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Need of a Cashless Economy- An Effective key in Prospective Nation

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Abstract:

Indian Government initiated digital revolution since 2016 in every sector of the economy. Cashless economy is a challenging introduction by the government for transformation from traditional cash payment mode to digital payment platform. The transactions are made with Cash or Cashless mode but their impact are more subjective. Cashless transaction has effective impact on boosting of economy which has been started observing in India. With an aim to make the things accountable and sustainable for economic growth and development government took a positive step for the a Cashless Society. RBI has made available the mode of payments on digital platforms for meeting the need of society such as debit card, Credit card, internet banking, UPI payment which completely linked with the internet service. Internet services have been improved for maintaining the connectivity for the payment options on digital stage. This paper deals with importance of Cashless transaction and its positive impact on future endeavours. It also studies the changing perception towards introduction of a Cashless economy.

Keywords - Transaction, Digital, Transformation

Introduction:

The advanced technological scenario of Indian economy has been introduced since 1990, when the concept of Digital economy prevails, this is referred to as New economy. It defines as complete transformation with implementation of effective and potential policies by the Government which rapidly accelerated with expected growth and development within and outside the Economy. E-commerce-Business Structure-Business are the key components of Digital economy and have been impacted positively in every sector of economy. Digitisation & Digitalization are

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different but still either directly or indirectly impacts the "Digital India Initiative", Digitisation is the process of converting our data into bits formats and basically related to digital data, whereas digitalization is the process of using different technologies/methods to change the business prospects¹.

Digitalization has shaped the mindset of the business, economy and people around the world. Government has accepted the concept of Digitalization in the age of Internet. It has introduced the new innovative ideas for the environment change in payment gateway. The digital economy is "triggering a third wave of capitalism that will transform business and government, and lead to extraordinary wealth creation around the world".

Narendra Modi, Prime Minister of India stated in Mann Ki Baat in 2016 that "Our vision is to make Cashless society which is 100% never possible but it can start with less Cash society, then cashless economy will not be far off- destination". Cashless economy is the successful contribution of Digitalization in 19th century and firmly created the source of transaction dealing between the two major parties of economy. This made the economical activities free from handling Cash for the transaction process. The aim of Cashless economy is to make even a single process easier and flexible, Cashless transaction is an ideal practice for payment that showed effective performance from 2016.

Management and performance of Cashless economy involves many challenges and risk, despite of economy enhanced towards achievement of fruitful goal. Government of India took initiative of Digital India to transform India in Digitally empowered nation and creating cashless and paperless economy in year 2016 by Prime Minister Narendra Modi. Digital society requires huge investment in infrastructure development and telecommunication which is initiated by the Government of India with expert team skill and dedication.

Significance of the Study :

The estimated 40-45% people use digital payment options for their transaction excluding financial and other institutions according to data of

¹ Dheeraj Badam, Digitalization and its Impact on Indian Economy, 1559(2020)

directly impacts the "Digital India" of converting our data into bits and bytes, whereas digitalization is the methods to change the business

of the business, economy and society has accepted the concept of digitalization. It has introduced the new innovative digital payment gateway. The digital era of capitalism that will transform the world into extraordinary wealth creation

as stated in Mann Ki Baat in 2016 which is 100% never possible when cashless economy will not be possible. It is the successful contribution of digitalization that created the source of transaction in the digital economy. This made the digital Cash for the transaction process, like even a single process easier and a practice for payment that showed

cashless economy involves many initiatives enhanced towards achievement of the digital India initiative of Digital India to digitalization and creating cashless and digital economy. Prime Minister Narendra Modi has focused on infrastructure development and digitalization by the Government of India

digital payment options for their digitalization according to data of digitalization in Indian Economy, 1359(2020).

2021, still almost 60% of people are not in the practice of digital payment options. Growth and development acceleration require accuracy and accountability in transaction. The study discusses the current scenario of cashless economy and their prospective future. Positive acceptance is the need of the society, people should come forward for this challenging introduction.

Objectives of the Study-

- To Study the importance of a Cashless economy.
- To know the challenges of digital mode payment platforms.
- To Study the impact of a Cashless economy on future endeavours.

Research Methodology-

The Study is based on data from secondary sources of data collection. The data is taken from the articles published in Journals, Books, Newspapers, periodicals etc. The research is done in descriptive terms with detailed information of every concept.

Literature Review-

Manashjyoti Mili et al(2021), stated the situation of the transaction with cash and cashless economy. It has mentioned that in India less than 5% of transactions are done in digital form, USA and Japan have 20-25% of transactions happen on Cash whereas 75% in India. The different modes of digital payments are focused in the research study. The paper undertook the study of Benefits and Challenges of Cashless economy. It is concluded that cashless economy is not impossible but needs initiatives such as infrastructure development, eliminating hidden charges of internet, awareness campaigns regarding the computer literacy and importance of E-payment on digital platform. It has been suggested to have immediate payment certification, shortening the process of transaction etc. According to this study transformation in rural area is the challenge before the Indian Economy.

Mr.Pradeep H. Tawade (2017),The digital era is something to embrace and payment on digital platform will continue to be introduced, people must recognise the benefits of different payment instruments. People still stick with the Cash for the payment due to electronic mode of payment

which is much diverse and severe, the recent debit card data get hacked and ability of financial institution to protect the electronic currency is not perfect. The paper has focused on advantages, disadvantages, and future prospect of Cashless economy. It is concluded that certain steps are required to be taken by government, security policies from the cyber attacker. Cashless economy provides lots of benefits to the people government and business.

Richa Goel et al (2019), India has a Cashless economy in future but it will take time to extend in full as it requires to develop smooth and secure infrastructure. Researcher has collected the data through questionnaire and came to the conclusion that there are number of factors which influenced the people to shift from Cash transaction to Cashless economy such as gifts, cash back etc. The data is collected from 280 samples and analyzed with SPSS software, descriptive statistics was done by using mean, standard deviation. Four Hypotheses have undertaken for the study and analysis the data. It is concluded at the end that people still lack trust and confidence on E-payment on digital platform. There are various challenge to build the confidence among the people for Cashless economy but in long run it will bring lots of opportunity and benefits.

Preeti Garg et al (2017), Electronic Mode transaction drive modernization and development of economy in India's payment system. The essence of the policy is to shift the economy from Cash based economy to Cashless economy. The effectiveness and impact is determined with the survey method with 100 samples out of which 87% is revealed their opinion. It consist the literate and illiterate population, data analysed based on the opinion of the population. It is concluded with a view of the population that electric mode payment is successful for controlling the problems of black money, corruption, money laundering etc. Suggestion driven based on the study that security policy should be effective, promoting mobile wallet, campaign to aware the people about the importance of e payment literacy.

Cashless Economy Concept-

Faceless, Casaless, and paperless is one of the professed role of digital India. It has been observed that dealing cash is more risky due to security

Recent debit card data get hacked
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at every point. The purpose of introduction of Cashless economy is to
 improve prospectus of economy on Global level, Data of Cash to GDP as
 per 2020-21 was around 12 to 13% in India which is higher than
 developed economy such as UK(3.72),US(7.9) and EURO(10.63) area
 but lower than Japan(18). Expecting growth in the economy is accepting
 a new challenging introduction to the Indian economy, the growing
 scenario shows the improved means of technology in the area of
 transaction. A cashless economy is a contributing mode in accelerating
 the development speed and sustainability of the economy with fruitful
 goals. It's a exigent part for the people who are illiterate and dealing with
 digital payments but tendency of fear can be changed with prospective
 plans such as training awareness, education and support from the society
 as well as economy.

Current Scenario of Cashless Society headed by Government of India-

Indian economy changed the scenario in 1990 when the banking sector
 introduced the proposal of internet banking and supported the economy
 for a cashless society, the pace of the transformation accelerate in the
 demonetisation situation in 2016. Cash to GDP has been changed from
 12% to 9% due to positive acceptance of digital mode payment. Sweden is
 one of the countries in the world to become 100% digital.

RBI classifies the mode of cashless funds by using cards and mobile
 phones. It can be issued in the form of open wallet, semi open wallets,
 closed wallets and semi closed wallets.

- Acceptance of digitilisation after November 2016 the
 introduction of Paytm had witnessed 5 million daily usage
 opposed to their average transaction of 3 million Ola money to
 solve a 1500 increase in its E wallet, UPI Ecosystem function
 introduced by National payment Corporation of India to further
 Olympiad region of Transaction. towards a less cash and model
 the society, DBT(direct benefit transfer) where Government of
 India initiated to transfer the benefits and subsidies on various
 welfare schemes like scholarship, old age pension, LPG subsidy
 which get directly deposited to the bank account beneficiaries.

- Niti Aayog committee has set out to formulate a strategy to expedite the process of transforming India into a cashless economy. The committee tasked the bottlenecks in affecting the process of digital payments and its process.
- Pradhan Mantri Jan Dhan Yojana launched in 2014 which is one of the biggest financial inclusion initiatives opened to Indian Citizen. This service aims to expand affordable access to financial services like bank account savings, insurance and pensions, it plays a vital role in opening an account for the poor people.
- The aim to discourage the cash transaction and prompt card payments the committee headed by Ratan Watal panel is constituted in 2016 and suggested accelerating growth of digital payments to encourage India's movement towards class cashless economy

Reserve Bank of India and ministry of Electronics and information technology has collected the data and published regarding the payment System which includes RTGS, NEFT, UPI, BHIM, Debit card, credit Card, Mobile banking internet banking, NETC. The data along with this organisation system also collects the data related to paper transaction such as CTS(Cheque Trancation System) ECCS(Express Cargo Clearance System), March 2019 the digital payment transaction per capita was 22 Which would increase from 22 to 220 in coming three years.

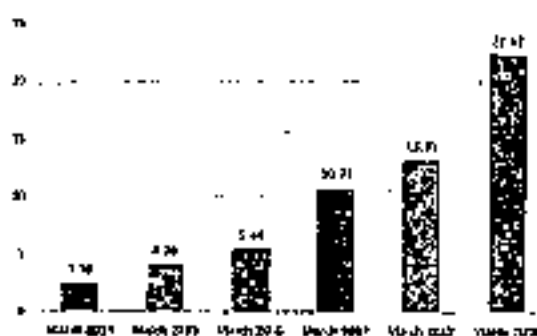


Fig 1 Digital Payments Per Capita²

² Digital Transaction Metrics, High Level report on Deepening of digital payment, RBI

The Government of India
Ministry of Electronics and Information Technology

Category	Value
Category 1	Value 1
Category 2	Value 2
Category 3	Value 3
Category 4	Value 4
Category 5	Value 5
Category 6	Value 6
Category 7	Value 7
Category 8	Value 8
Category 9	Value 9
Category 10	Value 10

Fig 2

Year	Value
2014	Value 1
2015	Value 2
2016	Value 3
2017	Value 4
2018	Value 5
2019	Value 6

Strategic Focus with
Every one change with
the growth of the world
transformed digital
stage of work

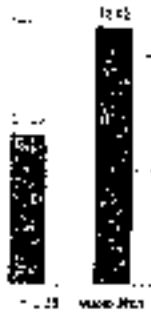
- Use of less money
which increases
the growth of
country and
which decreases
- Free from
government

out to formulate a strategy to forming India into a cashless the bottlenecks in affecting the process.

launched in 2014 which is one initiatives opened to Indian expand affordable access to digital savings, insurance and opening an account for the poor

transaction and prompt card led by Ratan Watal panel is accelerating growth of digital movement towards class cashless

Electronics and information published regarding the payment PF BHIM, Debit card, credit ETC. The data along with this related to paper transaction such ECS/Express Cargo Clearance transaction per capita was 22 during three years.



on Deepening of digital payment.

The data is compared with the Asian countries like China Indonesia win a lead off India under digital Payment rate.

Country	2015	2016	2017
Singapore	727.90	758.70	782.40
Sweden	428.80	431.80	457.90
USA	405.90	442.80	473.60
Euro Area	158.50	172.60	184.80
Russia	79.30	133.80	178.50
Brazil	137.60	139.40	148.50
China	48.90	78.80	93.70
South Africa	68.70	78.70	79.20
Indonesia	23.90	42.90	34.00

Fig 2. Digital Transaction Per Capita Per Annum

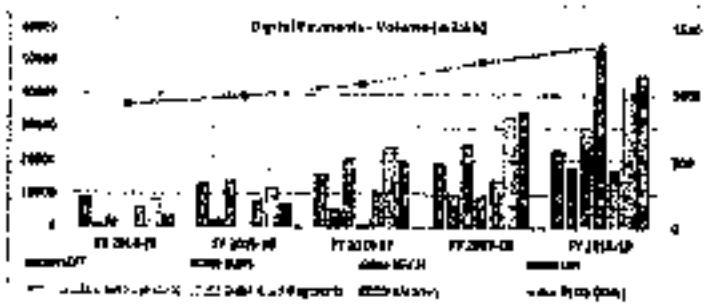


Fig 3. Digital Payment Systems in India

Prospective Future with Cashless Economy-

Every new change comes with certain pros and cons but while measuring the growth of the economy, positive outcomes are required to be considered. Cashless economy has a prospective future because of less usage of cash.

- Use of less cash - Cashless economy deals with no cash transaction which decreases the risk of theft, it pinch the pocket of someone else. Cashless transactions safeguard the Cash of the people contributes to a safe economy. It helps to control wrong practices within the economy and maintain stability for the development.
- Free from Black Marketing - Cashless economy connects automatically to banking records and shows the perfect and correct

High level report on Deepening of digital payment RBI Data 2020

picture of every transaction. To make the economy cashless the initiative steps must be taken and every major dealing should essentially be done in digital form, for this purpose every individual should have to be the part of this practice.

- **Printing Cost** - Currency printing involves cost at the plan of circulation and flow within the economy. Printing of each Rs. 500 note is Rs. 2.57, Rs. 100 cost Rs. 1.51 while for note of Rs. 10 is Rs. 1.01. The 2022 currency operating budget is \$ 1,060 million, RBI compiled the date in annual report that printing currency note is RS.4,989.8 crore which was almost 1.5 times to Rs. 2,063.16 crore in 2008-09. This shows the increasing curve of cost, cashless economy is the solution for controlling cost indirectly connecting to environmental sustainability.
- **Saves Time and Energy** - Cashless economy is an ideal situation for saving time and energy for an individual. It works on a simple method of carrying a smart phone or the plastic card for E payment order. Online payment save the energy as it does require to have access of internet connection with resource and not to stand in a queue before the ATM machine for long time to withdraw, while processing of payment in exchanging of any service only swapping the card and UPI password is essential.
- **Transparency** - Cashless economy is easily traceable and transparent than physical practice of currency. Digital transaction is recording proof for both the receiver and giver, operates smoothly on national as well on international level. Transparency and accountability in transaction grows the quality of dealing.
- **Free from Psychological Burden** - Carrying and handling Cash is more risky and burdensome, its work out only up to the petty transaction but becomes difficult when carry larger amount involvement, cashless economy is the way to move ahead. Digital instrument such as Credit card, Debit Card, UPI, are the easy option for payments and resulted into authentic acknowledgement of the dealing. This particularly requires a small area to carry and handle, easily traceable and blocked immediately to control the access by third party in theft and lost situation.

use the economy cashless the every major dealing should be this purpose every individual

involves cost at the plan of economy. Printing of each Rs. 500 note costs Rs. 1.51 while for note of Rs. 10 is Rs. 0.51. The total budget is \$ 1,060 million, for that printing currency note is Rs. 2,063.16 crore. The rising curve of cost, cashless economy cost indirectly connecting to

a cashless economy is an ideal situation for individual. It works on a simple principle the plastic card for E payment is easy as it does not require to have a bank resource and not to stand in a long time to withdraw, while the cost of any service only swapping

cashless economy is easily traceable and secure currency. Digital transaction is at the user level, operates smoothly and at the national level. Transparency and the quality of dealing.

• **Caring and handling Cash** is a big task for the party who carry larger amount of cash. The way to move ahead. Digital payment like Card, UPI, are the easy option for the acknowledgement of the transaction in a small area to carry and handle, and to control the access by

- **Accuracy and Perfection** - The party involved in transaction gets the potential result because of Cashless payment, none of the party has to wait for long time for accounting work manually, automatically the details get generated and recorded for future reference by using the lesser the file system. Information system plays a vital role in this case for perfection and accuracy.
- **Policy Formation** - Cashless transactions generate the data of transaction on regular basis automatically through digital platforms, such a potential data helps the government to plan for future endeavours such as financial planning, urban development, up gradation of technology. These policies help the economy to grow in financial inclusion and updating.
- **Precaution for health** - Cashless economy carries plastic money and less handling Cash. It is worth handling as it is less handled by other party, owner of the card can handle for the payment but in cash transaction more frequently it get touched by many people which becomes the source of harm to the health due to spreading of more germs. Cash is notoriously converted into germs. The paper bill has four to 15 years lifespan, accordingly federal reserve's the bill has lot of time to accumulate germs. The lifespan of Cashless economy is safe for the health and reduces the chances of spreading new diseases, its proved beneficial in situation like Corona. During the Covid situation in year 2020 banks in China started disinfecting Cash with ultraviolet and heat treatment. WHO was publishing people to use contactless payment techniques for less germs contact.
- **More Spending helps Economic Growth** - Cashless society boost economy growth with expected outcomes. Modern society prefers shopping with online payment mode they demand for anything anytime with digital payment process, Cash restricted the buying behaviour it comes only when cash is available. Spending reduces consumption and generates less revenue. More generation of revenue with more transaction advance the economy as it supports the production and distribution channel. The volume of non-cash transactions globally grew at a compound annual growth rate

(CAGR) of 9.8 percent during the period 2012-2016, which was driven by emerging Asia and CEMEA (Central Europe, Middle East and Africa)⁵. As per the report of RBI 2019 traditionally India's digital payment ratio to GDP is low but after demonetisation it significantly increases.

- **Scope of Employment** - Digital payments platform increases the scope of employment, changing buying attitude leads higher demand for the goods and services which constituted more staff to handle it. Digital payment platforms improve the sources of income of the people as well as business in the Economy. Cashless society motivates the people to enter in the market with new innovative ideas to sell and win the confidence of the people with their level of satisfaction. Significant infrastructure is the need for the business to make the digital procedure easily.
- **Tax collection in Economy** - Cashless payment hinders tax evasion because it track the details of the payment, every single transaction is accounted on digital platform, keeps lesser the chances to evade the taxes resulted into tax revenue to the government, the source of tax contribute the betterment of Economy. Cash transactions can conceal the transaction history easily⁶, tracing of illegal cash transactions hurdle the generation and employment of revenues.

Cashless Economy and the Challenges ahead-

Apart from return of the Cashless Economy, certain challenges are before the Economy. A Cashless economy will take modest time to adopt the practices of the digital payment process.

- As per 2021 data only 38% of Population is computer literate, the remaining portion of the population have a fear in mind to adopt digitalization. They prefer the cash payment for every single transaction, they do not prefer to work with Digital payment Services such as UPI, ATM debit card credit card.

5 World Payments Report, 2018

6 Giovanni Immordino and Francesco Flaviano Russo 2018

As per the data 74% of the people use payment bus still in cash they do not have the smart phones internet connected payment procedures.

As per 2021 Statistics data access the internet services comparatively higher than the awareness about internet payment process.

Another challenging task is security and the private data is to be provided to business owners, platforms and application. Advancement in technology Cyberattacks, cyber frauds are rise to provide a refined payment transactions and fraud and theft.

Changing preferences of motivating them with positive psychological challenge to the mass and beliefs from reality an essential aim.

Bridging the gap between connectivity in the digital challenge before a cashless society needs more attention secure need smooth transition of payment into digital transactions to bridge the

Setting of Modified smart investment challenge. In between the available

2012-2016, which was Central Europe, Middle East and Africa. India's GDP growth rate after demonetisation is

As per the data 74% of the people use the mode of You Pay phonepe and Paytm payment but still 40% of the people prefer the payment in cash, they do not have the access of supportive sources such as smart phones, internet connection, finance and willingness for the payment procedures.

As per 2021 Statistics data nearly forty seven percent of people Access the internet service which is a relatively low but comparatively higher than 4% in 2007. This is a challenging part of the awareness about internet access among the people for the digital payment process.

Another challenging task to make people knowledgeable about the security and the privacy under the cashless transaction, knowledge is to be provided to build the trust on privacy terms of the online portals, platforms and applications.

Advancement in technology has challenge before the economy, Cyber attack, cyber frauds and Phishing are growing rapidly. It's the time to provide a refined and secured platform for the online payment transactions due to challenge of handling and detecting fraud and theft.

Changing preferences of the people towards the cash and motivating them with positive perception for a cashless economy is Psychological challenge that is more subjective in nature. Shifting the trust and beliefs from cash to cashless economy in practice is really an essential aim before the economy.

Bridging the gap between the internet services and their connectivity in the urban as well as rural areas is a technical challenge before a cashless economy. The connectivity in rural areas needs more attention for the development even though urban sector need smooth functionality. Transformation of traditional mode of payment into modern mode of payment demands huge Investments to bridge the gap.

Setting of Modified structural facilities for a cashless economy is an investment challenge. Internet connectivity and their interference between the available resources needs financial planning

Maintaining and securing the structure is a challenge before a cashless economy.

- Performance in operation of Cashless economy every individual must hold the banking facilities and access it on a regular basis but due to lack of bank accounts with larger the portion of population becomes a demanding part before the economy.
- Hassle free internet access is another exigent matter for various service providers, due to rapid utilization and accession of internet service for the business services, frequent issues faced during the time of payment on digital platforms.

Conclusion-

Cashless economy is the effective system to boost and sustain the economy, it has prominent benefits for every sector of economy. This is the mode for revenue generation and even for formation of policies. Cashless economy certainly needs strategy for changing the traditional mode of payment and perception towards a cashless economy. Cashless economy is possible with initiatives from not only government is required but also society has to get ready for the acceptance. The challenges are conquer with effective policy procedure and its implementation. Enhancement of trust and beliefs about the benefits of a cashless economy among the people is the major task before the economy. Security support and hassle free operation are the prerequisite of a cashless economy.

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