

## INDIAN ECONOMY IS MOVING TOWARDS CASHLESS

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**ABSTRACT** *The rapid emergence and evolution of digital transactions has become the key to the growth of the economy. It is therefore the right time for the government to introduce a comprehensive policy framework to encourage the use of electronic channels for transactions. This paper aims to provide a comprehensive analysis of the various benefits of adopting a cashless society. According to data on digital transactions, India is rapidly becoming a cashless nation. These transactions are expected to contribute to the country's growth in this area.*

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

### INTRODUCTION

In November 2016, the term "Cashless Economy" was coined to describe the new method of settling and transacting business in India. The concept of non-cash transactions started to take off during the 1990s. Despite the various controversies and doubts surrounding the demonetization, the country is gradually moving toward a more cashless economy. The people have started using digital payment methods and services. The government has been working toward making India a cashless society following the demonetization of high-value currency notes. In addition, the Reserve Bank of India has also released a vision document that aims to encourage the use of electronic payments. By involving the public in the process, India will become a cashless economy.

### 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

This study is based on the secondary data collected from various sources. These include government documents, academic papers, websites, and publications.

### 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, 2021.
- (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 cloud-based platform that enables the exchange, storage, and verification of certificates and documents.

##### (ii) DigiShala

The channel aims to educate the public about the various services and products that are available through the Digital India initiative.

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

The objective of the Digital Saksharta Abhiyan is to create awareness about the importance of digital literacy and access to various services through a common platform.

##### (iv) Digital India

The Indian Government's flagship program is Digital India, which aims to transform the country

into a digital economy. Its main objective is to make it more cashless, paperless, and faceless.

**(v) e-sign**

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

**(vi) Digitize India Platform**

The goal of this project is to enable organizations to digitally transform their physical documents and scanned images.

**(vii) National Scholarship Portal**

The goal of this system is to provide a comprehensive solution that includes all the necessary steps in the process of obtaining and distributing scholarships. It will help prevent leakages and ensure that the applications are processed efficiently.

**(viii) Bharat Net**

The objective of this project is to provide 1 mbps connectivity to the entire 2.5 lakh gram panchayats.

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

Through a network of wi-fi hotspots, Bharat Sanchar Nigam Limited (BSNL) provides fast internet connectivity to residents in various areas across the country.

**(x) Next Generation Network**

In order to transition to digital India, Bharat Sanchar Nigam Limited (BSNL) has started utilising the National Generation Network (NGN) for various services, such as video and voice.

**(xi) e-Hospital**

Through an e-hospital application, the National Informatics Centre (NIC) has been able to simplify the delivery of health care services by allowing patients to register online. Besides patient registration, other services such as blood-bank availability and billing have also been made possible through this system.

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

The National Payment Corporation of India Limited (NPCI) has launched a digital payment platform that enables users to make payments using the United Payments Interface (UPI).

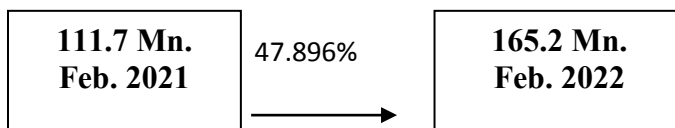
**(xiii) Lucky Grahak Yojana and Digi Dhan Vyapar Yojna**

To encourage digital transactions and payments, the NITI Ayog has introduced various schemes for merchants and consumers.

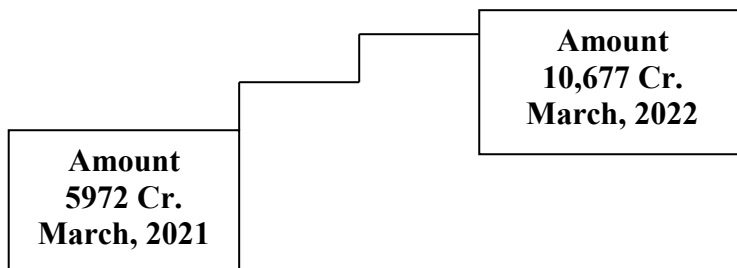
**India’s present status in context of cashless economy**



**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

## INTERPRETATION

According to the data collected, the Indian economy is moving toward becoming a digital economy. In his speech, the Prime Minister said that the country's awareness about using electronic payment methods is increasing rapidly. In the past few days, the number of transactions involving digital currency has increased by about 300%.

Around 65% of feature-phone users would like to conduct cashless transactions. The launch of BHIM app would help accelerate this trend.

### BENEFITS OF GO DIGITAL WITH CASH

Benefits that promote digital payments are as follows

- (i) Rather than carrying wads of cash, you can use this item instead. It eliminates the need for people to queue up at the ATM.
- (ii) It is very easy to block a mobile wallet or credit card, but it is impossible to recover your money if it has been stolen.
- (iii) Tax evasion not possible, makes every penny as accountable.
- (iv) Transactions involving cashless means can help curb the flow of illicit money and corruption.
- (v) The Reserve Bank of India's (RBI) expenditure on the printing and circulation of banknotes would be significantly reduced through cashless transactions.
- (vi) The government's welfare programs will be supported by a larger tax revenue.
- (vii) The prices of real estate will drop significantly due to the huge amount of black money that is invested in this sector. This can inflate the market price.

- (viii) The use of cash for various activities, such as money laundering and terrorist financing, will be severely affected by the cashless economy.

### CHALLENGES

There are various obstacles that India must overcome in order to become a fully 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

Despite the increasing number of people using digital transactions, it is still hard for them to adopt new behaviors. There is a wide variety of cash and cashless activities happening in the country, but many enablers are still working towards making digital economy a reality for everyone. The government has launched various projects and schemes to facilitate digital payments in the country. These efforts are expected to work well with the people. As the Prime Minister has stated that a gradual move towards a cashless economy is the right direction, so people are going to start supporting it.

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