

PROBLEMS AND PROSPECTS OF CASHLESS ECONOMY POLICY IN INDIA

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ABSTRACT

Worldwide, there is diligence among policymakers to investigate the plausibility of moving towards a cashless economy and seeing digitization as an ideal approach for this. A cashless economy is when, the flow of cash within an economy is non-existent in its physical form and all transactions have to be through electronic channels such as direct debit, credit and debit cards. It is nothing but the latest stage in the evolution of money from commodity to fiat money. India's ratio of cash to gross domestic product is, one among the highest in the world, against this background On November 8, 2016, Prime Minister Narendra Modi made a memorable declaration of demonetization as a result 86 per cent cash was all of sudden haltered. It shows the urgent scamper of policymakers seeing India as a cashless economy. In this scenery, the present study carried out to approach how the monetarist theories addressed the cashless, frictionless economy and what are the socioeconomic digital realities of India which is stand up for welcoming cashless economy along with the steps adopted by government and how far it is gaining ground in our country.

KEYWORDS: *Frictionless Model, Cashless Transaction, Challenges in Cashless Economy*