

CASHLESS ECONOMY

INTRODUCTION:

India is a country where every person do work for his daily needs and family future. Generally, India depends on daily transactions about 70% in cash. Cash is an intermediate of daily transactions because a person earn daily and he has to spend his income as per his basic needs. So we can say that cash is a blood of a country because without blood circulation no one can survive. Now a day's hard cash is a biggest problem in our country because of demonetization of Rs.500 and Rs.1000 notes by the government of India.

What is a cashless economy?

Our Indian Prime Minister Mr. Narendra Modi promotes a Cashless Economy. Cashless economy is one in which all the transactions are done without cash using cards, Plastic money or Digital form. The circulation of Physical currency is minimal. India uses too much cash for daily transactions. The ratio of cash to GDP in India is one of the highest in the world about 13% in 2014-15, compared with 9.47% in China or 4% in Brazil. But less than 5% payments are happen electronically. An increase in cashless transactions was expected as the natural outcome of the demonetisation which has been pushing Digital India plans.

Challenges of Cashless Economy:

- ❖ Inadequate infrastructure like problem of ATMs and POS terminals. Only about 2.3 lakh ATMs and 14 lakh POS is too low.
- ❖ Currency dominated Economy because cash circulation in India GDP is 13%.
- ❖ Transactions are takes place nearly about 95% in cash.
- ❖ Mobile internet penetration remains weak in rural India.
- ❖ Availability of internet connection and financial literacy and not have enough resources to invest in electronic payment infrastructure.
- ❖ The perception of public and banks customer also sometimes acts a barrier. Interest taken by bank is high on Credit cards.
- ❖ Cyber-crime and hacking problem raised out.

Benefits of Cashless Economy:

- It will curb generation of black money and also reduces real estate prices because most of black money is invested in Real estate markets.
- It also helps in convenience problem to carry hard cash in form of ATMs and Plastic cards.
- Mobile phones work like a bank or a money wallet.
- It also reduces the printing cost of new currency.
- Speed and satisfaction of operations for customers, no delays and queues, no interactions with bank staff required.
- Making Electronic payment infrastructure completely safe and secured so that incidents of Cyber-crimes could minimized.
- Create a culture of saving and faith in financial system among the rural poor.

Practices of Cashless Economy:The cashless economy needs to be present as the financial year of 2015 experienced spend amount of Rs. 21000 crores just on the printing of the currency to the economy. The other needs for the cashless economy is that every transactions that is left unrecorded will now come into the picture making India one of the fastest growing economies in the world.

Cashless India is important because it will decrease the tax avoidance and the money laundering cases subsequently resulting in the benefits for the customers. It is needed as 1 out of 7 notes present in the economy is fake which results into a bad image of the economy. It also falls money supply about 3-5 lakh in a share market. It also helps to improve the level of money in share market and securities. It also remove burden of government policies to improve the market strategies.

Implementation: There are different mediums present in the digital transactions different requirements are necessary to carry out transactions in the economy.

- Banking Cards
- USSD
- UPI
- Mobile Wallets
- Banks Pre-Paid Cards
- Point of Sale
- Internet Banking, Mobile Banking
- Micro ATM's.

Conclusion:The future of the Cashless India looks pretty promising by the government and support towards it is a clear indication that the government's move is likely to succeed. The transparency in the economy will increase through the e-commerce transactions and the digital payments which will increase the GDP of the economy.

It also helps for the industrialists, it is a great time to integrate the cashless practices will be benefiting in the near future. It will take time for moving towards a complete cashless economy should be made to convert urban areas as cashless areas. As 70% of India's GDP comes from urban areas if government can convert that into cashless it will be a huge gain.

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