



## INDIAN ECONOMY HEADING TOWARDS CASHLESS

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### Abstract

For the fast growing economy, digital transactions are need of the hour and it is the right time to move towards cashless economy. Cashless economy is a situation in which all the transactions have to be through electronic channels such as Credit cards, Debit cards, POS, NEFT, RTGS, IMPS etc. This research paper focuses on the various ebullient efforts of Indian government and the benefits of cashless transactions to drift the economy towards a cashless society. Figures of digital transactions show that India is fastly becoming a cashless economy. All these are considered to be good for the healthy growth of the cashless economy in future.

**Key words:** Digital transactions, Cashless economy, POS, NEFT, RTGS, IMPS.

### Introduction:

During demonetization period (Nov. 2016) a new word ‘Cashless economy’ emerged. The trend towards use of non-cash transactions and settlement began in daily life during the 1990s. In spite of many doubts and critics of demonetization, Indian economy is gradually transitioning from a cash-centric to cashless economy. The people have finally started believing in digital modes of receiving and making payment. The union government has taken initiatives for demonetization and subsequent drive towards developing a cashless India. Not only the government, the Reserve Bank of India also unveiled its vision document on “Payment and Settlement System in India : Vision 2018” to encourage use of

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electronic payments for making a “less cash” society. Thus all these moves, with effective involvement of public will turn India into a cashless economy that is moving on rapidly.

### **Objectives:**

1. To study the concept of cashless economy in Indian Context.
2. To study the initiatives taken by the government to promote a cashless society.
3. To study the recent status of Indian cashless economy.
4. To study the various advantages of digitalization in Indian economy.

### **Methodology:**

The study is completely based on secondary data which is collected from published journals, research papers, newspapers, magazines, websites and government documents regarding cashless economy.

### **Initiatives by the Government:**

The move towards a cashless economy Indian government has come up with heavy discounts and various projects and schemes such as-

#### **A. Discounts:**

- (i) On Fuel – .75% if payments are made digitally.
- (ii) On monthly and seasonal Suburban railway tickets .5% w.e.f. 1<sup>st</sup> January, 2017.
- (iii) On National Highway toll payments via RFID/fast tag-10%.
- (iv) On new LIC policies bought online from its site-8%, If premium paid via online –10%.
- (v) No service tax through digital transactions upto 2000/-.
- (vi) No excise duty on POS devices and all goods use in POS manufacturing.
- (viii) Public sector banks can charge for POS terminals maximum rent a month – Rs. 100.

## **B. Other Projects and Schemes**

### **(i) Digilocker**

A secure and cloud based platform for storage, sharing and verification of documents and certificates to eliminate the use of physical documents.

### **(ii) DigiShala**

It is an educational TV channel to generate awareness among residents of India about products and services under the Digital India Programme.

### **(iii) Digital Finance for Rural India**

Launched by Ministry of Electronics and Information Technology for creating awareness and access through common service centres under digital Saksharta Abhiyan.

### **(iv) Digital India**

Launched by the Indian Government is a flagship programme to transform India into digital economy. “Faceless, paperless, cashless” is the main goal of digital India.

### **(v) e-sign**

It has been designed to make online signature on documents using Aadhar authentication.

### **(vi) Digitize India Platform**

It is an initiative by Department of Electronics and Information Technology for digitalization of large no. of scanned document images or physical documents for any organization.

### **(vii) National Scholarship Portal**

It is a one-stop solution to provide all scholarship forms, its verification, sanctions and disbursal with the aim of a smart system for faster and effective disposal of scholarship applications without any leakages.

### **(viii) Bharat Net**

It is a broadband revolution with the aim to provide 100 mbps connectivity to the 2.5 lakh grampanchayats.

### **(ix) Wi-fi hot spot**

BSNL has deployed wi-fi hotspot all over the country which will provide better internet access to residents in those areas, where it could not be accessed earlier.

### **(x) Next Generation Network**

BSNL has switched NGN for transition of services like voice, video etc. This technology will help India to transform into digital India.

### **(xi) e-Hospital**

National informatics centre (NIC) a part of Ministry of Communication and Information Technology has started e-hospital application to simplify health care service delivery through online registration system. All services like patient registration, billing and accounts, blood-bank availability, OT services etc. have become possible online.

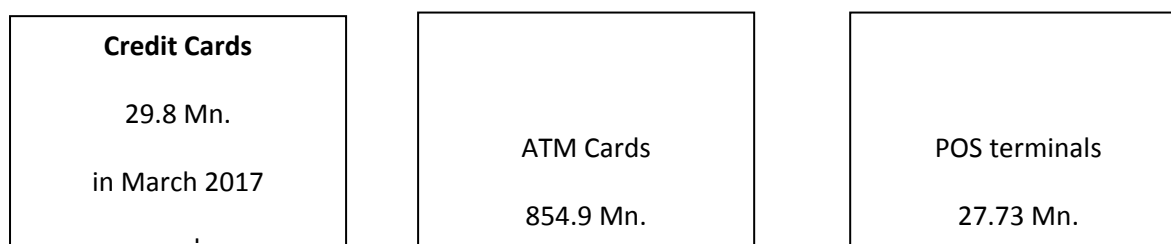
### **(xii) BHIM App(Bharat Interface for Money Application)**

Launched by NPCI works on UPI to boost digital payments.

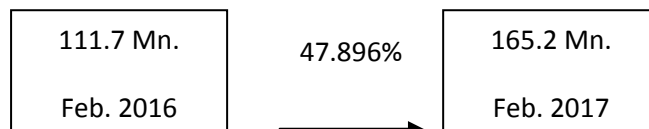
### **(xiii) Lucky Grahak Yojana and Digi Dhan Vyapar Yojna:**

To encourage digital payments and transactions NITI Aayog announced these schemes for consumers and merchants.

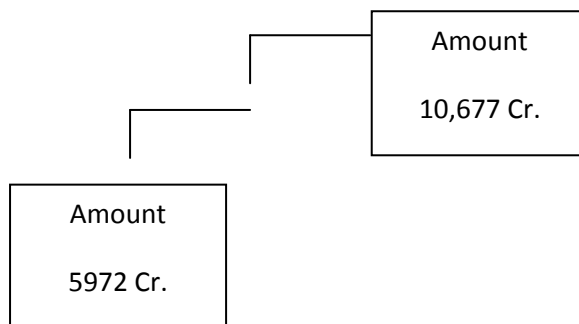
### **India's present status in context of cashless economy**



## Growth in IMPS MMID's



## PPI (Prepaid Cards + e-wallets) transactions



**Amount transacted using PPI's almost doubled year after year.**

Source : [www.medianama.com](http://www.medianama.com)

### Interpretation:

On the basis of revealed data it is proved that Indian economy is moving rapidly towards being a cashless economy. As our distinguished PM said in his speech that “The awareness about how to use technology making e-payments, is spreading very fast. During the past few days, the cashless transactions or cashless trading has increased by 200 to 300%.”

Cashless transactions can also be made with normal featured phones. 65% of people who have featured phones, would endeavour to enhance cashless transactions. Launching of BHIM app will accelerate this move.

### Benefits of go digital with cash:

Benefits that promote digital payments are as follows

- (i) No need to carry wads of cash or even queue up for ATM withdrawals.

- (ii) It is easy to block a credit card or mobile wallet, but if stolen, it is impossible to get your cash back.
- (iii) Tax evasion not possible, makes every penny as accountable.
- (iv) Cashless transactions help in curbing corruption and flow of black money because of transparency of digital transactions.
- (v) Through Cashless transactions the expenditure incurred by the RBI in printing and circulation of notes would be considerably reduced.
- (vi) Tax revenue will increase and greater amount will available to fund the welfare programmes of the government.
- (vii) High prices of real-estate will drop considerably just as happening in the present, because a huge share of black money is invested in this sector which inflates the prices in real-estate market.
- (viii) Terrorist financing, money laundering and many such activities being carried out by cash, will be adversely affected in cashless economy.

### **Challenges**

There are some challenges that create some hurdles in path of India being a cashless economy.

- (i) Many poor people donot have bank accounts yet.
- (ii) The Indian public is not much aware of using cards or online payment methods.
- (iii) Most of people in India are not much educated with term of benefits of using digital transaction modes.
- (iv) Inadequate infrastructure such as low internet penetration, POS machines etc.
- (v) People are still afraid from the hacking of the personal information over the internet thus reluctant towards the use of digital cash.

## Conclusion

It is quite difficult for people to adopt new behaviour, such as indulge in digital transaction although the use of digital transaction is increasing with passing of time. Though there is a mix of cash and cashless transactions happening across the country, while many enablers are working to make digital economy a reality. Government has also launched many schemes and projects to facilitate digital transactions but these will be effectively working with cooperation of people of the country. People are going friendly with digital transaction modes day by day. As our honourable Prime Minister has said- “A gradual move towards less cash society is the right way forward.” So its time to move from less cash to cashless economy.

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