

INDIA- AS A CASHLESS.ECONOMY

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ABSTRACT

A cashless economy is a system in which all types of transactions are done through digital means like Debit cards, Credit cards, Electronic fund transfer, Mobile payments, Internet banking, Mobile wallets and other newly developed payment channels. There will be a very little scope for the flow of hard cash in the economy. The main aim of the paper is to highlight the importance of online transactions in India. How India is becoming a cashless economy. What are the major steps taken by PM, Modi to make an India adigitaland cashless economy? Why we need cashless transactions. What are the modes of online payments? What are the advantages and disadvantages of a cashless economy? Although it would be impossible for India to become a cashless economy in the short period of time since demonetization, it is definitely something the country can look forward to. To encourage digital technology, however, banks and mobile wallets must have the clarity that they need to ensure a simple and secure mobile payment experience to build consumers trust. To study the objectives, secondary tools was used, which includes Books, Journals, Newspapers, Internet and Google scholar.

KEYWORDS: Digital, Virtual, Debit Cards, Credit Cards- Payments, E- Wallet, Pay tm, PayPal, Phonepe, Pay money, Mobikwik

INTRODUCTION

A cashless economy is a system in which all types of transactions are done through digital means like Debit cards, Credit cards, Electronic fund transfer, Mobile payments, Internet banking, Mobile wallets and other newly developed payment channels. There will be a very little scope for the flow of hard cash in the economy.

India on the Way to Becoming Cashless Economy

India is one of the largest and fast growing countries in the world. Our PM Narendra Modi has made wonderful policies to make India the no. 1 country in all aspects. Cashless India is nothing but using technology in handling cash flow. Where E- banking and E- commerce methods are used by the people of the country for their payments. The most innovative idea of the PM, Modi is the implementation of Digital India. This is going to transform India into a digitally empowered nation. After it demonetization was implemented on 8th Nov 2016 by PM Modi. Where He announced the demonetization of all Rs 500 and Rs 1000 banknotes of the Mahatma Gandhi series.

It was in the first time in Indian history when 80% currency was suddenly stopped. India with a large business that moves through cash transaction had faced many losses. India is a country where a lot of cash is used by the people every day. In India approximately 95% of the people do not use the cards. India is rapidly heading towards a cashless economy, but rural areas in India still depend on cash payments. If noted, India is the only country in the world, which provides cash on delivery option to the customers. It is quite funny if we believe that the whole India will become cashless because this dream will only become true if most of the population go cashless.

But going forward, to see that India becomes a cashless how quickly and how beautifully it is on India's future right.

WHY WE NEED A CASHLESS ECONOMY

- Adoption of cashless transactions helps the country to improve GDP.
- It helps to learn the new technology
- It reduces the dependency on cash and hard money
- It educates the layman on cashless transactions

MODES OF CASHLESS PAYMENT

Mobile Wallet

This is basically a virtual wallet available on your mobile phone. In this, you can transfer money from the bank to the wallet for online or offline transactions. You can transfer the money into these wallets online by using a credit / debit card or net banking. It means that every time you can pay or buy online using money of this wallet, you don't have to furnish your card details. You can use these to pay bills, fees, recharge and for online purchases. It is also called an E-Wallet. It is a type of electronic card which is used for online transactions through computer & smartphones. Various forms of E- Wallet are Paytm, PayPal, PhonePe, PayUMoney, Mobikwik, citrus etc.

Paytm

Paytm is a one of the most popular mode of online payment. Paytm Customer and merchants can send and accept payments for free currently. Over 15 lakh off line merchants across India currently accept Paytm. Paytm cash can also used for several payments like online recharge, book movie tickets or travels, bill payments, fee payments, among other things on the Paytm website. Under Paytm we can easily transfer money from our account by using credit, debit cards or net banking. If we need cash, we can always transfer some money to our bank account instantly using the 'send money to bank' option in the Paytm passbook.

PayPal

PayPal is also the fastest and safer way to send money, make an online payment, receive money or set up a merchant account. PayPal is one of the world's largest internet payment companies. The company operates as a payment processor for online retailer's auction sites and other commercial users, for which it charges a fee. PayPal allows payment through credit cards, bank accounts, debit cards or PayPal account.

PhonePe

PhonePe.com provides a cashless and smooth payment experience. PhonePe wallet is also a digital wallet launched by the e-commerce giant flipkart and is the first unified payment interface (UPI) based app in the country. Under PhonePe we can easily transfer money to the wallet from the bank account or through virtual payment address (VPA) directly. Under PhonePe we can easily send and receive money and use this app to make an online payment.

PayUMoney

PayUMoney has launched a wallet service for online shoppers in India. 'PayUMoney wallet', the e- Wallet will enable consumers to pay

Through normal payment methods like credit cards, debit cards or net banking and get rewarded on every transaction.

Mobikwik

Mobikwik wallet is a prepaid financial instrument approved by Reserve Bank of India. It allows Indian customers to store money in a virtual wallet and then use it across channels to pay merchants for various transactions.

Plastic Money

Plastic money includes cash cards, prepaid cash cards and store cards. These can be issued by banks and non-banks and can be physical or virtual. These cards can be recharged or bought online through net banking. These cards are also used to make online purchases.

Debit Card

These cards allow the card holders to transfer money electronically from bank account to merchants when making a purchase.

Credit Card

Credit card is a small plastic card issued by a bank, allowing holders to purchase goods and services by using card. But he can not withdraw money.

ATM Card/ Cash Card

ATM Card is any payment card issued by a financial institution that allows a customer to access an ATM in order to perform transactions such as deposits, cash withdrawals, obtaining account information, etc.

Prepaid Card

Gifts cards are an example of a prepaid card.

Net Banking

Under net banking we can make transactions through a computer or a mobile phone. In this mode of payment no wallets are used. It is simply a method of online transfer of funds from your bank account to another bank account, credit card or a third party. Under net banking, log into your bank account on the net and transfer money via national electronic funds transfer (NEFT), Real-time gross settlement (RTGS), or Immediate payment service (IMPS), all of which come at a nominal cost ranging from Rs 5-5.5. This method is again used for the online payments.

GO DIGITAL GET BENEFITS

Special Incentives Given to Encourage Digital Payments. Which are As Follow:-

- Discount of 0.75% on digital payment at central Govt. Petroleum PSUs.

- 10% discount for toll payment on national highways using RFID card, fast tags in 2016-17.
- Discount or credit of up to 10% on the insurance premium sold through the customer portals of public sector insurance companies on digital payments.
- Discount of 0.5% for monthly or seasonal tickets on digital payments from 1st Jan 2017 on suburban railway network. Free accidental insurance up to Rs 10 lakh on buying online ticket in Railways.
- Waivers of service tax of 15% on digital transactions up to '2000' Rs.
- Kisan credit card holders to get RuPay Kisan Cards.

This benefit attracts people to do online transactions.

Advantages of Cashless Economy

- Today the young generation and senior citizens, businessman, students, almost all people are using smart phones just because of cashless and online payments. Which indicate that India is growing at a faster rate?
- Due to cashless economy people of the country using E-banking system, online banking, mobile banking services, debit and credit cards, mobile wallet, E- Wallet.
- E- Payments are very much helpful in maintaining record. It will maintain transaction record and transparency in business.
- Due to cashless transactions, there would be less chance of corruption.
- Cashless transaction reduces the tension of taking a wallet full of notes along with us, which is a not at all safe in these days.
- Crime rate has already started diminishing due to cash ban. A terrorist activity has also reduced.
- It also helps to avoid the threat of counterfeit currency.
- It reduces the circulation of liquid money.
- Cashless and online payments increase the income tax and other sales tax. This will, in turn, enhance the revenue received by the govt.
- Online transaction has made purchase easy.
- The most importantly online transaction is Environmental friendly.

Disadvantages of Cashless Economy

- Under online transaction, funds will always be in control of the third party such as Govt., banks, payment interfaces etc. This leads to extreme uncertainty.
- Cashless system would be good for those who are living in urban areas but not for rural areas.
- Cashless transactions can create problem in future like cyber security, hacking, and password protection and for this govt. needs to build strong cyber security systems.

- It would lead to overspending.
- Real estate, retail, restaurants, cement and other MSMEs sectors, where large cash transactions are involved are going to be affected terribly.
- The country like India where still most of the population is uneducated, it is impossible for the people to understand the technological service. Those who still using thumb, unable to sign and unable to read or write, how they could be made eligible for cashless economy.

HOW FAR WE ARE BECOMING CASHLESS ECONOMY

Although it would be impossible for India to become a cashless economy in the short period of time since demonetization, it is definitely something the country can look forward to. To make India a cashless economy is just like treating multiple chronic societal diseases using one cure. Demonetization was just the first step and much more needs to be done. To encourage digital technology, however, banks and mobile wallets must have the clarity that they need to ensure a simple and secure mobile payment experience to build consumers trust. Otherwise PM Modi's vision to transform India into a digital economy may remain a pipe dream.

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