

T.M.I.M.T

**(TEERTHANKER MAHAVEER INSTITUTE OF
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CASHLESS

ECONOMY

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ABSTRACT:

The objective of this report is to move from cash to cashless economy. The paper recommended a society in wake of the negative and fraudulent practices that are associated with cash, something that can be fixed by adapting a new smart and innovative that simplifies the exchange of money without attaching any tangibility to it.

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1. Introduction

- **What cashless economy is?**

An economy where almost of the financial transactions are done by using digital means or plastic money (cards). Physical currency circular is minimal.

We cannot be cashless but the word cashless can be less cash.

- **Why we are talking about it now?**

It has got a boost after the demonitisation announcement by the government. Because of less cash availability with people, they are encouraged (or may be forced) to use digital means.

Whatever we are transacting after 8 November, most of them are going on using accounts or ATM cards, Debit cards, Credit cards, because the cash are less available.

DATA:

98% transactions in India are done with cash and 2% are cashless.

Now the transaction scenario will be changed because of less availability of cash. Hence cashless transactions are bound to increase our neighbouring countries like china has 10% cashless, brazil 14% and japan has near about 14-15% cashless transaction but in comparison it is much more less. Now the cashless transaction will be highly. India has one of the highest cash to gross domestic product (GDP) ratios in the world around (12-13%).

People before 8, Nov were doing any sort of transaction only by cash i.e. only 2%. So it will be tough for the people and organisation because we all are habitual or accumulated to the organisation to the transaction being done on cash.

In reality, the country likes United States and Sweden transaction cash for 7% and 3% of the transaction respectively.

2. FUTURE PROSPECT:

Cashless economy is getting success day by day in all over the world. Sweden is the first country in this world to move forward toward cashless economy. As we know, the GDP of India is around (12-13%) which is the largest GDP in comparison

to our neighbouring countries. So for India moving toward a cashless economy will be more profitable. The government is planning to invest more capital on development sector. The government will take care of each and every citizen of the country.

3. Profit (pros):

- It reduces tax avoidance so tax to GDP ratio will increase;
- Banks will have more money with them and so loans and investment will increase and so will the number of starts up resulting;
- Dependency on bank and ATMS will be reduced;
- It will curb the menace of black money to some extent. All the curbs cannot be completed but their will be maximum curbing of black money;
- It will reduce illegal activities like smuggling, trafficking;
- Election may become cleaner and more transparent; and
- Cost of currency printing will be down

4. Challenges:

- Unorganised section (around 90%)uses cash for wages to labour;
- Extreme dependency on internet. If we talk about cashless, most of the transactions are done by internet. So, for the transaction of payment dependency will be increased on internet;
- Cyber security infrastructure is not up to the mark and so the number of online frauds may increased;
- People find it easy to transact with cash;
- Secrecy will be lost.

5. Steps taken by government:

- Licensing of payment banks;
- Encouragement of mobile wallets and similar services;
- Launching of United payment Interface(UPI);and
- Government has recently announced several benefits and documents on online transactions and reduces services charge on card and digital payments

6. Conclusion:

Becoming cashless will be very good for the economy as it will boost up the investment, it will boost up the tax collection and also it will boost up the job growth, and it will also boost up other parameter in economy as well. YES, there are some challenges, as we know each and every thing in this world has positive as well as negative impact. So as cashless has also some negative impact. India is such a developing country with huge population so, it would have certain challenges. The challenges are not so major that they cannot be overcome but they can be overcome with respect to time. Appropriate steps should be taken and are taken by the country. If the cashless economy is success in our country than it will give a new direction to India i.e. towards development. It is predicted that 50% above transaction will be cashless which will be the highest percentage of transaction in comparison to neighbouring countries. Also it is predicted that the country will be enlisted from developing to developed country within 5 years.

7. RECOMMENDATION:

- Cyber infrastructure should be strengthened and made secure to avoid fraud; and
- Digital literacy programmes should be encouraged especially in rural areas and for uneducated and illiterate people.