

**Dream of Cashless Indian Economy**

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**Abstract**

Cash is like food, air and water a necessity without which life is a challenge. Nevertheless, cash use does not seem to vanish, with around 95% of payments in India are still made using real cash. There is no single alternative to compete with the currency notes and coins. The cashless Indian Economy is something a dream. New methods of payments are not successful. The Indians need to recognize the risks and benefits associated with different payment instruments. The risks associated with Electronic Payment instruments are irreversible. Recently virus attacks are common; lakhs of debit cards data were stolen, Illiteracy, backwardness, lack of technology, power problems, difficulty in policing, etc. makes cashless economy a failure. The ability of Indian Financial Institutions to tackle the Cyber Crimes and policing is a burning issue. Electronic Currency is a dream and not a reality at this point of time. Cashless Indian Economy may become a reality in the near future.

**Keywords:** Cash, Cybercrimes, Hackers, Payment Instruments, Electronic Currency, policing.

**Introduction**

Cashless Indian economy is a situation in which the flow of cash within an economy is absent and all transactions are done through electronic currency such as direct debit, credit and debit cards, and electronic clearing and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS). Today Electronic Currency and Digital Payments is a trend that every country wishes to follow. Paper currency is an essential part of daily life in Rural India. Real cash is a king even today in the Indian Economy. Real cash is any legal medium of exchange that is negotiable and free from any kind of restrictions. We are the fifth largest user of real cash in the world.

As most people are poor, illiterate, backward, no banking habits, financial illiterates, cashless Indian economy is a dream. Card transactions in India account for only 5% of the personal consumption expenditure. For most of them real cash is the most convenient and easiest form of medium of exchange, free from hassles. A real cash transaction does need an intermediary. Real cash ensures liquidity. If the people use real cash for exchange, they need not worry about power problems, hacking, cracking, virus attacks, password attacks, etc. Using of real cash does not involve any extra payment, as is applicable in case of card payments. The most cashless countries in the world USA and Australia real cash transactions still accounts for 45% or more. Cashless economy results in low corruption, less black money, no counterfeit currency, less expenditure to Government, etc. Many countries have made significant progress in this regard. Cashless Indian Economy is a vision to tackle corruption, black money, counterfeit currency and to limit the Government expenditure. Cashless Indian Economy took momentum after Demonetization by the NDA Government on November 8, 2016.

**Significance of the Study**

This research paper describes the reasons for failure of Cashless Indian Economy after Demonetization. This paper is descriptive in nature. This study is based on secondary data. It is based on articles from newspapers, magazines, journals, working papers, RBI bulletins, websites, etc.

**Objectives of the Study**

1. To study the status of Cashless Indian Economy.
2. To study the merits of Cashless Indian Economy.
3. To study problems associated with Cashless Indian Economy.
4. To give suggestions to overcome the hurdles.

### **Cashless Indian Economy**

Is a situation where use of real cash is absent. Circulation of Currency Notes and Coins is non-existent. All transactions are made through Electronic Currency. The use of Debit cards, Credit cards, Electronic clearing, IMPS, RTGS, NEFT, etc. occupies the place of real cash. Cashless transactions takes the form of Electronic means like e-banking, net-banking, point of sales machines, e-wallets, mobile apps, swiping machines, etc. In simple words, no real cash or currency notes and coins will be used by people. In a cashless economy, the Bank or Government, called as third party will be in possession of people's money. They will allow the people to transact that money whenever it is needed. Bank and the Government can control and regulate the money transactions in the interest of the Country.

### **Post Demonetisation Scenario**

Immediate effect of Demonetization and Remonetization is Recession. Gross Domestic Product decreased from 7.5% to 5.7% in June 2017. Demonetization badly affected agriculture, industry and services sector. More unemployment in organized and unorganized sectors. Card transactions as on today in India is only 5%. The remaining 95% of transactions in India is by cash. In Sweden 97% of population use cashless transaction. In Belgium 93% of population use cashless transaction. As on 13 October 2017 Cash circulation in India is Rs. 1, 31, 81,190 crore.

### **Merits of Cashless Indian Economy**

1. Drop in money laundering.
2. Easy to track unaccounted cash.
3. Transparency.
4. No need to carry cash.
5. More tax revenue to Government.
6. Low transaction costs.
7. Expand tax base.
8. Fake currency can be controlled.
9. No scope for corruption.
10. RBI can reduce its cost of printing currency notes.

### **Hurdles for Cashless Indian Economy**

1. Rural people still depend on cash.
2. No electric power in many villages.
3. Illiterate people is a problem.
4. Non-availability of Electronic Gadgets in rural areas.
5. Latest technology used only by urban people.
6. Cyber crimes not easily traceable and punishable.
7. Virus attacks are possible.
8. Lack of infrastructure problems in Banks.
9. Financial illiteracy among common man is a problem.
10. Extra costs for e-payments.
11. Poor people cannot afford to use digital payments.

### **Steps Taken By Government for Cashless Economy**

1. Reserve Bank of India grant licences to Payment Banks.
2. Incentive for new PoS machines.
3. Bank account opening campaign.
4. Pradhan Mantri Jan DhanYojana.
5. Launching of "BHIM" App.
6. Cash back offer 5% on Petrol and Diesel in petrol banks.
7. 10% discount on National Highway toll payment by RFID tags.
8. Lucky GrahakYojana and Digi DhanVyaparYojana.
9. Launching of RuPay card.

10. Adhar Enabled Payment Systems.
11. JAM – Linking of Jandhan account, Adhar number and Mobile number.
12. Direct Benefit Transfer to beneficiary bank account.
13. Adhar number is compulsory for beneficiaries under Government Schemes.

### **Suggestions to Go Cashless In Future**

1. Incentives for Digital payments.
2. More incentives for PoS machines.
3. Appointment of Banking Correspondents throughout India.
4. Creating awareness among the people.
5. More payment Banks.
6. Post office support for Cashless transactions.
7. Financial Literacy campaigns throughout India.
8. Launching of more Apps like UPI, PayTM, Mobikwik, FreeCharge, etc.
9. Electric power to both urban and rural areas.
10. Lottery prizes for E-payment customers and shop keepers.
11. Tackling Cyber crimes efficiently.
12. Preparedness for virus attacks.
13. Wi-fi facility at public places.

### **Conclusion**

Cashless India or Less Cash India is only a dream at this point of time. Illiterate people who do not have financial literacy is the problem. Even today most of the villages do not have electric power. Poor people cannot afford to use digital payments. Crashing of servers, Cyber crimes, virus attacks are common. Latest technology is not available to everyone in India. Electronic gadgets only rich and middle class can purchase. Poor people cannot purchase these gadgets. Wi-fi facility not available at public places. Policing cyber crimes is very difficult. Debit card and Credit card details were stolen, RuPay card not being used for payments. 95% of transactions in India were still made using real cash. So, Cashless Indian Economy without preparedness is a dream at this point of time and not a reality. With the combined efforts of all the sections of the society it may be successful in the near future.

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