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Digital Payment Adoption among Small Merchants in Didwana-Kuchaman District of Rajasthan: An Analytical Study

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1. INTRODUCTION

Over the last decade, India has witnessed a rapid transformation in its financial and technological landscape, largely driven by the expansion of digital infrastructure and the increasing penetration of mobile technology. Digital transformation in the financial sector has reshaped the way individuals and businesses conduct transactions, manage financial records, and interact with formal banking institutions. Government initiatives aimed at promoting financial inclusion and technological integration have significantly accelerated the adoption of digital financial services across the country. Programs associated with Digital India have played a crucial role in strengthening digital infrastructure, enhancing internet accessibility, and encouraging citizens to participate in the digital economy. As a result, digital payment systems have emerged as an essential component of India's evolving financial ecosystem, enabling faster, safer, and more transparent transactions (Kumar & Kumar, 2020).

One of the major developments associated with this transformation has been the growing emphasis on the creation of a cashless or less-cash economy. The Government of India has consistently promoted electronic payment mechanisms as a means to reduce dependence on physical currency, improve transparency, and enhance the efficiency of financial transactions. Initiatives such as the promotion of mobile banking, digital wallets, and electronic fund transfers have contributed to the expansion of cashless transactions across urban as well as rural regions. The objective behind these initiatives is not only to modernize the financial system but also to integrate small businesses and informal sector participants into the formal economy (Singh & Rana, 2017). Consequently, digital payment platforms have become increasingly accessible to small traders, retailers, and service providers who form the backbone of India's local markets. A significant milestone in India's digital payment ecosystem was the development of the Unified Payments Interface (UPI), introduced by the National Payments Corporation of India. UPI has revolutionized the digital payment landscape by enabling instant bank-to-bank transfers through mobile devices using simple interfaces such as QR codes and mobile applications. Unlike traditional banking systems that required multiple steps and longer processing times, UPI provides a seamless and real-time payment experience for both merchants and customers. In addition to UPI, various mobile wallet platforms and QR-code–based payment systems have further simplified digital transactions, allowing even small vendors and local shopkeepers to accept payments electronically. The widespread availability of smartphones and affordable internet services has significantly contributed to the rapid diffusion of these technologies across different sections of society (Gupta & Arora, 2021).

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The acceleration of digital payment adoption in India can also be linked to significant policy interventions, most notably the Demonetisation in India. The demonetisation policy, which involved the withdrawal of high-value currency notes from circulation, created a temporary shortage of cash in the economy and encouraged both consumers and businesses to explore alternative payment methods. During this period, digital payment platforms experienced an unprecedented surge in usage, leading to increased awareness and acceptance of electronic transactions. Although the immediate effects of demonetisation were widely debated, many scholars argue that the policy played a catalytic role in accelerating the adoption of digital payment technologies and strengthening the digital financial ecosystem in India (Chodorow-Reich et al., 2020).

Small merchants constitute a vital segment of India's economic structure, particularly within local and semi-urban markets. These merchants include small retailers, grocery shop owners, street vendors, and service providers who cater to the daily needs of local communities. Their businesses are typically characterized by low capital investment, limited technological exposure, and a high reliance on cash-based transactions. Despite these limitations, small merchants play a crucial role in sustaining local economic activity, generating employment opportunities, and facilitating the distribution of goods and services at the grassroots level. The adoption of digital payment systems among this segment can significantly enhance operational efficiency, improve transaction transparency, and expand customer reach (Suri & Jack, 2016).

In recent years, scholars and policymakers have increasingly recognized the importance of understanding digital payment adoption among small merchants, particularly in semi-urban and rural regions where technological penetration and digital literacy may vary significantly. While metropolitan cities have rapidly embraced digital payment technologies, smaller towns and district-level markets often face challenges such as limited internet connectivity, lack of digital awareness, and concerns regarding transaction security. These factors create disparities in the adoption of digital financial technologies and highlight the need for region-specific empirical studies. Investigating the adoption patterns among small merchants in semi-urban regions can provide valuable insights into the socio-economic and technological factors influencing digital financial inclusion.

In this context, the present study focuses on Didwana-Kuchaman District, a recently formed administrative district in the state of Rajasthan. The district is characterized by a combination of semi-urban towns and rural settlements where small-scale commercial activities form the backbone of the local economy. Markets in towns such as Didwana and Kuchaman serve as important commercial hubs for surrounding villages, facilitating trade in agricultural products, consumer goods, and essential services. With the gradual expansion of digital infrastructure and mobile connectivity in the region, digital payment platforms have begun to penetrate local marketplaces. However, the extent of adoption among small merchants, along with the challenges and opportunities associated with these technologies, remains an area that requires systematic academic investigation. Therefore, this study aims to analyze the adoption of digital payment systems among small merchants in Didwana-Kuchaman District, examining the factors that influence their acceptance, the challenges they encounter, and the broader implications for financial inclusion and local economic development. By focusing on a semi-urban district context, the study contributes to the growing body of literature on digital financial transformation and offers insights that may assist policymakers, financial institutions, and technology providers in designing more inclusive digital payment ecosystems.

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2. STUDY AREA PROFILE

The present study is conducted in Didwana-Kuchaman District, a recently constituted administrative district in the state of Rajasthan. The district was formed as part of the administrative reorganization undertaken by the Government of Rajasthan in 2023 to enhance administrative efficiency and regional development. Geographically, the district is located in the north-central part of Rajasthan and was carved out from the larger administrative region of Nagaur District. The area lies within the semi-arid zone of western India, characterized by sparse vegetation, sandy plains, and a climate marked by hot summers, moderate winters, and relatively low rainfall. Despite these environmental constraints, the region sustains a vibrant socio-economic life primarily supported by agriculture, trade, and small-scale commercial activities.

2.1 Map of Didwana-Kuchaman district: Sources-Wikipedia

Economically, the district exhibits a mixed structure where agriculture and allied activities coexist with growing commercial and service sectors. A large segment of the population depends on agriculture, livestock rearing, and small-scale trading for their livelihood. Crops such as wheat, mustard, cumin, and pulses are commonly cultivated in the region, while livestock-based activities also contribute significantly to the rural economy. In addition to agricultural activities, small and medium-sized marketplaces in towns such as Didwana and Kuchaman City serve as important commercial centers for surrounding rural areas. These towns function as regional trade hubs where agricultural produce, consumer goods, household items, and essential services are exchanged. Over the past decade, improvements in road connectivity, communication infrastructure, and banking facilities have gradually strengthened the commercial environment of the district.

From a demographic perspective, Didwana-Kuchaman District reflects the broader socio-cultural characteristics of semi-urban Rajasthan. The population is distributed across small towns, semi-urban settlements, and numerous villages. The district exhibits moderate levels of literacy, with educational institutions gradually expanding in both urban and rural areas. The working population is largely engaged in agriculture, retail trade, transport services, and small-scale entrepreneurship. Family-run businesses and traditional retail establishments constitute a major part of the local economic landscape. In many cases, commercial activities are carried out through small shops, roadside stalls, and local service outlets that rely heavily on daily cash transactions.

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Local markets play a particularly significant role in the economic structure of the district. Weekly markets, traditional bazaars, and permanent retail shops serve as the primary points of interaction between merchants and consumers. These markets not only facilitate the exchange of goods and services but also act as important social and economic spaces where rural and semi-urban populations engage in regular economic transactions. Small merchants, including grocery shop owners, vegetable vendors, clothing retailers, and service providers, form the backbone of these market systems. Their businesses are typically characterized by low capital investment, limited technological integration, and high dependence on local consumer demand.

In recent years, the gradual expansion of digital infrastructure and the increasing availability of smartphones have begun to influence the commercial practices of small retailers in the district. Digital payment platforms such as Unified Payments Interface and QR-code–based payment systems are increasingly visible in urban and semi-urban marketplaces. However, the extent to which these technologies have been adopted by small merchants varies considerably depending on factors such as digital literacy, access to banking facilities, internet connectivity, and consumer preferences. In this context, examining the adoption of digital payment systems among small merchants in Didwana-Kuchaman District provides valuable insights into the dynamics of digital financial inclusion in semi-urban regions of Rajasthan. Thus, the district presents a relevant and representative setting for analyzing the patterns, opportunities, and challenges associated with digital payment adoption among small retail businesses. Understanding these dynamics can contribute to a deeper understanding of how emerging financial technologies are reshaping local economic interactions and influencing the transition toward a more digitally integrated marketplace.

3. DATA ANALYSIS AND INTERPRETATION

This section presents the analysis and interpretation of the primary data collected from small merchants in Didwana-Kuchaman District. The analysis focuses on understanding the demographic characteristics of merchants, the types of digital payment platforms used, the frequency and volume of digital transactions, and the socio-economic and technological factors influencing the adoption of digital payment systems. The findings also provide a comparative perspective between merchants who have adopted digital payment technologies and those who continue to rely primarily on cash-based transactions.

3.1 Demographic Profile of Merchants

The demographic characteristics of merchants play an important role in shaping their willingness and ability to adopt digital payment technologies. The survey data indicate that the majority of small merchants in the study area belong to the age group of 30–50 years, representing the economically active segment of the population. A smaller proportion of respondents fall within the younger age group of 20–30 years, while relatively few merchants are above 55 years of age. Educational attainment among respondents varies considerably, ranging from primary-level education to graduate-level qualifications. A significant number of merchants possess secondary or higher secondary education, which influences their familiarity with smartphones and digital applications.

In terms of business type, the sample includes grocery shop owners, garment retailers, vegetable vendors, mobile repair shops, and small service providers such as barbers and stationery shop owners. Most of these businesses operate as family-run enterprises with limited staff and modest capital investment. The size of the establishments is generally small, with daily transactions largely dependent on local consumer demand.

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These demographic and occupational characteristics reflect the typical structure of small retail businesses operating in semi-urban markets.

3.2 Types of Digital Payment Platforms Used

The analysis reveals that several forms of digital payment platforms are used by merchants who have adopted electronic transactions. Among these, the most commonly used platform is the Unified Payments Interface, which enables real-time bank-to-bank transfers through mobile applications. The widespread use of UPI can be attributed to its simplicity, minimal transaction cost, and compatibility with multiple mobile applications. Many merchants have installed QR codes at their shops, allowing customers to make instant payments through their smartphones.

In addition to UPI-based transactions, some merchants also accept payments through mobile wallet platforms and debit or credit cards. However, card-based transactions are less common among small retailers due to the additional infrastructure required, such as point-of-sale (POS) machines and associated transaction charges. Mobile wallets are used to a limited extent, mainly by merchants dealing with younger customers or operating in relatively busy commercial locations. Overall, the findings suggest that QR-code–based UPI payments have become the dominant digital payment method among small merchants in the study area. The below given table analyses the data statistically—

Payment Method	**Number of Users**	**Percentage (%)**
UPI / QR Code	82	68.3
Mobile Wallets	21	17.5
Debit / Credit Cards (POS)	12	10
Internet Banking	5	4.2
Total	**120**	**100**

Table 1: Types of Digital Payment Platforms Used

3.3 Frequency and Volume of Digital Transactions

The frequency and volume of digital transactions vary considerably among merchants depending on the nature of their businesses and the profile of their customers. Retailers operating in busy marketplaces or near transportation hubs report a higher frequency of digital transactions compared to vendors in smaller neighborhood markets. For many merchants, digital payments account for a moderate share of daily transactions, while cash continues to remain the predominant mode of payment.

In terms of transaction volume, most digital payments are relatively small in value, typically associated with everyday purchases such as groceries, snacks, mobile recharge services, or small household items. Merchants report that digital payments are more commonly used by younger customers and individuals who prefer the convenience of mobile-based transactions. Although the proportion of digital payments has increased gradually over time, merchants indicate that cash payments still dominate in rural and semi-urban settings where digital literacy and smartphone usage are uneven. The below given table analyses the collected data statistically—

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Frequency	Number of Merchants	Percentage (%)
Very Frequent (More than 20/day)	24	20
Moderate (10–20/day)	38	31.7
Occasional (1–10/day)	30	25
Rare	16	13.3
Not Using Digital Payments	12	10
Total	**120**	**100**

Table 2: Frequency of Digital Transactions

3.4 Factors Influencing Adoption

Several socio-economic and technological factors influence the adoption of digital payment systems among small merchants. One of the most important factors is the level of education and digital literacy. Merchants who possess higher levels of education or prior exposure to digital technologies are generally more comfortable using mobile payment applications. Access to smartphones and reliable internet connectivity also plays a critical role in facilitating digital transactions.

Customer demand is another significant factor influencing adoption. Merchants often report that they introduced digital payment options in response to customer preferences, particularly after the increased awareness of digital transactions following the Demonetisation in India. In addition, banking outreach programs, awareness campaigns, and the support of local financial institutions have contributed to improving merchants' confidence in digital payment systems. However, concerns related to transaction security, network reliability, and occasional technical issues continue to influence the level of adoption among some merchants. The below given table analyses the data statistically—

Factor	Merchants Reporting (%)
Customer demand	72
Ease of transaction	65
Government initiatives	48
Availability of smartphones	62
Internet connectivity	55
Security concerns (barrier)	36

Table 3: Factors Influencing Adoption of Digital Payments

3.5 Comparative Analysis of Adopters and Non-Adopters

A comparative analysis of merchants who have adopted digital payment technologies and those who have not reveals several important differences. Merchants who have adopted digital payments tend to be relatively younger, more educated, and more familiar with smartphone usage. They are also more likely to operate in commercially active areas where customers frequently prefer digital payment options. On the other hand, merchants who have not adopted digital payments often cite factors such as lack of digital literacy, limited trust in electronic transactions, and concerns about technical complexities. Some older

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merchants express a preference for cash-based transactions due to their long-standing familiarity with traditional methods of business operation. Additionally, businesses located in areas with weak internet connectivity are less likely to adopt digital payment technologies. Overall, the comparative analysis highlights that while digital payment adoption is gradually expanding among small merchants in Didwana-Kuchaman District, several socio-economic and infrastructural barriers continue to influence its pace. Addressing these barriers through targeted awareness programs, improved digital infrastructure, and simplified payment technologies could significantly enhance the participation of small merchants in the digital financial ecosystem. The collected data has been analyzed statistically—

Category	Digital Payment Users	Non-Users
Average Age	35–45 years	45–60 years
Education Level	Secondary & above	Primary / Secondary
Smartphone Ownership	High	Moderate
Internet Access	Good	Limited
Location	Main markets	Peripheral areas

Table 4: Comparative Analysis of Adopters vs Non-Adopters

4. ROLE OF GOVERNMENT AND FINANCIAL INSTITUTIONS

The rapid expansion of digital payment systems in India has been significantly influenced by the combined efforts of government institutions, financial organizations, and private technology companies. In recent years, policymakers have emphasized the importance of promoting digital financial services as a means of enhancing transparency, improving financial inclusion, and strengthening the overall efficiency of the financial system. Various policy initiatives and institutional interventions have been introduced to encourage both consumers and merchants to adopt digital payment platforms. These efforts have played a crucial role in expanding the digital payment ecosystem, particularly in semi-urban and rural regions.

One of the most prominent initiatives in this regard is Digital India, a flagship program launched by the Government of India to transform India into a digitally empowered society and knowledge-based economy. The initiative focuses on strengthening digital infrastructure, expanding internet connectivity, and promoting the use of digital services across different sectors of the economy. Under this program, several measures have been implemented to promote digital financial transactions, including the development of secure digital platforms, the expansion of broadband connectivity, and the promotion of mobile-based financial services. These initiatives have created an enabling environment for the adoption of digital payment systems among individuals and small businesses alike (Kumar & Gupta, 2021).

Government agencies have also introduced various merchant incentive schemes to encourage small retailers and service providers to adopt digital payment technologies. These schemes often include financial incentives, reduced transaction charges, and simplified registration procedures for merchants who adopt digital payment platforms. For example, policies designed to promote the use of the Unified Payments Interface have significantly reduced the cost of digital transactions, making it easier for small merchants to accept electronic payments without incurring substantial operational expenses. In addition, the promotion of QR-code–based payment systems have simplified the technological requirements for merchants, allowing even small shop owners to participate in the digital payment ecosystem with minimal investment.

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Financial institutions and banks have also played an important role in promoting digital payment adoption among small merchants. Organizations such as the Reserve Bank of India and the National Payments Corporation of India have developed regulatory frameworks and technological infrastructures that support secure and efficient digital transactions. Commercial banks and regional financial institutions have actively promoted digital payment platforms by providing merchant onboarding services, digital payment training, and awareness campaigns. Many banks have organized outreach programs in semi-urban and rural areas to educate merchants about the benefits of digital payments, including improved record-keeping, enhanced transaction transparency, and greater customer convenience.

In addition to government and banking institutions, fintech companies have emerged as important stakeholders in the digital payment ecosystem. Fintech firms have developed user-friendly mobile applications and digital platforms that facilitate quick and secure transactions between merchants and consumers. Popular payment applications and digital wallets provided by fintech companies enable merchants to accept payments through QR codes, mobile numbers, or bank account identifiers, thereby simplifying the transaction process. These platforms often integrate multiple financial services such as payment tracking, transaction history, and financial management tools, which help small merchants improve their business operations. Furthermore, fintech companies frequently collaborate with banks and government agencies to expand the reach of digital payment technologies. Through promotional campaigns, cashback offers, and simplified onboarding procedures, these companies encourage merchants and customers to adopt digital payment methods. Such collaborations have significantly accelerated the penetration of digital payment technologies in local markets, including semi-urban regions like Didwana-Kuchaman District. Overall, the coordinated efforts of government institutions, financial organizations, and fintech companies have created a supportive ecosystem for the expansion of digital payments in India. However, the effectiveness of these initiatives ultimately depends on the extent to which they address local challenges such as digital literacy gaps, infrastructure limitations, and trust-related concerns among small merchants. Strengthening these initiatives through targeted training programs, improved digital infrastructure, and sustained awareness campaigns can further enhance the adoption of digital payment systems among small retail businesses in semi-urban regions.

5. FINDINGS OF THE STUDY

The analysis of primary data collected from small merchants in Didwana-Kuchaman District reveals several important insights regarding the adoption and use of digital payment systems in semi-urban marketplaces. The findings highlight the level of awareness among merchants, the extent of digital payment usage, and the key socio-economic and technological factors influencing the adoption of electronic transaction platforms. Overall, the results suggest that while digital payment technologies have gained noticeable acceptance among small merchants, the adoption process remains uneven due to variations in digital literacy, technological access, and business environment.

One of the major findings of the study is that a significant proportion of merchants have become aware of digital payment systems over the past few years. This increased awareness can be attributed to government initiatives, banking outreach programs, and the growing popularity of smartphone-based payment applications. Many merchants reported that the widespread promotion of digital financial services following the Demonetisation in India played a key role in encouraging them to explore alternative transaction methods beyond traditional cash payments. As a result, a considerable number of merchants

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have installed digital payment facilities in their shops, particularly QR-code–based systems that enable quick mobile transactions.

Another important finding is that the Unified Payments Interface has emerged as the most widely used digital payment platform among small merchants. The popularity of UPI can be attributed to its simplicity, real-time transaction capability, and minimal cost of operation. Merchants reported that QR-code–based payment options linked to UPI are convenient for both customers and retailers, as they eliminate the need for physical cash and reduce the time required to complete transactions. Compared to other digital payment methods such as mobile wallets or card-based payments, UPI-based transactions are more commonly accepted in local marketplaces.

The study also identifies several trends in the frequency and nature of digital transactions. Although digital payments are increasingly visible in local markets, cash continues to remain the dominant mode of transaction in many small businesses. Digital payments are most commonly used for small-value purchases such as groceries, mobile recharges, and everyday consumer goods. Younger customers and individuals familiar with smartphone technology are more likely to use digital payment options, whereas older customers often prefer cash transactions. This pattern indicates that consumer behavior plays an important role in shaping the adoption of digital payment systems by merchants.

The findings further indicate that educational background and digital literacy significantly influence merchants' willingness to adopt digital payment technologies. Merchants with higher levels of education and greater exposure to digital devices are more likely to integrate electronic payment systems into their business operations. Access to smartphones, stable internet connectivity, and bank accounts also contributes to higher adoption rates. Conversely, merchants who lack technological familiarity or operate in areas with limited internet connectivity tend to rely primarily on cash-based transactions.

Another key finding relates to the perceived benefits and challenges associated with digital payment adoption. Many merchants acknowledged that digital payments improve transaction convenience, reduce the need for cash handling, and enhance transparency in financial transactions. Digital payment records also help merchants maintain better financial documentation and track their daily sales more efficiently. However, several respondents expressed concerns regarding issues such as network disruptions, occasional transaction failures, and limited technical support. These challenges sometimes discourage merchants from relying entirely on digital payment systems.

The study also reveals that customer demand acts as a major driver for digital payment adoption among small merchants. In many cases, merchants reported that they introduced digital payment options in response to customer preferences rather than as an independent business decision. This indicates that consumer behavior and technological awareness within the local community play an important role in influencing merchants' acceptance of digital payment platforms.

Overall, the findings demonstrate that digital payment adoption among small merchants in Didwana-Kuchaman District is gradually increasing, reflecting broader national trends toward digital financial transactions. However, the adoption process is shaped by multiple socio-economic and infrastructural factors, including education levels, technological access, customer behavior, and institutional support. Strengthening digital literacy programs, improving internet connectivity, and expanding merchant-

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oriented training initiatives could further accelerate the adoption of digital payment systems in semi-urban markets and contribute to greater financial inclusion in the region.

6. POLICY IMPLICATIONS AND RECOMMENDATIONS

The findings of the present study highlight the growing but uneven adoption of digital payment systems among small merchants in Didwana-Kuchaman District. While technological advancements and policy initiatives have facilitated the spread of digital financial services, several structural and socio-economic challenges continue to influence the extent of their adoption in semi-urban and rural markets. In this context, targeted policy interventions are essential to strengthen the digital payment ecosystem and encourage greater participation of small merchants in the digital economy.

One of the most important policy implications emerging from the study is the need to promote digital literacy among small merchants. Many shopkeepers and small retailers possess limited familiarity with digital technologies, which affects their confidence in using mobile-based financial platforms. Training programs focusing on basic smartphone usage, digital payment applications, and cybersecurity awareness can significantly improve merchants' ability to conduct digital transactions. Government agencies, banks, and local institutions should organize workshops and awareness campaigns aimed specifically at small business owners. Such programs can help merchants understand the operational benefits of digital payments, including faster transactions, improved record-keeping, and enhanced customer convenience. Initiatives under programs such as Digital India can be further expanded to include region-specific training modules designed for semi-urban and rural merchants.

Another key policy priority is the strengthening of internet infrastructure in rural and semi-urban marketplaces. Reliable internet connectivity is essential for the smooth functioning of digital payment platforms. However, merchants in many small towns and villages continue to experience network disruptions and limited connectivity, which discourages them from relying on digital transactions. Expanding broadband infrastructure, improving mobile network coverage, and ensuring stable connectivity in local markets would significantly enhance the usability of digital payment systems. Collaborative efforts between government agencies, telecommunications providers, and financial institutions are necessary to develop a robust digital infrastructure that supports the growing demand for electronic financial services.

Simplification of digital payment platforms is also crucial for encouraging wider adoption among small merchants. Many merchants prefer technologies that are easy to operate and require minimal technical expertise. Payment systems based on the Unified Payments Interface have already demonstrated the advantages of simple and user-friendly digital transaction mechanisms. However, further improvements can be made by designing intuitive interfaces in regional languages, reducing technical complexities, and providing accessible customer support services. Simplified onboarding processes and clear transaction guidelines can make digital payment platforms more approachable for merchants who are new to digital technologies.

In addition, the introduction of targeted incentive schemes can play an important role in encouraging merchants to adopt digital payment systems. Financial incentives such as reduced transaction charges, cashback schemes, and tax-related benefits can motivate small retailers to integrate digital payment facilities into their businesses. Temporary subsidy programs for QR-code installations or digital payment

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devices may also help merchants overcome initial adoption barriers. Financial institutions, including commercial banks and regulatory authorities such as the Reserve Bank of India, can further support these initiatives by promoting merchant-friendly policies and ensuring that digital payment systems remain affordable and accessible.

Furthermore, partnerships between financial institutions and fintech companies can strengthen the digital payment ecosystem in smaller markets. Fintech firms often possess the technological expertise required to design innovative and efficient payment platforms, while banks provide the necessary regulatory and financial infrastructure. Collaborative initiatives involving these stakeholders can facilitate the development of tailored digital solutions for small merchants operating in semi-urban and rural markets. Overall, the implementation of these policy measures can significantly enhance the adoption and effective utilization of digital payment systems among small merchants. By improving digital literacy, strengthening technological infrastructure, simplifying payment platforms, and providing financial incentives, policymakers can create a more inclusive digital financial environment. Such efforts would not only support the growth of small businesses but also contribute to the broader objective of promoting financial inclusion and digital economic development in regions like Didwana-Kuchaman District.

7. CONCLUSION

The present study examined the adoption of digital payment systems among small merchants in Didwana-Kuchaman District, with the objective of understanding the patterns, determinants, and challenges associated with digital financial transactions in a semi-urban context. The findings reveal that digital payment technologies have gradually gained acceptance among local merchants, largely due to increasing smartphone penetration, government-led digitalization initiatives, and changing consumer preferences. Platforms such as the Unified Payments Interface have significantly simplified electronic transactions by enabling quick, low-cost, and user-friendly payment options. The widespread availability of QR-code–based payment systems has further facilitated the integration of digital payments into small retail businesses.

At the same time, the study highlights that cash transactions continue to dominate in many local markets, indicating that the transition toward a fully digital payment ecosystem remains incomplete. Several socio-economic and infrastructural factors influence the adoption of digital payment systems among small merchants. These include the level of education, digital literacy, access to smartphones, internet connectivity, and the nature of customer demand. Merchants who are younger, more educated, and technologically aware are more likely to adopt digital payment platforms, while older merchants and those operating in areas with limited connectivity tend to rely more heavily on traditional cash-based transactions. Additionally, concerns related to transaction security, technical glitches, and network reliability continue to affect the confidence of some merchants in using digital payment technologies.

The study contributes to the growing body of research on digital financial inclusion by providing empirical insights from a semi-urban district context. Much of the existing literature on digital payment adoption in India has focused primarily on metropolitan cities and large urban centers. By examining the experiences of small merchants in Didwana-Kuchaman District, the present research highlights the unique socio-economic and infrastructural conditions that shape digital payment adoption in smaller towns and local marketplaces. The findings demonstrate that digital financial inclusion is not only a technological issue

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but also a socio-economic process that requires improvements in digital literacy, infrastructure, and institutional support.

From a policy perspective, the study emphasizes the importance of strengthening digital awareness programs, improving internet connectivity in semi-urban and rural markets, and simplifying digital payment platforms to make them more accessible for small merchants. Government initiatives such as Digital India have already created a supportive environment for digital financial services, but further targeted interventions are needed to ensure that small retailers and informal sector participants fully benefit from these developments. Financial institutions, fintech companies, and local administrative bodies should collaborate to provide training programs, technical assistance, and incentives that encourage merchants to adopt and effectively use digital payment technologies.

Finally, the increasing integration of digital payment systems into local markets has broader implications for economic development at the regional level. Greater adoption of digital transactions can improve financial transparency, enhance business efficiency, and strengthen the link between small merchants and the formal financial system. As digital financial services continue to expand across India, fostering their adoption among small retailers in semi-urban regions will be essential for promoting inclusive economic growth and building a more resilient digital economy.

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