



OUR HERITAGE

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Impact of Cashless Economy in Digital India

Dr. Anant B Mane

Head and vice principal

Annasaheb Magar College Hadapsar pune 411028

Abstract

One of the major decisions taken by NDA government was demonetization with intention of eradicating corruption, black money and fake notes and also to encourage the cashless transactions in the country. The government was successful to some extent in bringing transformation in digital transactions. Most of the youngsters are using their mobile apps for payments for the routine activities. Cashless concept makes a change in the shopping pattern and spending pattern of Urban and Rural population both. It is also seen in rural areas using the digital payment systems. With this, the research paper intends to review the impact of cashless transaction on economy in general and on rural economy in particular. The researcher collects needed information using secondary data. Data analysis was done based on the graphs and tables. Statistical tools are used to analyze the data. Based on the data availability, it is found that, schemes like DTS, MNREGS, Subsidies, Govt. Aids, and digital transactions may lead to cashless economy dream come true in the years to come.

Keywords: Demonetization, Cashless Economy, Rural Economy, Branchless banking

Introduction

Cashless economy is not the complete absence of cash transactions. It is an economic system in which transactions are not done using online payment apps. India is having lakes together villages where people dependent on small business and agriculture on which economy is dependent. India's contribution towards international GDP was more than 30% during 17th century where agriculture was largely dependent. Whereas the present contribution very negligible towards international growth. Now many of the companies are trying to reach rural area with their innovative products. The rural India is changing with growing number of literates in villages. According to CLSA report, 68% of transactions in India are cash based. Demonetization forced the rural India to at least have a bank account and make digital payment. The government innovative scheme Jan Dhan made majority of the people to have at least one bank account. It was evident that merely possessing the will to use cash alternatives was not enough. After the demonetization, India has been looking forward to a better economy with cash to cash less economy.



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Payment banks started gaining momentum; cashless transactions have become a way of life for the people in India. The government wanted work towards development of the rural sector and many of their programmers have been able to make a positive change in the rural society. There are better livelihood opportunities and better services available to the deprived class, however the challenge was bringing all of them into the cashless economy.

The researchers has gone through many articles on cashless economy and found that, authors reported, lack of basic banking infrastructure and unbanked rural area, lack of awareness and financial illiteracy, reluctance towards banking transactions, were major obstacles for cashless economy in rural sector. Electronic payments like debit and credit card, Point of Sales (POS) method of transaction were most preferred among the consumers.

Objectives :

- 1] To study the impact of cashless transaction on rural economy.
- 2] To study the cashless concept makes a changes in the shopping pattern and spending pattern of urban and rural population.

Research methodology:

The study focuses on secondary data collect from various books, journals and government reports publications from various websites.

Digital India

India's push to build a less-cash economy is a momentum with the RBI recording a phenomenal growth in digital transactions in India and growing at faster rate. Total digital transactions in volume terms recorded a growth rate was around 59% during 2018-19 as compared to 51% during 2017-18 as per RBI report.

The Digital India program is a flagship program of the central Government with a clear vision to transform India into a digitally empowered nation.

In this, India was ahead of even Asian money centers like Singapore and Hong Kong. With more than 140 Indian banks sharing the interface, and Alphabet Inc.'s Google and Face book Inc.What's App offering instantaneous payment services on it, UPI has become a keenly watched experiment. By the looks of it, things are going well: From nothing to 800 million monthly transactions in less than three years, India's UPI has taken off. Growing Smartphone use and crashing data costs have helped immensely.



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Digital Payments

Modes of Digital Payments	Total number of Transaction in Cores
Apes	119.52
IMPS	122.48
USSD	.09
UP+BHIM	320.70
Debit Card	327.85
RTGS	9.98
NEFT	166.97
NACH	209.23
NETC	17.90
PPI	330.10
Credit Card	128.62
Closed Loop	61.37



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wallet	
Internet banking	114.32
Mobile banking	82.21
Others	171.08
Grand Total	2,182.65

Source: RBI Payments Indicator Report

The above table highlights about the digital payments made in in the country in 2017-18. Promotion of Digital Payments – BHIM, UPI, Bharat QR, Aadhaar Payments Overview Recognizing the importance of a less cash economy to create a digital India. Setting up of a dedicated Mission, now named as Digi Dhan Mission, was announced with a target of 2,500 core digital payment transactions during the Financial Year 2017-18 through Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhaar Pay, Immediate Payment Service (IMPS) and Debit cards.

ECML – Electronic Commerce Medaling Language

Digital wallets are designed to be accurate when transferring data to retail checkout forms; however, if a particular e-commerce site has a peculiar checkout system, the digital wallet may fail to properly recognize the form's fields. This problem has been eliminated by sites and wallet software that use Electronic Commerce Modeling Language (ECML) technology. Electronic Commerce Modeling Language is a protocol that dictates how online retailers structure and set up their checkout forms.



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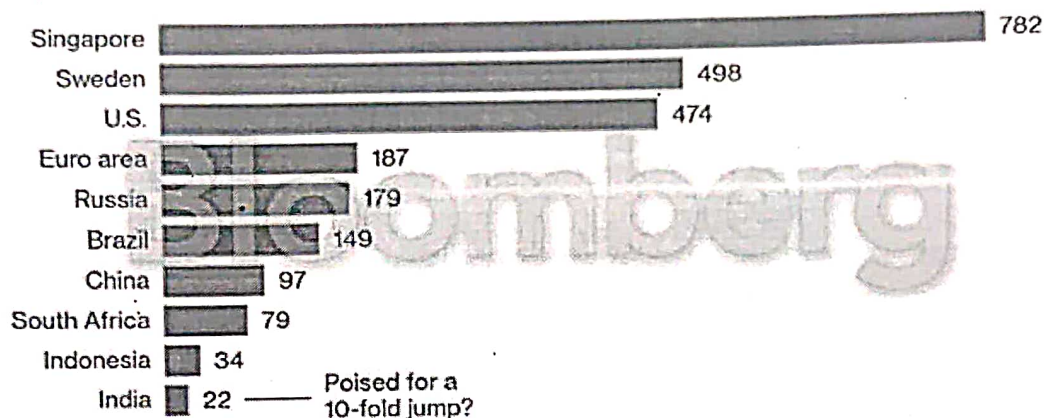
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Going Cashless

A central bank-appointed panel wants to wean India off cash

■ Number of digital transactions per capita (per year)



*India's data is for March 2019, while for other countries, the figures are for 2017.

Source: Report of India's High Level Committee on Deepening of Digital Payments

BloombergOpinion

The above graphs shows, India is with less digital transactions for per capital but, the speed of growth is accelerated from the last 4 years.

Ministry of Electronics and Information Technology (MeitY), Government of India envisages Paperless, Cashless and Faceless services across the country, especially in rural and remote parts of India. e-Governance infrastructure that will offer end-to-end transactional experience for a citizen, businesses as well as internal government functions, which includes accessing various services and making payments and receipts through electronic modes.

Findings & Suggestions

After demonetization, number of online payment users is reaching remarkable heights. Rural India is also turning towards cashless transactions using Pay TM, Phone Pe, Google Pe, Bharat, Bheem and also Banks Apps. There are tends to move to cashless transactions. It is right to say that the cashless system is not only a requirement but also a need for the rural people and society



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as well. However the Government should control misuse and fraud involved in it. Government, Banks and Payment Banks should educate people and create awareness about digital payment and also about precautions about fraud in online payment.

Conclusion

It is observed that there is potential that rural economy in India can become a cashless economy by bring changes in the system. The rural population is ready to learn, with one person receiving benefit soon the rest of the village will follow. Government is incentivizing the use of internet through free data and smart phones, distribution of laptops to students taking higher education in nearby towns. However the NGOs, Banks, Payment Banks and commercial banks should promote the government schemes of banking changes to make digital India.

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