

ROLE AND USE OF CREDIT CARDS IN THE GROWTH OF INDIAN ECONOMY

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Abstract

We live in an era of digitalization, where our economy is going digital day by day; and with the recent changes in our economy regarding demonetization, going cashless is the need of the hour. Due to the technical advancement in financial sector, the transactions in banking system have undergone a remarkable change. Plastic money is replacing the so called standard money. Basically, plastic money or polymer money is made up of plastic; that is used to make payments, purchases, withdraw money and lot more. Various types of plastic cards exist in our economy smart cards, debit cards, credit cards that are provided by the banks to their customers. The most widely accepted means of going cashless is plastic money. The study deals with the analysis of Credit cards. The study analyses the credit card working process, its features and functions, where do people use them and the cost incurred for using a credit card. The study uses secondary data and published sources for analysis of problems and prospects of using plastic money and provide an insight into the world of Credit Cards. The study provides a detailed and explanatory perception of Credit Cards and other aspects related to it.

Keywords: Demonetization, Digitalization, Plastic Money, Polymer Money, Credit Cards.

Introduction

Money serves as a medium of exchange; we have been familiar with the term since ages. But in the present scenario when we stand on the threshold of technological world money / currency has been replaced by plastic money. Let us first understand the changing phases in banking. Banking had evolved long back from traditional money lenders to today's universal banks. And plastic money is one of the facilities provided by banks for easy and quick access to the most acceptable medium of exchange without actually having it; let us say paying it in physical form. Plastic money is generally a banking facility given by banks to their customers and in return nominal transactional costs are charged by the banks from their customers for the service. Plastic money it is most widely used acceptable means of payment and reduces the risk of handling large amounts physically. It is used for acquiring goods and services physically and virtually. Plastic money generally includes credit cards, debit cards, smart cards, ATMs, gift cards, prep aid balance cards etc. But in our study, we will focus mainly on the potential for growth of and credit cards in rural economy. And the various perceptions related to Credit cards and various aspects related to it. This study deals with every aspect related to Credit cards.

History of Credit Cards

Previously our society was functioning without money on barter system, most likely it is going to be moneyless soon or should I say, cashless. While our ancestors were confronted with the glitches of

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