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ROLE OF COMMERCIAL BANKS AND FARM CREDIT IN INDIA

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ABSTRACT
India has forever been an overwhelmingly agrarian country. The farming records for almost 1/fifth of the public pay and is the chief method for help for the populace. As per the 2011 Evaluation, out of the absolute provincial specialists in the country, 76% were utilized in agribusiness (58% of the aggregate labor force was utilized in farming). In every one of the States, more than one half to north of three fourth of the provincial labor force was utilized in farming. As indicated by the 60th Round of NSS Study, 56% of agrarian families had land property somewhere in the range of 0.4 and one hectare. Agriculture is a dominant sector of our economy and credit plays an important role in increasing agriculture production. Availability and access to adequate, timely and low-cost credit from institutional sources is of great importance especially to small and marginal farmers. Along with other inputs, credit is essential for establishing sustainable and profitable farming systems. Most of the farmers are small producers engaged in agricultural activities in areas of widely varying potential. Experience has shown that easy access to financial services at affordable cost positively affects the productivity, asset formation, income and food security of the rural poor. The major concern of the Government is therefore, to bring all the farmer households within the banking fold and promote complete financial inclusion.

KEYWORDS
farm credit, sources of the loan.

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Q14, G21.

INTRODUCTION
The word agriculture is gotten from the Latin word agricultura, Ager, implies a field and cultural, implies development and in the severe sense of the word, culturing of the dirt. Agribusiness alludes to the development of food and goods through cultivating and ranger service. Agribusiness was the key advancement that prompted the rise of development, with the cultivation of tamed creatures and plants, the making food overflows that empowered the extension of additional thickly populated and separated social orders. Agriculture includes a wide assortment of strengths and strategies, including ways of extending the terrains reasonable for plant ascending by digging water channels and different types of water system. India has forever been a dominatingly agrarian country. The agribusiness represents almost 1/fifth of the public pay and is the chief method for help for the populace. As per the 2011 Statistics, out of the complete rustic specialists in the country, 76% were utilized in agribusiness (58% of the aggregate labor force was utilized in agriculture). In every one of the States, more than one half to north of three fourth of the country labor force was utilized in farming. As per the 60th Round of NSS Study, 56% of farming families had land possessions somewhere in the range of 0.4 and one hectare. The fact that the typical pay from makes it also detailed agriculture was well underneath the non-farming normal. For a long time, it has been contended that ranchers are under-special, experiencing below returns than are delighted in by non-ranch families. The per capita pay of land-claiming cultivators is close to half of the non-agrarian normal. Farming has forever been India's most significant monetary area. In the mid of 1990's, agribusiness gave roughly 33% of the GDP (Gross domestic product) and utilized approximately two third of the populace. Since Autonomy, the portion of agribusiness in Gross domestic product has declined in contrast with the development of the modern and administration areas. In any case, agriculture actually gives the main part of merchandise expected by the non-farming area as well as plentiful unrefined components for industry. Moreover, the immediate portion of agribusiness and partnered area in absolute product is near 18 per cent. When the indirect share of agriculture products in total exports is taken into account, the percentage is much higher.

OBJECTIVE OF THE STUDY
The prime objective of the study is to examine the role of commercial banks and farm credit in India.

RESEARCH METHODOLOGY
The study is based on the secondary data collected through various books, journals, website and other unpublished sources.

ROLE OF AGRICULTURE IN INDIA
The Indian agriculture is gifted with fertile land and abundant availability of water resources. It had a long history of fertile plains irrigated by natural rivers. The prosperity of India is based mainly on the development of agriculture because majority of the population is engaged directly or indirectly in agriculture. Hence the development of agriculture would mean the development of the rural masses and development of India. Further the increase in agricultural productivity depends on the adoption of new farm practices such as high yielding variety seeds, chemical fertilizers, pesticides, farm machinery and assured irrigation facilities. The adoption of these practices depends on the availability of large amounts of finance. The creation of adequate and requisite credit avenues is therefore essential for agricultural progress. It represents mobilization of savings by financial intermediaries or Government from the people and through such credit operations, financial savings is transferred into capital. Credit plays an important role for the agricultural development.

NEED FOR FINANCE IN THE AGRICULTURE
The finance in agriculture is an important instrument of development. The advanced technology inputs can be purchased and used by the agricultural farmers only if they have money. But their own money is always scarce and they need outside finance or credit. The basic requirement for the development of agriculture is the infusion of the much-needed credit at reasonable rates of interest. The demand for capital in agricultural development arises, the main causes are need for land and its enhancement; need for agricultural apparatus, machines and livestock; the essential inputs such as seeds, fertilizers, irrigation, pesticides, etc.; need for food, clothing and asylum to maintain the farmer and his family and need to meet emergency needs. The availability of adequate credit has been one of the major handicaps of Indian agriculture. The Indian agriculture is going through a major crisis because of the emergence of second-generation problems associated with the Green Revolution such as global economic recession, lack of crop diversifications. At the same time, many new opportunities are also emerging in this sector because of the opening up of the global market. The modern technologies like the genetic engineering, the green house mode cultivation and food processing have also come into force, which have the potential to transform the Indian agriculture forever. However, all this requires the capital investment which, an average farmer, can't afford.

NEEDS FOR AGRICULTURE CREDIT FOR THE FARMERS

Now a day the agricultural credit needs rise due to the new farm technology and inadequate personal property of the agriculture farmers. The adequate and timely credit at reasonable rates is essential for the widespread use of improved and developed agricultural methods. The financial requirements of farmers can be classified on the basis of timeframe for which the funds are required. The period-wise agriculture loans classified into three types are the short-term loans (Crop loans); the medium term loans and the long-term loans. The importance of agriculture credit as a critical input to agriculture is reinforced by the unique role of Indian agriculture in macro-economic frame work and its role in poverty alleviation. Recognizing the importance of agriculture sector in India's development, the Government and RBI have played a vital role in creating a broad based institutional framework for catering to the increasing credit requirements of the sector. In India, a multiagency approach comprising Co-operatives Banks, Scheduled Commercial Banks and Regional Rural Banks has been followed for purveying credit to agriculture sector. The importance of agricultural credit in a country like India, which is essentially rural in nature, hardly needs elaboration. The economic development of the rural areas hinges upon the availability of credit to rural economy. The agriculture credit and rural funding play a significant role in the growth of Indian economy. The rural credit and finance problems are caused by a combination of imperfection of rural credit market and the specific transaction problems, such as macroeconomic in stability, institutional reforms, low profitability in agriculture, high risk and uncertainty and general enforcement problems. Even though the Government provides more importance to the agriculture sector, the plan allocation declined from the First Plan to current plan.

FARM CREDIT PACKAGE

The Government of India has initiated several policy measures to improve the accessibility of farmers to the institutional sources of credit. The emphasis of these policies has been on progressive institutionalization for providing timely and adequate credit support to all farmers with particular focus on small and marginal farmers and weaker sections of the society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity. The Policy lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies and rationalization of lending Policies and Procedures. These policy measures have resulted in the increase in the share of institutional credit of the rural households. The recent past witnessed a healthy growth in the flow of agriculture credit, particularly since the introduction of the policy of doubling of agriculture credit by the Government of India. Agriculture credit grew at an overwhelming rate of 35 per cent per annum during the doubling period (2004-05 to 2006-07). For the period from 1999-2000 to 2019-20, compound annual growth rate (CAGR) of agriculture credit was 19.81 per cent. However, ground level credit (GLC) increased by only 10.81 per cent during 2019-20 over the previous year. In terms of outreach of credit, during 2019-20 around 13.59 crore agricultural accounts had been financed as compared to 12.55 crore financed by all the agencies taken together during 2018- 19. The main objective of the study is to analyse the trends and patterns in agricultural credit, issues and concerns for district-wise disparities and suggest measures to overcome these constraints.

Government of India in its Farm Credit Package announced in June 2004, advised banks to double credit to agriculture sector in three years, i.e., by 2006-07. In the subsequent annual budgets, Government of India announced targets for credit to agriculture to ensure adequate credit flow to the sector. The flow of agriculture credit since 2003-04 has consistently exceeded the target. Agriculture credit flow has increased from Rs. 86981 crores in 2003-04 to Rs. 468291 crores in 2010-11. The target for the 2011-12 was fixed at Rs. 475000 crore and achievement as on 31.03.2012 is Rs. 511029 crores (as per provisional figures given by NABARD) forming more than 107% of the target. The target of credit flow for the year 2012-13 has been fixed at Rs. 575000 crore and achievement as on October, 2012 is Rs. 308025 crores. The agriculture credit target will be increased to Rs 20 lakh crore with focus on animal husbandry, dairy and fisheries." The agricultural credit target is Rs 18 lakh crore for the current 2022-23 fiscal. The government has been increasing the credit target for the farm sector every year

INTEREST SUBVENTION TO FARMERS

Government of India announced an interest subvention scheme in 2006-07 to enable banks to provide short term credit to agriculture (crop loan) up to Rs. 3 lakh at 7% interest to farmers. Further, to incentivise prompt repayment, in the Union Budget for 2009-10, Government of India announced an additional interest subvention of 1% to those farmers who repay their short-term crop loans promptly and on or before due date. This was subsequently raised to 2% in 2010- 11 and 3% in 2011-12 and 2012-13 also. Thus, farmers, who promptly repay their crop loans, are now extended loans at an effective interest rate of 4% p.a. As proposed in the Union Budget 2013-14, Interest subvention scheme for short-term crop loans to be continued scheme extended for crop loans borrowed from private sector scheduled commercial banks.

The banking system in India is, at present, geared more to financing the traditional crops like cereals. However, it needs to reorient itself to meet the changing requirements of commercialising agriculture. Credit requirements would go up due to purchased-input intensive and heterogeneous production cycles of the new areas of agriculture. This would also call for designing innovative schemes and products which recognise the differing nature of agri-business and supply chains for different products. Newer forms of credit assessment and risk management systems may also have to be put in place, besides upgrading skills and changes in attitudes and mind-sets. The rural credit system has been bypassed by the revolution in information technology. The banking system may also have to address the problem of 'financial dualism', characterised by faster modernisation of urban financial markets compared with their rural counterparts and the 'digital divide' which separates those using modern computers and communication technologies from those who do not. Financial dualism could result in large farmers, agri-business and rural industries obtaining financial services from modern urban financial institutions, while small and marginal farmers and landless laborers may have to depend on micro finance and personal savings. Information technology has to be used to facilitate transformation in various processes of rural credit. In this regard, it is suggested that each bank should form a special task force to look into the entire gamut of credit in the context of the agricultural transformation. The best results could be obtained if these task forces are staffed with enthusiastic young bankers with penchant for innovation.

OVERALL GROWTH AND OUTREACH OF AGRICULTURAL CREDIT

During 2019-20, the institutional credit flow to the agriculture sector in India was to the tune of Rs. 13.93 lakh crore against the target of Rs. 13.50 lakh crore, including Rs. 8.25 lakh crore of short term credit and Rs. 5.68 lakh crore of long term credit (Table 3). The agricultural credit disbursement in 2020-21 was Rs. 15.22 lakh crore (Provisional) against the target of Rs. 15.00 lakh crore. The agriculture credit target for the year 2021-22 has been fixed at Rs. 16.50 lakh crore (Union Budget 2021-22). It may also be observed from the table that the share of Cooperative Banks, RRBs and Commercial Banks (CBs) under crop loans was 19.08 per cent, 10.65 per cent and 70.24 per cent, respectively during 2008-09. However, the share of Cooperative Banks and CBs has declined to 17.97 per cent and 65.30 per cent in 2019-20 and that for RRBs had improved significantly (16.73%) in 2019-20. The share of short term credit decreased significantly from 69.71 per cent in 2008-09 to 59.25 per cent in 2019-20. The share of long term credit in total institutional credit flow to agriculture has been rising steadily, and exceeded 40 per cent mark in 2018-19. The share of long term credit which stood at 22.48 per cent in 2011-12 has increased to 40.75 per cent in 2019-20. During the period 2008-09 to 2019-20, the long term credit, which adds to the capital formation in the primary sector, increased at a faster rate (CAGR 18.9%) as compared to the short term credit (CAGR 13.4%). During this period, total agricultural credit grew at the CAGR of 15.17 per cent. With the concerted efforts of Rural Financial Institutions, operationalization of Small Finance Banks, refinance support from NABARD under Long Term Rural Credit Fund (LTRCF) to RRBs and Rural Cooperative Banks, Area Development Scheme of NABARD, etc., the investment credit/long term credit in agriculture sector has been exceeding the targets for the past four consecutive years. Among the agencies, highest growth was witnessed under RRBs followed by CBs and Cooperative Banks.

CONCLUSION

Agricultural credit has played a vital role in supporting agricultural production in India. The Green Revolution characterised by a greater use of inputs like fertilizers, seeds and other inputs, increased credit requirements which were provided by the agricultural financial institutions. Though the outreach and the amount of agricultural credit have increased over the years, several weaknesses have crept in which have affected the viability and sustainability of these institutions. Furthermore, antiquated legal framework and the outdated tenancy laws have hampered flow of credit and development of strong and efficient agricultural credit institution. To begin with, expert teams will have to be formed for each agro climate zone focusing on the relevant activities there. These teams can then design the package that needs to be put together in each place. The basic ingredients of each package can be similar: provision of technology inputs, infrastructure, extension services, arrangements for the supply of inputs and the corresponding credit model. A key difference in approach would have to be the much greater involvement of region-specific market participants, and of private sector suppliers in all these activities, and credit suppliers ranging from public sector banks, cooperative banks, the new private sector banks and micro-credit suppliers, specially self-help groups. The total institutional credit to agriculture sector has increased more than 4 times during 2008-09 to 2019-20 in the Uttar Pradesh. In total credit the ratio of crop loans remains high as compared to term loan, crop loan increased from 67.51 per cent in 2008-09 to 88.29 per cent in 2019-20. As per the NAFIS Report 2016-17, the share of non- intuitional credit, institutional credit and both the sources in 2015 was 55.7 per cent, 39.3 per cent and 4.9 per cent, respectively. It was found that the households with higher landholdings carry higher debt burden as compared to the households with lower landholdings in the state. The credit disbursed per hectare of GCA was only Rs. 43718 at the state level as compared to Rs. 70697 at all India level. The per hectare credit flow indicates that at the state level there was an impressive increase from Rs. 15431 in 2011-12 Rs. 43718 in 2019-20. However, there exists wide inter-district disparities as are indicated by the range of Rs. 13862 per hectare in Banda district to Rs. 186787 per hectare in Meerut district. Only 34 districts out of the 75 had per hectare credit flow above the state figure. The accessibility of institutional credit is higher in the districts in the western region where the level of agricultural development is also higher. It is a vicious cycle operating in less developed districts. Less availability of credit influences adversely the adoption of modern farming techniques and private capital investment, which in turn lowers the productive capacity of the agricultural sector and results in lower productivity and production, and also pushes the farmers to borrow from the informal sources. Consequently, the demand for agricultural credit for short and long term purposes is dampened. Thus, the inter-districts disparities across the State in the disbursement of agricultural credit by the RFIs is very significant. Therefore, it warrants attention of the policy makers for mitigating regional and inter-district disparities.

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OPPORTUNITIES AND CHALLENGES OF FINTECH IN POST-COVID SCENARIO IN INDIA

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ABSTRACT
Financial technology, or Fintech, is a budding concept which has gained pace during post-covid times. It uses various technologies such as blockchain, artificial intelligence, cloud computing & big data. As FinTech provides digitalized transactions with easiness it has been proving more user friendly with passing of time. Both emerged and emerging nations have been witnessing the fast growth in the fintech segment, with India consistently ranking amid the first three technology integrated financial start-ups universally. This qualitative paper mainly contains the opportunities and challenges faced by the firms that are using technology to deliver the financial services in India.

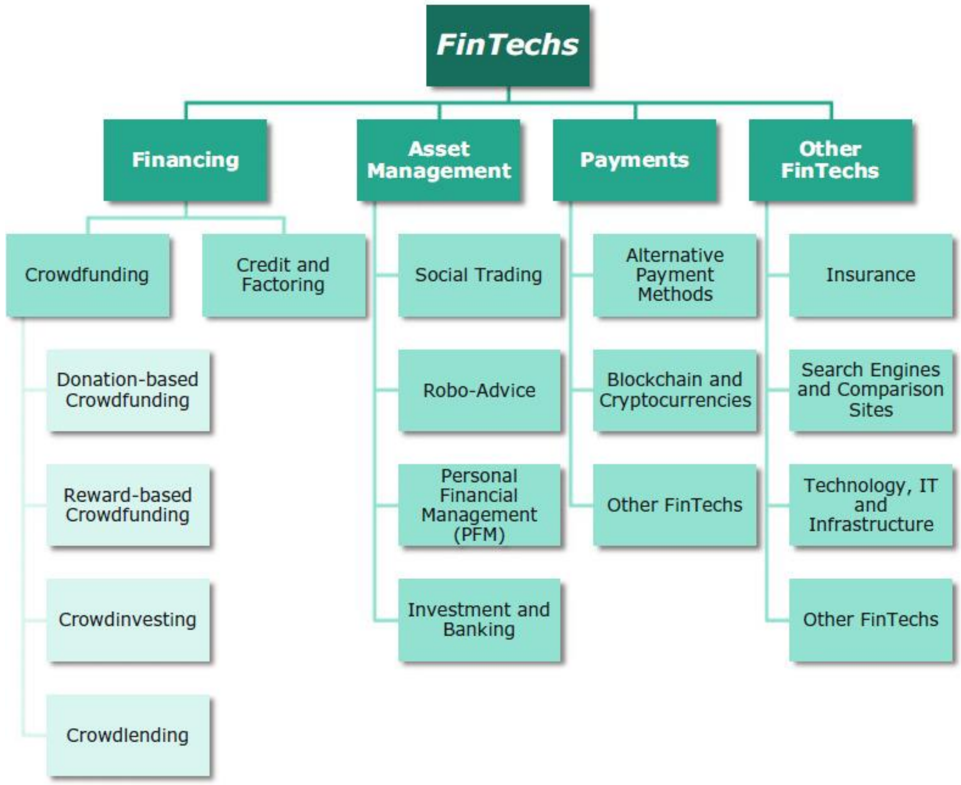
KEYWORDS
fintech, technology.

JEL CODES
G23, O33.

INTRODUCTION
Technology has evolved and shaped our workplaces in many ways, through the adoption of tools like the internet & email for communications, word processing, spreadsheets and presentation for office productivity, e-databases for record keeping and robots and AI for automation. It has boomed beyond belief within the past 10 years and has taken over various industries. One such major impact has been on finance industry. The use of technology in finance to provide services to its customers is called financial technology or FinTech. It is an amalgamation of finance and technology. The financial services are provided by technology start-ups, e-commerce companies or large tech companies. The industry has been growing and is now being recognised globally. One of the main aims of FinTech is to provide financial services in virtual form with the help of technology and making things more user-friendly. The four key areas of FinTech comprises of Artificial Intelligence, Block Chain, Cloud computing and big data.
India is one of the fastest growing & adopting market of FinTech in the whole world. India ranked the highest globally in the FinTech adoption rate with China. There have been numerous start-ups in the past few years which provide financial services to its clients. Using Smartphones for mobile banking, investing or borrowing serves are examples of technologies whose main aim is to give access to financial services in an easy and user-friendly manner.
Post Demonetisation the need of financial technology has been on a rise. Online transactions gained more popularity as compared to old techniques of money transfer and other banking services. More demand for financial technology in India was seen during COVID-19 times. Many FinTechs began to work hard in respond to the pandemic. Many had been shoring up their capital and funding from investors and lenders. Other firms applied cost-effective measures including employee layoff. The companies were trying to lower their fixed cost and laid down the strategy that whatever expenses occur should be variable one's. FinTech industry has also been encouraged by schemes launched by the government such as Jan Dhan Yojana. The government of India has launched many successful fintech innovative products like Immediate Payment Services (IMPS), Unified Payment Interface (UPI), Bharat Interface for Money (BHIM) and Aadhaar-enabled Payment System (AePS).
Currently, there are more than 6500 start-ups of fintech in India. The market size of fintech is $50 Bn in 2021 and is estimated at ~$ 150 Bn by 2025. As of June 2022, India has 23 FinTech companies which have gained 'Unicorn Status' with a valuation of over $1 Bn.

LITERATURE REVIEW
Guild (2017) analysed the effect of technology on the firms providing financial services and also how the recent innovations and developments shape technological concoctions in FinTech. Examples of FinTech innovations include the digital transfer of cash from one country to another, etc. The centre of attention of his paper was that finance has been approached by FinTech by millions of people in developing economies like India. He examined that the capacity of technological innovation can revolutionize the global financial sector by making FinTech more comprehensive, regionalize and impartial. He wrapped up his discussion by proposing that if there is forceful implementation made to transform the market by means of policymaking & regulatory interference, it might lead to unintended consequences, which would also not guarantee the accomplishment of policy goals.
Badruddin (2017) in her research paper introduced an exploration paper proposing that the fintech advancement has decreased expenses and promoted the entry of microfinance model. She wound up her paper by stating that, despite the difficulties the finance industry has, it is clear at this point that the present scenario is conducive for Fintech.
Dorfleitner et al. (2017) in their research paper categorised companies in the FinTech industry into four major segments based on their distinctive business models. These are Financing, Asset Management, Payments and other finTechs. Fig 1 illustrates this categorization.

FIG 1: SEGMENTS OF FINTECH INDUSTRY



Vijai (2019) in his scholarly work focused on the evolution along with the opportunities and challenges of FinTech in India. According to him, FinTech makes a transaction speedy and secure for the user. The Indian government is encouraging innovative ideas related to FinTech Industry. It is beneficial for economy of India because of its unique features like safety, speed, easiness to use and cost effectiveness.

Krishna & Anusha (2019) in their research paper explored that the act of accepting and using the FinTech in India was shockingly quite high. The Indian users have started using recent innovations & appreciate the use of mobile phones for transactions in their day-to-day life such as Unified Payment Interface (UPI), etc.

Sudhir (2020) in his research paper concluded that India is the world's leader in embracing the fintech and is one of the markets for being considered as one of the markets for fintech innovation of digital payment that is expanding the fastest. Likewise, almost all of the users of India who are digitally active are conscious of various fintech services available for making fund transfers and digital payments.

Vijay *et al* (2020) analysed about financial technology and stated that it is concerned with any novel development that embraces monetary exchanges of individual or commercial nature. Since the introduction of the ATM and credit card in the 1950's, FinTech had been upsetting our world.

Isha (2020) in her research paper investigated about FinTech to be an innovation which is currently being recognized by the whole world in the field of finance. At a lower cost the banks and financial institutions have a target-based market to offer their customers better financial products. It is implied that the customer prefers lower cost even before better quality. India is now a Data rich country from its previous position of being a data poor country.

Ashwini (2020) in his paper contemplated that India is home to the second-largest global fintech cluster, with 2565 active start-ups as opposed to 737 in 2014. India gets its bulkiest share from start-ups via payments followed by loaning, wealth tech, personal finance, insurtech, regtech, etc.

Sumeet and Adarsh (2021) in his research paper analysed about fintech that it looks modern but in reality, it has a quite important background.

Rajeshwari and Vijai (2021) analysed on how fintech has been changing the conventional financial establishments and is forming the financial area on a regular ground. Fintech provides the customers with faster financial management. The advancement of fintech industry is indispensable for both domestic and international financial markets.

Shree et al (2021) analyzed factors that influence the payment behaviour of people such as "perception", "trust in digital payments" and "experience with online frauds". Though there are different variables like age, gender, etc. that are dependable components which influence a person's decision of using these services frequently. A person's knowledge ofFinTech and his faith on the progressive innovation plays an important role.

Saniya & Dr. Lakshmi (2022) in their research paper "Fintech in India- Demographics affecting the Fintech services" interpreted the relation between the general demographics of people and their adaptation of new fintech developments & innovations. It was discovered that the age and sex of people are likely to have a significant impact on the adaptation of technology enabled financial services.

NEED OF THE STUDY

India witnessed the demonetization of notes in 2016. After demonetization, the government of India appealed to its citizens to make a shift from the cash system to cashless digital payment platforms to keep a check on fraud and corruption. Additionally, with the help of prime regulatory bodies like RBI and SEBI our government is leaving no stone unturned in order to make its long-held desire of becoming a cashless economy come true. Pradhan Mantri Jan Dhan Yojana, setting up of National Centre of Financial Education, India Stack, E-RUPI etc. are a few worth mentioning steps of government that are having a hand in making India a digital economy and sparking the fintech revolution in India. Considering this background, it is the need of the hour to study the challenges and opportunities faced by the firms that are integrating technology to deliver financial services.

OBJECTIVE OF THE STUDY

To explore the opportunities and challenges of fintech firms in India.

RESEARCH METHODOLOGY

A comprehensive review of the literature on fintech and its development was undertaken to define the scope of the study and ensure its objectivity. The selection criteria were based on top-cited research papers on google scholar website. Some key data and trends were taken from websites of leading market research organizations.

DISCUSSION

OPPORTUNITIES

The digitalization of financial services and money has created many opportunities for the FinTech firms. It is to build more wide-ranging and well-organized financial services and encourage economic development.

1. **Digital Payment Services** – Digitalization has revolutionised the financial sector. There has been technological and fundamental transformation on a huge level and it is becoming the new normal. There has been elimination of paper work in various sectors of the economy. Nobody wants to stand in a queue to pay their electricity bills or deposit money in their bank account. People now conveniently perform digital transactions with one click. This is the benefit of digitalization.
2. **Blockchain Technology** – Blockchain technology has been revamping the fintech industry in myriad ways. To avoid redundancy of data and have more transparency the use of blockchain is advantageous and due to this more and more banks, insurers and other financial institutions are motivated to invest in research into potential applications of this technology.
3. **Acceptance by people** – The educated gentry of India are accepting & using FinTech on a daily basis such as Zomato, Paytm, Google pay, Phone pay. Majority of mobile phones in India have these applications or FinTech apps.
4. **Government Support** – Government is also supporting new start-ups by reducing compliances along with monetary support. The Tamil Nadu government in its fintech policy 2021 has announced an incentive scheme for firms who have invested more than ₹50 crore and provided employment to 300 people or more in less than 3 years, on a case-to-case basis.
5. **Skilled Employees** – Tier-I prestigious institutions like IIMs, IITs are producing lots of skilled employees who have knowledge of FinTech.
6. **Introduction to 5G technology** - Government has been testing 5G technology in various parts of India and is about to introduce it in the coming months. 5G will have more bandwidth, lower latency and high device density which will make it faster than 4G. This is an opportunity for the potential firms to invest into Fintech industry.
7. **Entry of new firms** – The increased traffic on websites & applications has urged the potential businessmen to invest in the fintech market. There has been entry of new firms post-demonetization. As per one research paper, after demonetization the digital transactions has raised approx. 22% in India.

CHALLENGES

Every coin has two sides. Despite having abundance of prospects Fintech has many challenges to face in India. Some of the challenges which FinTech industry are facing or will face in future, with reference to Indian context, are as under:

1. **Data privacy and application security challenges** – Cyber-attacks continue to be a matter of utmost concern for fintech firms. These attacks lead to high cost on system repair. The loss of public trust, which is typically irrecoverable, is one of the primary consequences of a cyberattack. Therefore, the fintech companies face a challenge of maintaining high security to avoid data leakage.
2. **Regulatory and compliance laws** –The commencement of business for a fintech start up involves a lot of stages such as registering for GST, getting legal contracts and agreements, obtaining intellectual property, registering domain, etc. The Reserve Bank of India came up with a scheme namely 'Differentiated banking license' for granting 'on-tap' licenses to businesses that are interested in providing financial or banking services (Sahoo, 2018).
3. **Lack of expertise** – The fintech app development services require expertise. The customer only understands the website or application when it has good User Interface. Developing of website and applications require expert persons for which the firms will have to pay higher remuneration. New firms therefore face a problem of getting the services of experts.
4. **Human Touch** – The use of more and more technology has wiped away the human component. The loss of human interaction has made people realise that they are communicating with the machines. The fintech companies need to persuade people, especially the aged one, to abandon conventional methods and redirect themselves to fintech services.
5. **Poor Infrastructure** – Technological infrastructure is still not developed when it comes to India. Poor connectivity is one of such examples. Still a huge amount of population does not have bank accounts which is required for online transactions. Low literacy level is also a hindrance. So, people prefer to go for cash transaction rather than online transaction. Lack of Financial Literacy is one of the major issues for those who have bank accounts & internet connectivity.
6. **Lack of capital** – Like other industries, gaining confidence of investors is a difficult task. The developing nature of fintech industry imposes a challenge for companies to raise the seed capital and other investments on time.
7. **Non acceptance by some category** – In rural areas, there are still people who are not ready to accept technology. People still want to resort to old techniques. For instance, people feel comfortable to withdraw money through cheque or bank draft instead of ATMs where chances of fraud are high.

CONCLUSION

FinTechs have been developing in India on a large scale. By the pace of its emergence, the entrepreneurial potential of the Indians cannot be denied. The fintech industry market size is $50 Bn and is estimated at ~150 Bn by 2025. The Fintech firms needs to be mentored well both technologically and monetarily. We can see a number of successful start-ups in some sectors and it is expected the same with other sectors as well. The Fintech industry has been encouraged by the government & regulatory bodies by providing different initiatives. RBI is continuously making efforts to promote fintech.

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