	50	83.3%
How easy do you find it to use digital payment platforms?	No	10	16.7%
	Very easy	39	64.4%
	Somewhat easy	16	27.1%
	Neutral	3	5.1%

	Somewhat difficult	2	3.4%
	Very difficult		
Do you trust digital payment platforms to keep your financial transactions secure?	Yes, completely	51	85%
	Somewhat	7	11.7%
	No, not at all	2	3.3%
Do you face any cultural or traditional resistance to using digital payments?	Yes	51	84.7%
	No	8	13.6%
	Not sure	1	1.7%
In your opinion, what would encourage you to use digital payments more frequently?	Better internet infrastructure	32	53.3%
	Lower transaction fees	14	23.3%
	More training on digital platforms	10	16.7%
	Increased trust in digital platforms	3	5%
	Other	1	1.7%
In your area, do you have access to reliable internet and smartphones for digital payments?	Yes, always	48	80%
	Sometimes	12	20%
What do you think the government or financial institutions should do to encourage the adoption of digital payments in the informal sector?	Provide more digital literacy programs	41	68.3%
	Improve internet infrastructure	16	26.7%
	Offer incentives for digital transactions	3	5%

4. DATA COLLECTION AND ANALYSIS

Surveys captured demographics, digital usage patterns, perceived benefits, motivations, and challenges. Interviews provided qualitative depth. Quantitative data were analysed using descriptive statistics, logistic regression, and chi-square tests; interview data were analysed thematically.

Interpretation

The research reveals a complex picture of digital payment adoption in the informal sector after the 2016 Indian demonetization. A large majority (88.3%) have used digital platforms, with 71.7% engaging daily, indicating that digital payments have become a routine part of many business transactions. Popular platforms such as Google Pay, PhonePe, and Paytm lead usage, highlighting the impact of user-friendly fintech solutions. While necessity during demonetization initially drove adoption (43.3%), convenience now strongly sustains it (35%), reflecting a behavioural shift. However, challenges remain, notably digital literacy gaps (35%), internet connectivity problems (21%), and limited smartphone access (17%), underscoring structural barriers in semi-urban areas. Although most respondents find digital payments efficient (83.3%) and fairly easy to use (over 90%), a significant 84.7% still face cultural or traditional resistance, showing the influence of social norms. Trust is relatively high (85%), yet there is a clear call for improved infrastructure (53.3%) and expanded digital literacy programs (68.3%) to boost adoption. Overall, while digital payments have gained strong traction, their sustained growth in the informal sector depends on addressing infrastructural, educational, and socio-cultural challenges.

5. FINDING AND CONCLUSION

The findings of this study indicate that the adoption of digital payments in the informal sector of Bilaspur, Himachal Pradesh, was initially accelerated by the compulsions of demonetization, but has gradually transformed into a widely accepted and beneficial practice. A large proportion of respondents reported using digital platforms, with most engaging in daily transactions, reflecting a strong integration of these tools into routine business activities. Users largely perceive digital payments as efficient, convenient, and easy to use, and a high level of trust in platform security further supports continued

usage. At the same time, the data highlights important challenges that limit deeper and more sustained adoption, including gaps in digital literacy, inconsistent internet connectivity, and limited access to smartphones. Cultural and traditional resistance also persists as a notable barrier despite overall positive attitudes. The results suggest that while digital payments have made meaningful progress in promoting financial inclusion and improving business efficiency in the informal sector, long-term sustainability will depend on focused policy efforts. Strengthening digital infrastructure, expanding digital literacy initiatives, reducing transaction costs, and building greater trust through awareness and support systems will be essential to ensure that the benefits of digitalisation reach all segments of the informal economy.

REFERENCES

1. Azeed NA, Akhtar SJ. Digital financial literacy and its determinants: an empirical evidence from rural India. *South Asian Journal of Social Studies and Economics*. 2021;11(2):8-22.
2. Czech K, Ochnio L, Wielechowski M, Zablotnyy S. Financial literacy: identification of the challenges, needs, and difficulties among adults living in rural areas. *Agriculture*. 2024;14(10):1705-1705.
3. Gaisina S, Kaidarova L. Financial literacy of rural population as a determinant of saving behaviour in Kazakhstan. *Rural Sustainability Research*. 2017;38(333):32-42.
4. Kanth D, Sinha AR, Mahato J. Beyond urban boundaries: understanding financial literacy, financial well-being and financial behaviour of rural women entrepreneurs in India. *International Journal of Social Economics*. 2026;53(4):654-669.
5. Kumari S, Sondhi J. Evaluation of financial literacy among rural women in India: with special reference to Himachal Pradesh. *Turkish Online Journal of Qualitative Inquiry*. 2021;12(7).
6. Lahiri S, Biswas S. Does financial literacy improve financial behaviour in emerging economies? Evidence from India. *Managerial Finance*. 2022;48(9-10):1430-1452.

7. Rani M, Siwach M. Financial literacy in India: a review of literature. *Economic and Regional Studies*. 2023;16(3):446-458.
8. Kumari S, Sondhi J, Sharma D. Impact of financial literacy on MSME entrepreneurs in Himachal Pradesh, India. *ANVESAK*. 2023;51(2):97-102.

Creative Commons (CC) License

This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution–Non-Commercial–No Derivatives 4.0 International (CC BY-NC-ND 4.0) license. This license permits sharing and redistribution of the article in any medium or format for non-commercial purposes only, provided that appropriate credit is given to the original author(s) and source. No modifications, adaptations, or derivative works are permitted under this license.

About the Corresponding Author

Praveen Kumar is an MBA student at the School of Management, Abhilashi University. His academic interests include business administration, financial management, marketing, entrepreneurship, and organizational development. He is actively involved in academic learning, research-oriented activities, and skill enhancement in the field of management studies.