



CASH TO CASHLESS SYSTEM: A STUDY OF OPPORTUNITIES AND CHALLENGES FROM INDIAN PERSPECTIVE

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ABSTRACT

Demonetization was a noteworthy encounter for each Indian and it is a reformist move from money to credit only economy with more spotlights on e-exchanges. Government is likewise continually promising the individuals of India to go credit only and diminish reliance on money exchanges and rather receive computerized instalment techniques. Initially on the off chance that we need credit only exchange or economy or each exchange without money we should need to give information about plastic cash, e-instalments and security to residents.

This paper comprises about digitalization of India and Indian economy through remonetisation and credit only economy with digitalization. This paper appraises the measure of credit only exchanges that is predominant in India. The discoveries of the investigation uncovered that the presentation of credit only economy in India can be viewed as a positive development of economy development and advancement. It has been directed to disentangle the difficulties and chances of credit only economy by advancing electronic cash instruments, creating electronic budgetary foundations and spreading computerized exchange propensities among individuals.

KEYWORDS: Demonetization, Digitalization, Credit, Economy, Exchange.

1. INTRODUCTION:

Change into a credit only economy is a global issue and a considerable lot of the nations as of now nearly become credit only economy. A credit only economy is the place monetary exchanges are not being done in the terms of cash notes, coins or physical greenbacks. It was in pattern by bargain period of credit only exchange and different techniques for trade like food crops or different products. Nonetheless, the new ideas of credit only exchanges in credit only economy are made with the assistance of advanced monetary standards where lawful delicate (cash) is traded and recorded uniquely in the electronic computerized structure. Endless difficulties and openings are related with the impacts of advanced exchanges. Indian populace where 98 percent of complete monetary exchanges by volume is being done through money (Economic occasions, Nov. 23, 2016), a significant part of the money exchanges being done in the nation are little trade for products or administrations. The infiltration of Pos terminals isn't sufficient. A large number of individuals actually don't have a financial balance, web organization and association isn't legitimate, absence of information to utilize on the web.

1.1 Meaning of Cashless Economy:

A credit only economy is one in which all the exchanges are done through electronic channels, for example, Mastercards, Immediate Payment Service, National Electronic Funds Transfer and RTGS. The course of physical cash is unimportant in such a framework.

1.2 Categories of Cashless Modes and Payments:

Versatile wallet: It is fundamentally a virtual wallet accessible on your cell phone. You can store money in your portable to make on the web or disconnected instalments. Different specialist organizations offer these wallets through portable applications, which is to be downloaded on the telephone.

given by banks or non-banks and it tends to be physical or virtual. These can be purchased and energized online by means of Net banking and can be utilized to make on the web or retail location (PoS) buys.

Net banking: It doesn't include any wallet and is just a strategy for online exchange of assets starting with one financial balance then onto the next ledger, Mastercard, or an outsider. You can do it through a PC or cell phone.

2. LITERATURE REVIEW:

Moody's Analytics (2013), examining the effect of card utilization on total national output (GDP) of 51 nations, discovered that electronic card use included USD 1.1 trillion in genuine dollars to private utilization and GDP from 2003 to 2008. The investigation found that a 1% expansion in card exchange volume would build utilization every year by 0.039% and GDP development by 0.024%.

Zandi et al. (2013), contemplating 56 nations more than 2008–2012, compute that USD 983 billion were added to their total genuine GDP as a result of expanded card use. This adds up to 0.3% of their GDP every year. They gauge that a future 1% expansion in card utilization over these nations would create a yearly utilization increment of 0.056% and a GDP increment of 0.032%.

Bansi Patel in their article "Plastic Money: Roadmap Towards Cash Less Society" the world look according to innovation changes appropriate changes ought to be embraced by the economy. Also, among all the adjustments in economy lead to some extraordinary changes in to the exchange. Presently days in any exchange Plastic cash becomes unavoidable aspect of the exchange.

Reddy, Ramakrishna (2006) in his article "Card items in India" remarked about the purposes behind not achieving full development potential among card items and recommend solutions for development in this field to support all players.

Ashish Das, & Rakhi Agarwal, (2010) in their article "Credit only Payment System in India-A Roadmap" Cash as a method of installment is a costly suggestion for the Government. The nation needs to move away from money based towards a credit only (electronic) installment framework. This will help diminish cash the executives cost, track exchanges, check charge shirking/misrepresentation and so forth, improve monetary incorporation and coordinate the equal economy with standard.

Kearney & Schneider (2013) gauge the shadow economy in Europe and set up a solid negative connection between the size of credit only exchanges and the size of the shadow economy.

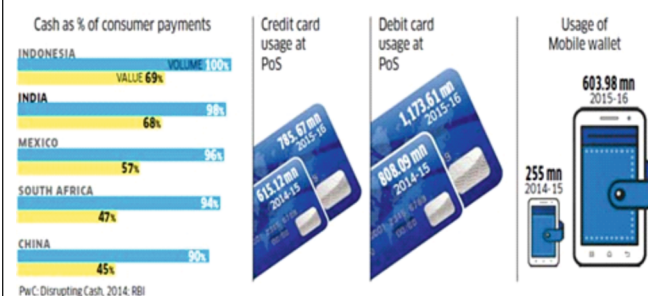
3. RESEARCH OBJECTIVES:

The objectives of the present study have been discussed below:-

- To understand the conceptual framework of cashless economy.
- To inquire the status of India as compared to selected countries in the context of cashless economy.
- To understand the scope of cashless economy in India.

Figure 1.1

For Indians, Cash is Still The King...



Source: Turning India into a 'Cashless Economy' – A feasibility report

Plastic cash: It incorporates credit, charge and pre-loaded cards. The last can be

4. RESEARCH METHODOLOGY:

The investigation is directed to get information on Introduction of Cashless economy in India. Electronic information bases and online libraries are looked for significant writing utilizing a complete arrangement of catchphrases furthermore, graphical portrayal identifying with credit only innovation of various nations including India. Data was assembled from online web crawlers, distributed literary works. Auxiliary Data: The optional information are gathered through government records, Articles, Journals, Survey reports, Examination Data and Websites data.

5. BENEFITS OF CASH LESS ECONOMY:

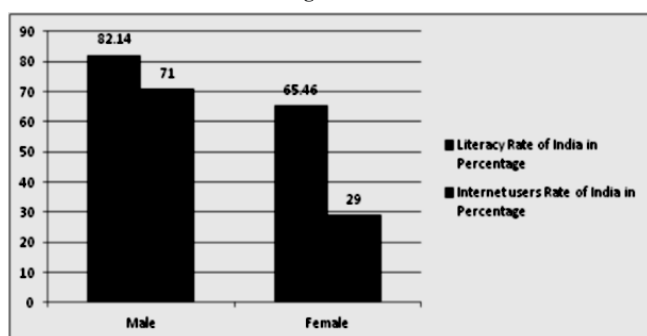
- Real request costs will decrease in view of controls on dark cash as the vast majority of dark cash is put resources into Real domain.
- There is a cycle of issuance of cash where government bear costs against planning, creating, printing, putting away, moving and setting and so forth. This can be maintained a strategic distance from by digitalisation of money exchanges.
- It clear route for general accessibility of banking administrations to all as no physical foundation is required other than computerized.
- There is more prominent productivity in government assistance programs as cash is wired straightforwardly into the records of beneficiaries with extraordinary straightforwardness.
- There are productivity gains as exchange costs will likewise descend by utilizing strategies for computerized instalments.
- In India, 1 of every 7 notes should be phony, which has a tremendous negative effect on economy. By going credit only exchange, responsibility of notes and coins available for use will be conceivable.

6. KEY FINDINGS OF THE STUDY:

The key findings of the study have been discussed below:-

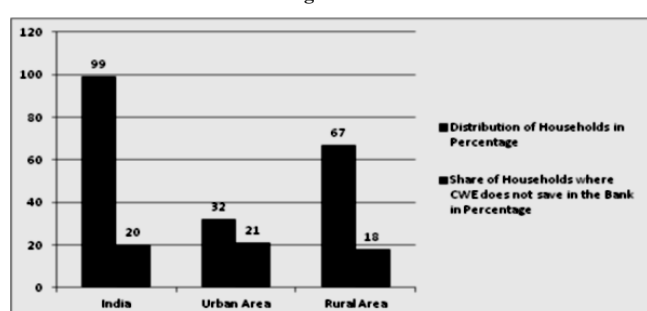
- Financial education is another enormous test in India to embrace advanced cash framework. Budgetary education fundamentally has dependent on the utilization of innovation to adequately utilize the intensity of medium like PC, portable and web to empower individuals to have aptitudes, information or data about money related instruments.
- The quick development of cell phones, Internet infiltration and web based business is supplementing these; card instalment volumes have been developing more than 25 percent y-o-y. We anticipate that this pattern should proceed, helped by the proceeded with increment in charge card actuation and use; check card exchanges have been developing at 31 percent every year.

Figure 6.1



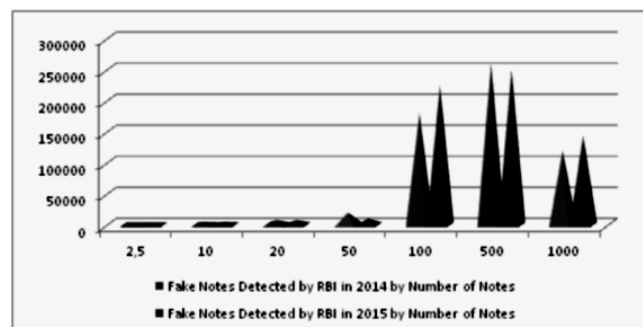
Source: Indiafact, March 17, 2013 as per India Census 2011

Figure 6.2



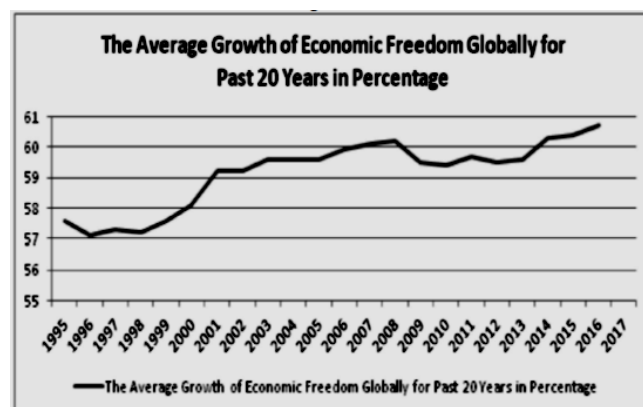
Source: ICE 360 Degree Survey

Figure 6.3



Source: Ministry of Home Affairs and RBI (Updated by November 9, 2016)

Figure 6.4



Source: Economic Survey Calculation (2016-17)

- The discoveries of the investigation show that India regarding utilizing advanced instalment strategies is still exceptionally poor in contrast with other created nations on the planet.
- Indian utilization is as yet overwhelmed with money, with cards contributing just 5 percent of the individual utilization consumption. In created nations, 30-50 percent of spends occur through cards. So there is immense development opportunity.
- The quick development of cell phones, Internet infiltration and web based business is supplementing these; card instalment volumes have been developing more than 25 percent y-o-y. We anticipate that this pattern should proceed, helped by the proceeded with increment in charge card actuation and use; check card exchanges have been developing at 31 percent every year.
- Intense rivalry and key cooperation among existing and new market members like the instalments and little banks and wallets will help scale up acknowledgment and cultivate greater imagination, development and purchaser decision.
- The Visa industry in India sees more prominent acknowledgment among shoppers this year.

7. CONCLUSION:

The credit only exchange framework is arriving at its development step by step. The credit only framework isn't just prerequisite yet additionally a need of today society. All the online market fundamentally relies upon credit only exchange framework. The credit only progress isn't just more secure than the money exchange however is less tedious and not a difficulty of conveying and inconvenience of mileage like paper cash. It likewise helps in record of the all the exchange done.

As a general survey, a large portion of the major created nations on the planet are moving in a phenomenal method of credit only economy. A background marked by deferred being developed in India is excessively long. Presently the time, India should advance in full steam ahead and make another inheritance. This is an ideal opportunity to grasp the credit only economy like other created nations and we should capitalize on it.

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