

SCENARIO OF CASHLESS ECONOMY IN INDIA

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Abstract: *Cashless Economy Describes And Economic State Whereby Financial Transactions Are Not Conducted With Money In The Form Of Physical Banknotes Or Coins, But Rather Through The Transfer Of Digital Information. Usually, An Electronic Representation Of Money Among The Various Transacting Parties. A Cashless Economy Or Society Describes Always Economic State Where Financial Transactions Are Not Conducted By Money As A Former Of Physical Banknotes Or Coins But Rather The Transfer Of The Money Between Transacting Parties. It Is Nothing But Using Technology In Handling Cash Flow Using E-Commerce And E-Banking. Ref. (Www.Google.Com.In/Url) According To Economic Times There Were Other Supplementary Objectives Along The Way- Formalization Of Economy, Financial Management Of Saving, Digital Penetration. However The Primary Political Narrative Of Demonetization Was About Breaking The Back Of Nontax – Paid Wealth. In The Current Research Paper It Is Tried To Pictures The Current Situation Of Cashless Economy In India.*

Keywords : *Cashless, E-Transactions, E-Commerce, E-Currency, Digital India*

Introduction :

The journey of Indian cash economy begins right from the invention of coin forging since ancient India. Earlier many kingdoms used to forge coins of their own kingdoms. But the scale of forging coins was very limited, so that it used to be in the pocket of some people who rest to be rich. But gradually the use of cash in lieu of barter system begun to move ahead. And people started to use cash. As soon as the technology developed, a new trend to do monetary transactions came into fashion. Out of it's convenience, security and speed. That is the concept of cashless transactions with the help of technology i.e. internet and computers and mobiles with required infrastructure.

Since last 1000 years we are using cash in the form of various currencies. Earlier people were not keeping faith in cash currency. They used to faith in barter system. but when the British government imposed the acceptance of cash currency and forced them to do cash transactions. People began to use cash. But, now a days a new age of transactions to exchange goods and services is aroused. That is cashless transactions. Cashless does not mean zero cash economy, but cashless economy does mean less cash economy. India is a country where 100 % literacy is not found. Total Indians are not aware of technology, so 100% cashless economy is not possible in India for at least fourth coming some years. Also it has some challenges to establish a cashless economy. However, less cash economy has many opportunities in the development of Indian economy.

Body Of Research Paper :**Scenario to India : (India's Reliance on Cash)**

Indian economy is primarily to be driven by the use of cash and less than 5% of all payments happen electronically. This is largely due to the lack of access to the formal banking system for a large part of the population and as well as cash being the only means available for many. Large and small transactions continue to be carried out via cash. Even those who can use Indians traditionally prefer to spend and save in cash and a vast majority of electronic payments, use cash. Indian economy is primarily driven by the informal sector and it relies the more than 1.2 billion populations doesn't even have a bank account. A report by Google India and Boston Consulting Group showed that in heavily on cash based transactions. 2015 around 75% of transactions in India were cash-based while in developed countries like USA, Japan, France, Germany etc. it was just around 20-25%. 200 Global Economy: Opportunities & RBI estimates for July 2016 show that banks had issued around 697.2 million debit cards and 25.9 million credit cards to customers after deducting withdrawn or cancelled cards.

However, cards on its own cannot turn the economy into a cashless one. It is Important to note that the number of cards in operation is not equal to the number of individuals holding those cards. It basically means that many customers hold multiple The difficulty in going digital is exemplified by the data on debit card usage accounts and cards. - over 85% (in volume) and 94% (in value) of all debit card usage is at ATMs for the purpose of withdrawing cash. The principal purpose for cards India's Cash to GDP Ratio: As calls for going cashless grows louder in India, in an Indian context is thus a means to withdraw cash. a key challenge being faced at the global level is to check the continuing rise in the total value of currency in circulation and its share in the overall GDP, a trend particularly seen in the US, Switzerland and Euro area. Such continuing rise in the circulation of currencies for economic activities could well be a major impediment in the transformation to a cashless and digital economy. India's cash to GDP ratio is around 12 to 13%,

Present Scenario :

- Lack of Digital Infrastructure and High Cash Dependency
- Skepticism in Merchants
- Financial Inclusion
- High Merchant Discount Rate:
- Digital and financial literacy
- Cyber security
- Changing habits and attitude
- Taxation and transparency of accounts business gone failed

Opportunities :

- **National Securities :** From the view point of national security cash to cashless economy concept is very essential. Because in 2001 when Al-Qaida attacked to the world trade centre in America, the government of America decided to do it's economy cashless as much as possible. And therefore the terrorists failed to move cash money

from one place to another place. Therefore cash to cashless economy is very important from the view of national security.

- **Reduction in Corruption :** Cash based economy creates the scope for corruption. Cashless economy records each and every transaction to the government and therefore it can be known by government where it goes. All the monetary channels are controlled by government agencies. So it becomes very easy to check corruption in economy.
- **For Rapid Transaction :** There is an opportunity for rapid monetary transactions. Transaction made with the help of technology is done very rapidly. The speed of transactions is enormous. Now a day every financial transaction is done just on one click of mouse or Mobile button. Also it does not have time or day or holiday limitations. We can do monetary transactions from any kilometer distance just in one click.
- **Economic Growth :** Economic growth is possible with the help of cashless economy. Cashless economy records each and every monetary transactions. Also it helps to reduce corruption in economy. The results into the reducing the size of parallel economy. This supports to do the growth of economy. Cashless economy helps to increase revenue in the treasury of government. This increases the economic growth. And reduces tax evasion.
- **In Convenience :** Convenience in financial transaction is an opportunities in the cashless economy. We can purchase goods and services. Just on one click by sitting at home. Also not need to carry money in pocket so that risk can be avoided. In country like India a developing country, the required infrastructure for cashless transactions is creating. In this situation where technology is developing, it seems to be possible create convenience in the financial transaction with the help of cashless economic concept. Also the people of India can learn many more things while they will accept and use cashless economy concept.

Challenges :

- **Literacy Challenge :** This is the first challenge for cash to cashless economy. India is a country where 100% like Japan, Germany, France and some European countries. The literacy rate of India is 74.04% according to the census of 2011. Today also one fourth population of India is not literate. And therefore this cashless economy concept is a major challenge for these 25% Indians.
- **Problem of Infrastructure :** Today India is getting the development in the technology sector. Still here are many hilly and remote areas, where the infrastructure for the cashless transaction could not reach. Also the internet users in India are very less in the comparison of the total population of India. The infrastructure is being established only in the urban areas and being avoided to the rural areas of India. Thus, this problem of infrastructure is a challenge for the cashless economy.
- **Internet Speed :** Now a days we most of the educated people of India are using smart phones. In these phones the use of internet is very common. Also the speed of internet we are using is not as per the standard. We are told that we are being provided 4G speed of internet, but it is a big question that whether really it is 4G (Fourth Generation) speed of internet? It provides a very low speed of internet. And therefore many times

the transactions failed. So this creates a major impediment at the time of very important transactions.

- **Faith of People :** The challenge of the faith of India people in the concept of cashless transaction is being realized. Many people believe in cash transactions. They do not feel the sense of financial security in cashless transaction. The people of India are not habitual o this new concept. Even they afraid to do digital or online buying and selling of goods and services. To create the faith in the mind of Indians, it will take some time.
- **Parallel Economy :** The existence of parallel economy is a challenge to the cashless economy. The size of an economy is big and also it includes black money economy i.e. called parallel economy. Many people earn black money and they do financial transactions. These people who have black money do never do the cashless transactions and therefore most of the money will not be transacted my digital system. So cashless economy would not come true until the parallel economy exists. Thus, the existence of parallel economy is a challenge, before the concept of parallel economy.

Conclusion :

Cashless economy does mean less cash economy. And in India, this is a new concept which will take some time to digest and to accept. While the British government introduced cash currency in India at the time of barter system, that time too the Indians did not accept cash currency out of lack of faith in cash and full faith in barter system. it was a new concept. Similar condition happens with this new concept of cashless transaction or cashless economy. It will take some time but the Indians will accept this new concept after some time. Even though there are many challenges before cashless economy but it has many opportunities and benefits of this innovative concept.

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