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## CASHLESS FUTURE: A WAY TOWARDS LEADING INDIAN ECONOMY TO UPLIFTMENT (A JOURNEY FROM MONEY DEMONETIZATION TO MONEY DIGITIZATION)

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### ABSTRACT

Digitization and advancement of the technology in a speedy manner has changed the functioning of the human beings in almost all the areas. Commerce and Finance are one of that important area where technology has changed the way of functioning. Earlier from Indian economy perspective the concept of adopting totally digital or going digital seems to be unrealistic or delayed adoption but with the sudden cancellation of 500 and 1000 INR on 8 November 2016 has changed the way of dealing with cash as earlier and India now is trying its best to shift towards a cashless economy with adoption of digital tools supported by technology. The objective of the present study is to explore the challenges and opportunities of cashless Indian economy. Primary and secondary data is used as a research methodology. As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are being come into existence and promoted promptly. The study reveals that now a day's various options are available to do cashless transactions but still awareness level is low among people in adopting those facilities. Risk of information being leaked, poor infrastructure are also an important factor which restrict people to adopt cashless transactions in a full swing. The paper concludes by providing suggestions that government and private organizations should come forward like providing training to the people to make them aware and familiar with going cashless in a secured zone and thus helping Indian Economy leading towards upliftment.

**Keywords:** Digitization, Cashless, Economy, Demonetization

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### INTRODUCTION

There was the time when keeping currency notes in the pocket was a sign of prosperity and show off and cash was treated as a king. Different denomination currency notes had to be managed by individuals to managed various requirements from paying to a big shopkeeper to paying of tea, rickshaw etc bills. But at the same time keeping cash was not a easy job for everyone as there were always various risk prevailing like the biggest one of theft, get washed with clothes, etc. As well as when you receive or pay a currency note to someone it also invites various infections and diseases to you as currency notes contains various infections. The one more problems faced by individuals in keeping currency notes are risk of getting tear, or its intimation with colors or any other substance which make it for non usable. Irrespective of all these problems everyone was using it as earlier there was no options available with the people as a substitute of dealing currency notes and those options which was available are either unaware with the people or they were so technical & complex so that people was uncomfortable and hesitate to use them. When android and windows based operating system phone started capturing Indian market that was the time many apps were developed for these phones which help people to do these transactions by going cashless. Then also very few of the people were using those apps as they were habitual of using cash. But after the government announcement on 8th November that the 500 and 1000 denominator notes will be of no longer a legal tender, it became difficult for the people to manage with cash only and as a substitute of using currency in cash various apps of cashless payment came into the existence. Some of them apps were introduced by government and also many private players came into the front. The Centre is making a big push for online and card-based transactions in the country to achieve its target of becoming a largely cashless economy. Government and also private app owners started educating of using apps and various new apps were also introduced by the government like BHIM which promote to go cashless and came as a successful solution for those having problem. The use of cashless transactions will also solve one of

the major problems facing RBI was of notes having written something on them which became useless for the RBI. Another benefits like saving of time, reduced cost also benefited to people adopting these modes. Digitalization helped a lot for fulfilling the government dream of going cashless and paperless. Further the low literacy rates in rural India, along with the lack of infrastructure like internet access and power make things extremely difficult for people to completely adopt e-transaction route which has to be taken by government for successfully achieving its vision of digitization.

## LITERATURE REVIEW

Many pragmatic studies have been conducted in the area of 'Plastic Money' in India and abroad. The key prominence of research has been conducted on various issues like frauds, security, usage pattern etc. It has been reviewed to indicate in a general way the type of work done on this subject in India. It is expected that the critical examination of the studies would give focus to our area and help to indicate the areas which have remained neglected at the hands of the researchers. From the review of literature, it was found that very few study which examined the perception of users towards the usage of new app based payments and other methods of going cashless.

**Piyush Kumar (2015)**, in his paper " An analysis of growth pattern of cashless transaction system" states that Cashless Transaction System has a charismatic appeal as it has an influential effect which is often endorsed by the family and friend. It was also investigated and concluded that Cashless Transaction System also has its better usability and easy affordability for the consumers.

**Ashish Das, and Rakhi Agarwal, (2010)** in their article "Cashless Payment System in India- A Roadmap" explore cash as a mode of payment is an expensive proposition for the Government. The country needs to move away from cash-based towards a cashless (electronic) payment system. This will help reduce currency management cost, track transactions, check tax avoidance / fraud etc., enhance financial inclusion and integrate the parallel economy with main stream.

**Bansi Patel, Urvi Amin** in their article "Plastic Money: Roadmap Towards Cash Less Society" express that as per technology changes suitable changes should be adopted by the economy. And among all the changes in economy lead to some drastic changes in to the transaction. Now days in any transaction Plastic money becomes inevitable part of the transaction. And with it life becomes more easy and development would take better place.

**Jain, P.M (2006)** in the article "E-payments and e-banking" opined that e- payments will be able to check black money. Taking fullest advantage of technology, quick payments and remittances will ensure optimal use of available funds for banks, financial institutions, business houses and common citizen of India. He also pointed out the need for e-payments and modes of e-payments and communication networks.

**Joshi (1996)**, "Variants in plastic." Author analysis that card issuers seeks to introduces the emerging payment card technology like debit and smart cards. Credit cards are being gradually revolutionised by various factors: introduction of customers– friendly technology, a competitive marketing environment, the rise of the financially sophisticated consumer who avoids paying interest and the emergence of new competitors.

**Simon and Victor (1994)**, "Customers' Risk Perceptions of Electronic Payment Systems" finds that one reason for the slow adoption rate of electronic fund transfer at point-of-sale (EFTPoS) is that consumers perceive that it has a higher level of risk than other traditional payment methods.

**Worthington (1995)**, "The cashless society" paper describes the cashless society, where clumsy and expensive-to handle coins and notes are replaced by efficient electronic payments initiated by various types of plastic cards is a tantalizing prospect for the twenty-first century. Some of the interested parties stand to gain more than

others if the cashless society becomes a reality. Paper outlines the rationale of those who are keen to promote the cashless society and the implications for marketers charged with winning consumer acceptance for payment by plastic card.

### OBJECTIVE OF THE STUDY

The aim behind this study is to assess the behavior towards Cashless Transaction System and how far they are adapted to this new world of cashless society.

1. To find out the adoptability of going cashless among Individuals.
2. To explore the benefits of going cashless and study the problems of going cashless.
3. To find out the future scope of cashless economy in India.

### RESEARCH METHODOLOGY

**Research Design:** This research study is descriptive in nature.

#### Data Collection Instrument

Both the primary and secondary data collection methods were considered. The primary data was collected through a questionnaire designed for the study. Secondary data was taken from various Research papers, Journals, Magazines and Websites.

#### Sampling Plan:

- Targeted population: Individuals
- Sampling method: Convenience sampling
- Sample size: 75
- Area: Gwalior

### TOOLS OF DATA ANALYSIS

The data and information collected is classified, tabulated and processed and its findings are presented in a systematic manner.

### CASHLESS ECONOMY

Cashless Economy can be understood as a condition where the flow of cash within an economy is very less and majority all transactions are throughout electronic ways like as credit cards, debit cards, electronic clearing, and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India or through various apps supported by internet facility.

### TYPES OF CASHLESS MODES AND PAYMENTS

**Mobile wallet:** It is basically a virtual wallet available on your mobile phone. You can store cash in your mobile to make online or offline payments. Various service providers offer these wallets via mobile apps, which is to be downloaded on the phone. You can transfer the money into these wallets online using credit/debit card or Net banking. This means that every time you pay a bill or make a purchase online via the wallet, you won't have to furnish your card details. You can use these to pay bills and make online purchases.

**Plastic money:** It includes debit card, credit and other cards. These cards are issued by banks to their customers on requests and also a fee is charged by banks for using this facility by their customers. These can be recharged online via Net banking and other mediums. Cards are used for various purposes – for withdrawing money from ATMs irrespective of the same bank, making online payments by using the card number printed on it and by swiping for purchases or payments at PoS terminals at merchant outlets like shops, restaurants, fuel pumps etc. This has made the customers' life easy by not carrying cash with them.

**Net banking:** It is simply a method of online transfer of funds from one bank account to another bank account either of same bank branch or any other bank account, credit card, or a third party. You can do it through a computer or mobile phone. The procedure is to log in to your bank account by filling the necessary details on the internet page opened on bank website and transfer money via national electronic funds transfer (NEFT),

real-time gross settlement (RTGS) or immediate payment service (IMPS), all of which come at a nominal transaction cost.

**VARIOUS METHODS OF DOING CASHLESS TRANSACTIONS (Through Images)**

### UPI

It is as easy as sending a message from your phone!  
Every bank has its own mobile app - so it's now possible to transact on your smart phones.

- 1 Register your mobile number in the Bank or ATM
- 2 Download the UPI app on your mobile
- 3 Make your unique ID
- 4 Set your UPI pin

**YOU CAN NOW TRANSACT FROM ANYWHERE**

### USSD

It is as easy as checking your prepaid balance from your phone!  
It is possible to transact even on normal mobile phones.

- 1 Link your mobile number to bank account
- 2 Dial +99# from your phone
- 3 Fill in the first 3 letters of your bank against Short name or first 4 letters of IFSC
- 4 Choose "Fund Transfer - MMID" Option
- 5 Enter the payee's mobile number and MMID
- 6 Enter the amount and your MPIN, leave a space and enter the last 4 digits of your account number

**YOU HAVE JUST TRANSFERRED YOUR MONEY**

### e-WALLET

It is as easy as sending photos through your phone!

- 1 Download a wallet like SBI Buddy
- 2 Register your mobile number
- 3 Link this with your debit or credit card or through net banking

**YOUR PHONE IS NOW YOUR WALLET**

### CARDS, POS

Make basic payments at most places with your prepaid, debit or credit card

- 1 Swipe your card
- 2 Put in your pin
- 3 Get a receipt

**IT'S DONE! YOU CAN EVEN TRANSACT WITH YOUR CARD ONLINE!**

# Aadhar Enabled Payment System

Why rely on your bank, when you can bank on Aadhar!  
Aadhar-Enabled Payment System -  
Now link your Aadhar card with your bank account.

- 1 Funds Transfer, Balance Enquiry, Cash Deposit or Withdrawal, Inter-bank transactions

**Advantages of a cashless Economy** With the help of cashless economy there are numerous advantages which are going to be achieved by everyone be it government or the consumers. The important advantages are as follows:

1. Cashless transactions will reduce the various illegal activities like terrorism, drug trafficking, black money etc as record of all transactions through electronic means makes it almost impossible to continue with black economies that over and over again prove destructive to national economies
2. A cashless economy will help reduce corruption and also circulation of fake currency can also be restrained.
3. From taxation point of view it will be impossible to avoid or theft tax which will bring greater revenue to the government ultimately which brings more welfare policies from the government and overall development of the economy.
4. Digital transactions bring in better transparency, scalability and accountability.
5. It would bring down the logistics & cost involved in printing, managing and moving money around.
6. It will eliminate the risks associated with carrying and transporting huge amounts of cash.

**DATA ANALYSIS AND INTERPRETATION**

**Table1:** Frequency Distribution of Respondents on the basis of Gender

S. No.	Age	No. of Respondents	% of Respondents
1	Male	48	64
2	Female	27	36
	Total	75	

Source: Researcher's Survey

**Table2:** Frequency Distribution of Respondents on the basis of Age

S. No.	Age	No. of Respondents	% of Respondents
1	0 -25 Years	15	20
2	25-45 Yrs.	29	39
3	45-65 Yrs.	19	25
4	65 Yrs. and Above	12	16
	Total	75	

Source: Researcher's Survey

**Table 3:** Frequency Distribution of Respondents on the basis of Education

S. No.	Education	No. of Respondents	% of Respondents
1	Upto12 <sup>th</sup>	7	9
2	Graduate	25	33
3	Post Graduate	31	41
4	Professional Qualification	12	17
	Total	75	

Source: Researcher's Survey

**Table 4:** Frequency Distribution of Respondents on the basis of Occupation

S. No	Occupation	No. of Respondents	Cumulative Frequency
1	Service	39	52
2	Business or Profession	32	43
3	Others	4	5
	Total	75	

Source: Researcher's Survey

**Table 5:** Frequency Distribution of Respondents on the basis of Annual Income

S. No.	Monthly Income	No. of Respondents	% of Respondents
1	UptoRs. 25000	7	9
2	Rs. 25001- Rs.50000	25	33
3	Rs. 50001- Rs.75000	17	23
4	Rs. 75001 and above	26	35
	Total	75	

Source: Researcher's Survey

**Table 6:** How frequently do you withdraw money from ATM?

Particulars	No. of Respondents	% of Respondents
Weekly	32	43
Monthly	21	28
Quarterly	7	9
Others	4	5
Not using ATM for money withdrawal	11	15
Total	75	

Source: Researcher's Survey

**Table 7:** Do you think cashless transactions are more convenient than cash transactions for daily transactions?

Particulars	No. of Respondents	% of Respondents
Yes	52	69
No	23	31
Total	75	

Source: Researcher's Survey

**Table 8:** What has been your preferred mode of payment since 9 November?

Particulars	No. of Respondents
Net banking	43
Credit /debit card	48
Cash	75
E-wallet/Mobile app	34
Cheque	55

Source: Researcher's Survey

**Table 9:** Which mobile payment apps do you use mostly?

Particulars	No. of Respondents
PayTm	24
Mobikwik	8
Oxygen Wallet	0
Free-Charge	10
Other (please specify)	16

Source: Researcher's Survey

**Table 10:** What is your biggest concern around cashless payments?

Particulars	No. of Respondents
Security of Applications	68
Internet Connection	27
Loss of Cards / Mobiles	51
Merchant Acceptance	22
Lack of Technology Knowledge	31
Hackers Activity	65

**Table 11:** Have you installed antivirus or malware protection on your phone?

Particulars	No. of Respondents	% of Respondents
Yes	16	21
No	59	79
Total	75	

Source: Researcher's Survey

**Table 12:** Would you use cashless payments in spite of cash in near future?

Particulars	No. of Respondents	% of Respondents
For most transactions	58	77
For some transactions	17	23
For all transactions	0	

Source: Researcher's Survey

**Table 13:** Overall would the benefits that a cashless system brings be helpful to you

Particulars	No. of Respondents	% of Respondents
Yes	49	65
No	26	35
Total	75	

Source: Researcher's Survey

**CHALLENGES IN TRANSITIONING TO A CASHLESS SOCIETY:**

1. For successful cashless economy the accessibility of financial inclusion is necessary. Every individual must have access to banking facilities. But in India especially in rural areas which consist of majority of population are still away from financial Inclusion.
2. With access of financial inclusion the second most important aspect is financial literacy. Still many people are to be aware of various digital instruments and also the knowledge for using them is to be provided.
3. The major hurdle in becoming cashless economy is the lack of proper infrastructure either it is in terms of digital infrastructure or internet connectivity or banking accessibility.
4. Digital infrastructure is highly vulnerable to cyber-attacks, cyber frauds, and phishing and identity theft. Hence establishing secure and resilient payment interfaces is a pre-requisite for going cashless. This includes enhanced defenses against attacks, data protection, addressing privacy concerns, robust surveillance to pre-empt attacks and institutionalised cyber security architecture.
5. People should be making aware and habitual as majority of them are not flexible or adopt changes in a easy going.
6. Merely 26% of India has internet access, and there are only 200 million users of digital payment services.
7. People should be making financial and digitally literate.

**FINDINGS**

1. It is found that majority of the respondents still withdraw cash weekly from their ATMs to meet out their daily needs purchasing. Only few 16% around don't use ATMs to withdraw money.
2. Around 70% of the respondents accept and feel that using cashless transactions is more convenient than using cash. But then also still majority are not using it because they are not familiar to use it and rely on cash purchasing.
3. People after demonetization have shifted from cash to cashless ways like using debit cards, net banking and other mediums but still very few are using mobile based app to do their transactions.
4. Paytm and free charge are most popular apps which are being preferred by respondents compare to other available apps.

5. Poor connectivity of internet, security and hacking risks are the reasons which prevent people from using cashless ways for their transactions.
6. Very few respondents have installed antivirus in their phone and computers.
7. Respondents are building their confidence with due course of time and majority of them accepts that they will move to more cashless ways even after proper circulation of notes in the economy.
8. Majority of the respondents agree to the fact that cashless medium provides more benefits than using cash and in near future they will adopt it.

## RECOMMENDATIONS & SUGGESTIONS

1. Government should work on building stronger digital infrastructure so to make people move to cashless ways.
2. Internet connectivity should be improved especially in rural areas as majority of the population is present there.
3. Steps should be taken to take care of the security risks. Proper and rigid rules should be framed to tackle the problem of security risk.
4. Fees and charges should be minimized while using the mobile and internet mediums so to motivate people to shift towards these various mediums.
5. More promotional schemes should be introduced both by government and private players so to allure people to take initiative to move towards these new cashless ways which make them familiar and confident them on a later stage.

## CONCLUSION

The need to adopt cashless ways in India is enormous. There are various advantages attached for this need. One it will bring financial inclusion and help in reducing cost as well as saving time in more efficient manner. From government point of view too it will save a huge amount of money that is spend annually in printing and maintaining currency. Currently the cashless transaction instrument are developed but not getting fully used to as there are need of awareness among individuals. Government should also take initiative by making strict rules and regulation towards forgery cases and promote in building better infrastructure so that basic facility of internet and others would become cheap to the general public and they can have trust for using these various cashless ways. Individuals too should take initiative in learning the use of these various cashless methods so to get benefited and also helping the economy to move towards upliftment. At last but not the least with the trend of increase in mobile and internet penetration in India it is getting immense increasing scope towards cashless India.

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