

CASHLESS ECONOMY: THE INDIAN SCENARIO

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ABSTRACT

In today's world cash is not at all the king of the market. Cash less economy is now the need of the hour. There is hardly a requirement of the cash especially in the wide spread economy where people have income in their bank accounts. Cash less economy is a mechanism where most of the transactions are carried out with the help of the digital transaction payment modes. Now a day's most of the people prefer to make payments through the case mode. India is also becoming a part of this cash less system. As we said this is need the hour to become cashless and adopt multiple payment methods of digital mechanism. The vision of the programme is to make the society digitally equipped and digitally dependent. Cash shall not be a basic requirement at all. Digitalisation is a process of making any society cashless society. It is estimated that by the end of the 2025 every 3rd person will be using the digital payment mode. There is varied number of digital payment options available in the world as well as in India which includes Paypal, Rupay, Paytm, Phonepe and other. All the Banks have started the digital payment mechanism in their portfolio which provides all banking payments through the phone mobile app. Credit card and Debit card is already in use since long time for making payments. According to a survey around 85% respondents have accepted that they uses digital wallet for the payments. They carry a very small amount of cash in their pocket and sometimes even nil. By the end of the 2030 the complete economy is expected to be cash less and there will be hardly a need of the cash for making payments. This research is undertaken to evaluate the impact of the Digital Economy in the developing country like India and how this will help country to protect the scare resource including man power. This research will also help to understand advantage and disadvantages of the Cash less Economy.

Keywords: Banking, Transaction, Cashless, Economy, Digitalisation, Payment, Concealment.

Introduction

Various factors need to be undertaken while shifting from cash to cashless economy. This is not as simple as it seems to be. To justify the shift of cash to cashless economy, government has given a number of the reasons. This includes various such as cashless will reduce the chances of the forgery or stolen of the money, it will be easy for the government to trace all the transactions, record of every transaction can be kept, there will be no loophole for the fraudsters to make even a small hole to make the frauds, it will be easy for the financial authorities to setup the policies according to the fund utilisation pattern of the public. Central bank will be in a position to put the questions and ask the details and to put the policy in such a way that negative rates can be forced, as consumer will not be in a position to recoup their cash from the system. Government will also be in a position to have complete control on the industries by having a watch on all their transactions. However this will going to be against the consumer also. This could be undoubtedly be useful against the crime, but will not be good always as it is going to be failure against the case where the phone of someone has lost or broken and he will be left with nothing in his hands, and he will not be having any way to make payment to anyone. It will also going to be difficult for the labour or daily wagers as they are not capable to manage their income digitally. We all saw how this class suffered during the time of demonatisation. A complete shift to the cashless will going to make the emergence of a parallel economy to the cash economy which is quite difficult to manage in the developing country like in India.

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Research Objective

With the beginning of the demonetization, the government has started implementing the cashless activities and this has undoubtedly had significant impact on the economy of the country. Being a developing country, India is heavily dependent on the cash process of the economy which this is very difficult for everyone to shift from cash to cashless economy. Even the government has forcefully various services where acceptance of the cash is stopped and only digital payments are allowed. This is so laughable that government wants to make a country where everyone is using the mobile phone or credit card for every transaction whether small or large, and that too government wants it overnight. It seems to be fascinating but not real. This study is an attempt to study the cashless economy of the country and to discuss how it may be beneficial or will it going to be against the economy.

Review of Literature

Numerous empirical studies have been conducted on the design of "CASHLESS ECONOMY" in India and Abroad. The major emphasis of exploration has been on various issues like frauds, security, operation patterns, new system of e-payment, etc. The former work done on cashless frugality needs perusal. It has been reviewed to indicate in a general way the type of work done in this design in India. It's anticipated that the critical examination of the studies would give focus to our problem and help to indicate the areas which have remained neglected at the hand of the inquiries. From the review of literature, it was set up that hardly there was a study which examines the perception of both druggies and dealers on the operation of cashless sale. Also numerous studies concentrated on individual cards, for case, disbenefit or credit card and neglected the common effect and new innovative cards like smart card, charge card and check card.

Worthington (1995), "The Cashless Society" paper describes the cashless society, where clumsy- to handle points and notes are replaced by effective electronic payments initiated by various types of plastic cards is a smash for the 21st century. Some of the interested parties stand to gain further than others if the cashless society becomes a reality. Paper outlines the explanation of those who are keen to promote the cashless society and the counter accusations for marketers charged with winning consumer acceptance for payment by plastic card. The plastic card payment product is analysed under the three headlines of pay latterly, pay now and pay ahead and a view is offered as to the unborn prospects for each type of plastic card in contributing to the development of the cashless society.

Mandeep Kaur and Kamaldeep Kaur (2008), Development of Plastic Cards Market; history, present and unborn script in Indian banks set up that plastic plutocrat in the form of cards has been laboriously introduced by banks in India in 1990's. But it wasn't veritably popular among Indian consumer at the time of its preface. The change in demographic features of consumers in terms of their income, connubial status, education position, etc. and up gradation of technology and its mindfulness bought the applicable changes in consumer preference.

Bansi Patel And Urvi Amin (2012) in their exploration paper "plastic plutocrat Road way towards cashless society" banded that now a days in any sale plastic plutocrat becomes ineluctable part of the sale and with it life becomes further easy and development to take better place and along with the plastic plutocrat it becomes possible that control the plutocrat laundry and effective application of fiscal system would come possible with would also helpful for duty legislation.

What is Cash Less Economy

A cashless economy is a kind of economy where all the transactions are undertaken with the help of the digital sources. This may in general include mobile Banking or computer or Net Banking or payments made through Debit Card or Credit Card or Point of Sale (PoS) machine payments or use of Digital Wallets like phone Pe or Paytm. The Central bank of the country and Central Government is putting all their efforts to convert the economy into cash less and to make reduction in the use of the cash for the purpose of the transactions. The government is promoting digital payments and reimbursements through the cards only. The RBI is facing undoubtedly various issues in implementing the methods of the making cashless economy and to achieve the target of lower cash economy. The main reasons of the promoting the cashless economy is hidden in the very basic safety protocol of the money i.e. it is a basic presumption that money of the people is safe in the banks. This also generates the cash for the whole of the economy and funds rotate from one hand to other hand but remains in the system. This fiscal system remains working with the same amount of the cash even after so much of the transactions. Cash less economy also helps in reducing the black money from the market. This helps in reducing the many of the illegal activities of the country which are supported by the help of the Black money. Such illegal activities

also include terrorism. Hence because of such of the numerous benefits most of the developing countries are adopting the system of the cashless and making themselves fully digital. A cashless economy attacks directly to the cashless system and makes everything digital. Cashless economy is not at all a matter of deficit of the cash rather it indicates that people of the country are cultured to make deals in digital form. This is ultramodern era where everything is digitally controlled. There are number of the Apps which allows to make digital payments. These apps are connected with each other through a common mechanism called UPI (United Payment Interface) which provides multiple payments at a time through a single application. This is a unique solution without any problem.

Advantages of Cashless India

- **Black money are going to be reduced:** Black money is that cash that you simply simply have earned but not accounted meaning this is often often that money which is hidden from paying taxes. And this black money is prohibited and has the potential of reducing a government to bankruptcy. If the technology behind the digital economy is powerful and well updated, then governments can track all transactions within the economy which helps in maintaining transparency and authenticity of income.
- **Transparency:** Corruption in India exists right from Ministerial level to a watchman level, all due to the dearth of transparency in our measure. Transparency could also be an enormous issue in an economy as big as India's. Corruption scandals in India like CWG or 2G scams or Rafale Jet scams are broken out because of the shortage of transparency in transactions. To be frank, a touch essay on cashless India won't be enough to talk about all the corruption scandals in India since its independence. Corruptions like these are reduced to a superb extent if the cashless economy is achieved throughout because the foremost important advantage of a cashless economy is that the authorities can track and thus the origin and also the endpoint of a transaction easily.
- **Easy and simple:** With such plenty technological revolutions happening around, it'll be impossible to look out someone without a smartphone during this 21st century. Almost every Indian features a smartphone. Hence the good thing about transaction through fintech platforms like Paytm, Google pay or Phone Pe is easier than ever before. The hassles of carrying currency are eliminated. The government of India has produced platforms like UPI (Unified Payments Interface) for hassle-free cashless transactions.
- **Tracking expenditure:** it's easier to remain track of one's spending if all transactions are on record. it'll also help while filing taxation returns and, just just in case of a scrutiny, people will find it easy to elucidate their spends. Besides the tax, it'll even have an honest impact on budgeting.
- **Small gains:** it shouldn't appear to be much of a plus, but being cashless makes it easy to stay un-free borrowers. Another plus is that you simply just can pay the precise amount without worrying about not having change or getting it back from shopkeepers.

Conclusion

The Prime Minister's move to incentivize digital payments will offer a strong support to the continuing efforts in helping the country leapfrog the cash generation to digital payment solutions. this might not only help countless Indians overcome the hassles of dealing in cash but also act as a serious step towards propelling India to emerge as a really cashless economy. Through Digitalization, the government is trying to solve various aspects of Indian society. First of all, it creates how for all purchases to be tracked and recorded, which can work towards limiting the effectiveness of the black market yet as stemming the movement of funds towards various terrorism activities.

Recommendations

Because of the demonetization number of opportunities have come into existence as the speed of the transaction rotation has increases especially in the Banking sector and IT sector. E-Commerce sector has also experienced a substantial change. Undoubtedly cashless economy cannot become part of the economy in one day but it can happen one day. It is a time consuming process. Government has to prepare the public mentally or somewhere forcefully to adopt the change. As per a survey most of the people uses their phone for banking services only to check their bank balance. This is most common transaction people undertake. More than 55% users, uses digital channels for payment of their bills and service bills such as credit card payments. Around 40% users uses bank for the transfer of the money.

The users who do not use mobile phone for digital payments include some of the users who do not use digital channels like mobile because of non-availability of reward points received on credit card bill payments. Hence some of the suggestions proposed by researcher for the effective implementation of the cashless economy are given below:

Government shall begin various alertness programmes through educational institutions or panchayats for making people aware about the benefits of Digital platform use. This should be done specially with the people having low income and who are not financially literate. Convince them to use more and more digital platform which at present seems to be difficult and risky to them and make sure they feel comfortable in using that.

- Availability of digital platform shall be made easy for all of them.
- Phones and computers shall be made available easily at low cost.
- Taxes and duties shall be reduced on the phones and digital equipments.
- Government shall put efforts in linking all the activities with the bank account so people will use digital platform compulsorily.
- A Strong infrastructure shall be developed for the cashless economy setup. Hence government shall put continuous efforts for the supply of the electricity and internet and cyber laws for the safety of people data.

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