

Cashless in India



Newsweek reports on how mobile banking in India saves the government and banks money and reduces fraud that plagues the public-distribution system.

Mobile phones are making life better for people in remote, underserved areas of India. They no longer have to walk kilometers to public call offices to use a telephone—an essential tool for buying and selling goods based on the latest market data, getting credit from lenders and other commonplace activities. So far, most of the benefits have come from one of the phone's simplest features: voice calls.

With more than 250 million mobile users and 6 million new ones added each month, India now has the "teledensity" to support more-sophisticated mobile technologies, which could have a big impact on Indian society and the economy in the next few years. (An extra 10 mobile phones per 100 people in a typical developing country leads to an additional 0.59 percentage points of growth in GDP per person, according to a London Business School study.) These include "voice broadcast" services that would let a truck owner inform residents of a village about a scheduled trip to the city, or doctors announce the availability of polio vaccinations. A more complex system would allow a small business, say, to keep track of shipments. What's holding up these services is the lack of mobile

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