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## “A Study On The Effects Of Cashless Payments On Indian Economy”

Cp Guide: Prof. DR. M Sumetha

Designation: Assistant professor (MBA) Institute: PIMR

Name: Hardik R Makwana Designation: student MBA Institute: PIMR

Name: Avantika Makwana Designation: student MBA Institute: PIMR

### 1. ABSTRACT

Most consumers are hurrying towards cashless transactions since they have limited cash on hand and an endless crunch ahead of them. Better accountability, scalability, and transparency are brought about by digital transactions. There is no doubting that digitalization is taking place quickly and that it affects practically every aspect of our life. Whether it's groceries, banking, shopping, schooling, paying bills, filing taxes, or any other legal paperwork. Even money has gone digital, with an increasing number of people choosing to carry about digital cash payment methods instead of physical cash. Both the nation and the economy would benefit from less reliance on cash and more inclination toward these alternative payment methods. It will assist in reducing the production of illicit money.

**Keywords:** Digitalization, Indian Economy, cashless transaction.

### 2. INTRODUCTION

It's safe to say that cashless transactions have revolutionized the financial outlook of India. Utilizing mobile phones to make payments instead of opting for the traditional modes of payment has increased tremendously since demonetisation. When the business operations of most SMEs came to a standstill during demonetisation, the businesses that had shifted to cashless transactions managed to curb losses.



The convenience and security associated with these payment modes is an important factor in the surge. With the recent introduction of several digital modes of payment in India, business owners are slowly adapting to the shift.

In cashless transactions, payments are made or accepted without the use of hard cash. This includes payments made via credit/debit cards, cheques, DD, NEFT, RTGS or any other form of online payment that removes the need for cash.

### **3. Problem Statement /Rationale / of the Study:**

A cashless economy is one in which all the transactions are done using cards or digital means. The circulation of physical currency is minimal. India uses too much cash for transactions. The number of currency notes in circulation is also far higher than in other large economies. In this context recent trend have been changed, while revolution in the information technology in India. Theresearcher tries bridge the gap between awareness about the smart phone makes use of it in rural India.

### **4. OBJECT OF STUDY:**

- To identify the benefits of going cashless.
- To take up the challenges in making India cashless.
- To access growth of India on the path of being cashless in terms of digital transactions such as credit, Debit & bank payments.

### **5. Literature Review**

1.(Amato-mcco, D.M.2005)A research paper on Effect Of Cashless Payment Methods: A Case Study Perspective Analysis. which provides a comprehensive analysis of the effect of cashless payment methods from various perspectives. The paper discusses the impact of cashless payment on economic growth and how it has been affected by the COVID-19 pandemic. Reviews peer-reviewed literature available in the Scopus database for the period 2015-2018 to improve understanding of the current state of knowledge on

mobile payments.

2.(Pathania, 2016) in his article mentions some of the benefits of cashless transactions to nations like increased GDP by using cards and reduced social cost, increased in financial inclusion due to acceptance of e-payments, reduces the shadow economy, reduced in cash payment enables e-commerce growth and facilitated trusted transactions online. He says that at 1.7% of GDP, India incurs a much higher cost of cash compared with most developed economies. Every changing digital world had a huge impact on Human resource. It had created an impact on their jobs and their workplaces. He mentions five challenges that the human resource has to in the present as well as in the future. The five challenges are- (i) figuring out when processes should be automated, versus when a human face or voice is the best route, (ii) better communicators in order to effectively leverage the digital space, (iii) simplifying the data and provide a clear picture of their current workforce as the data are scattered among multiple systems and acquired in varied formats, (iv) fear from the legal department of using social media and (v) HR has to evaluate what function can be automated and provide desired level of services.

3.(Lauby, Mar 23, 2011) (Hunt, 2014), Talked about the critical role to be played in ensuring the efficient and effective transition and transformation from Industrial Era models and processes to their Digital Era upgrades. He further said the social and digital technologies are transferring talent management. In addition to transforming talent management, social and digital technologies are changing the nature of work itself which have extensive human capital management implications, ranging from human capital strategy, organizational structure, and staffing - to job design, training and development, performance management, and compensation.

4.(Team, 2016), paper clarifies the impact of Demonetization on the availability of credit, spending, level of activity and government finances. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished.

5.(Sharma, 2017) Conducted a survey to understand the potential for cashless economy in India, through an extensive household survey of Jodhpur city. It was estimated the extent to which households made non cash expenditure. It was also identified the bottlenecks which prevented households to make non cash payments like Security, internet connection, loss of card, hackers activity, lack of technology are worries of customers towards switching to cashless economy.

6.(Kumari D. N., Impact of Cashless Economy on Common Man in India), The paper meets an attempt to know the awareness about smartphone and the use of Smartphone in rural India. The low literacy rates in rural India, along with the lack of infrastructure like internet access and Power make things extremely difficult for people to adopt e-transaction route.

7.(Kumari & Khanna, Cashless Payment: A Behavioural Change to Economic Growth, 2017), The study examines the effect of adopting cashless payment on economic growth and development of the developing countries. The paper discovered that the adoption of the cashless economy policy can enhance the growth of financial stability in the country. It appears that much has already been done in making the people aware of the cashless economy and that a sizeable proportion of the people are actually awaiting the introduction of the cashless economy. Cashless economy initiative will be of significant benefits to developing economy; hence the cashless system will be helpful in the fight against corruption and money laundering. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash.

## 6. Research Methodology:

### 6.1. Research Design

The research design used for the study is descriptive. Descriptive research studies are those, which are concerned with describing the characteristics of a particular individual or group. The studies concerned with specific prediction with narration of facts and characteristics concerning individual group or situation are all examples of descriptive research studies.

**Type of research design:** Descriptive research

**Research equipment:** Questionnaire

**Sampling technique:** Non probability technique convenience sampling method

**Sample size:** 86 samples

**Sample design:** Data has been presented with the help of bar graphs, pie chart etc.

## 7 Data Analysis:

The primary data is going to be collect questionnaire and observation. There are also formal and informal discussions with the employees. In this created a google form and in this form we ask some questions related cashless transaction.

### Secondary data

Secondary data means data that are already available, the data which is already collected and study by other. To get a better understanding and to have a larger exposure on the subject this method will use. Methods use was data available on google in newspaper, financial industry report, finance planning board of India reports and articles, reports.

### Tools used for Analysis:

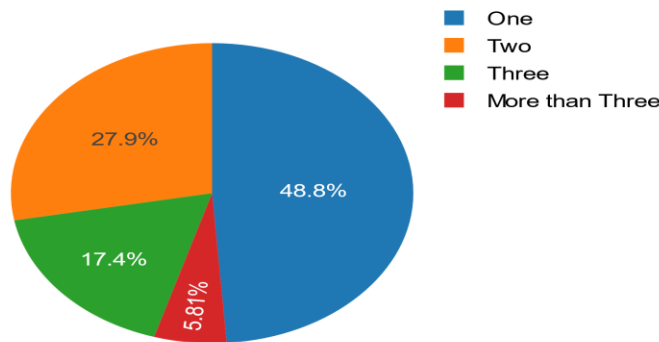
After the collection of the data through the questionnaire editing was done carefully.

Based on the response of age sample, tables where prepared. The data analyse and interpreted with the help of tables and figures. The tools used to analyse the data were frequency analysis, simple percentage analysis. Chi-square test done in the statistical method.

### 7.1 Sample Design and Sampling:

In the following the pie chart of 86 responding data.

How many bank accounts do you have ?



Above the data 48.8% people in one bank account, 27.9% people in two bank accounts, 17.4% people Three bank accounts. Six people have more than three bank accounts. One bank account is held by the majority of people, followed by two. A lesser percentage of people have three bank accounts, and some people have more than three bank accounts.

### 7.2 Source Of Primary data

Category	Percentage
ECS	15%
Credit Card	21%
Debit Card	26%
EFT/NEFT	28%

### 7.3 Data Analysis and Interpretation

What is your Age group? \* Which type of payment mode do you use more often ?

Which type of payment mode do you use more often ?

Cash	Cash, Credit / Debit Card, Online / Mobile Banking	Credit / Debit Card, Online / Mobile Banking	Online / Mobile Banking	UPI	UPI, Cash	UPI, Cash, Credit / Debit Card	Total
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What is your Age group?	18 - 29	1	1	0	1	1	1	5	13	5	53
	30 - 45	0	0	1	0	1	0	1	4	3	27
	45 - 55	0	0	2	1	0	0	0	0	0	4
	Below 18	0	0	0	0	0	0	0	1	0	2
Total		1	1	3	2	2	1	6	18	8	86

The split of the preferred payment methods by age groups is displayed in this table. It suggests that people between the ages of 18 and 29 prefer to use a mixture of UPI, cash, and credit/debit cards more frequently, and people between the ages of 30 and 45 also regularly use a combination of these payment methods. The older age groups (45–55 and less than 18) exhibit a preference for a mix of online/mobile banking, credit/debit cards, and cash.

### Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	61.392 <sup>a</sup>	45	.052
Likelihood Ratio	47.593	45	.368
N of Valid Cases	86		

a. 59 cells (92.2%) have expected count less than 5. The minimum expected count is .02.

### Symmetric Measuresa

	Value
N of Valid Cases	86

a. Correlation statistics are available for numeric data only.

**What is your Age group? \* How transaction**

**Crosstab**

Count

		How much amount do you spent in a month through Cashless transaction ?				
		1,001 - 5,000	5,001 - 10,000	Above 10,000	Below 1,000	Total
What is your Age group?	18 – 29	21	22	8	2	53
	30 – 45	4	12	10	1	27
	45 – 55	1	0	3	0	4
	Below 18	1	1	0	0	2
<b>Total</b>		<b>27</b>	<b>35</b>	<b>21</b>	<b>3</b>	<b>86</b>

This crosstab shows how much money is spent on cashless transactions for various age groups over the course of a month. The data indicates that the age group of 18 to 29 has the largest count in all spending categories, with the 30 to 45 age group coming in second. Spending tends to decline with age, with the 45–55 and under-18 age groups having the lowest counts.

**much amount do you spent in a month through Cashless**

**Chi-Square Tests**

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.104 <sup>a</sup>	9	.119

Likelihood Ratio	15.438	9	.080
N of Valid Cases	86		

a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .07.

### Symmetric Measures

Value

N of Valid Cases	86
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a. Correlation statistics are available for numeric data only.

## What is your Age group? \* Do you think Cashless transaction plays major role to Reducing Black money and Corruption?

### Crosstab

What is your Age group?	Do you think Cashless transaction plays major role to Reducing Black money and Corruption ?			Total
	Maybe	No	Yes	
18 - 29	4	3	46	53
30 - 45	4	4	19	27
45 - 55	0	0	4	4
Below 18	2	0	0	2
Total	10	7	69	86

A similar pattern can be seen in the age range of 30 to 45, where 27 respondents strongly believe that cashless transactions are effective in thwarting the spread of black money and corruption, while 19 respondents are unsure about this issue. However, a somewhat higher percentage of respondents 8, in total are dubious about the contribution of cashless transactions to the decline in corruption and black money, with four of them voicing doubts.

On the other hand, all four respondents who are between the ages of 45 and 55 agree that cashless transactions do contribute significantly to the decrease of corruption and black money. Additionally, of the respondents under the age of 18, two express doubt, two are of the opinion that cashless transactions are beneficial in lowering the amount of black money and corruption, and none are in disagreement.



**Symmetric Measures<sup>a</sup>**

	Value
N of Valid Cases	86

a. Correlation statistics are available for numeric data only.

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.670 <sup>a</sup>	6	.003
Likelihood Ratio	13.707	6	.033
N of Valid Cases	86		

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .16.

**8 Results And Findings:**

- After India's demonetization, the researcher has discovered several aspects of cashless transactions in this study.
- Cashless transactions assist to lessen block money, ensuring that every transaction is legal.
- This cashless transaction reduces the need for people to carry actual cash and helps keep both banks and the general public safe from robberies.
- This digital transaction makes it simple to transfer money from one person to another in an emergency.
- Customers that use digital transactions gain access to discounts, gifts, offers, and other benefits.
- We find the most of age group 18-25 is use online transaction and most of person prefers to online transaction like net banking, g pay, UPI, debit card and so on. The online transaction is safe.

**9 Limitations of The Study:**

The fast advancement of technological innovation has now brought about the emergence of the adoption of cashless payment systems. This study investigates the issue of cashless payment systems, albeit with a set of limitations. First, this study was conducted from the perspective of businesses in Malaysia. Along these lines, the findings may not explicitly describe the adoption of cashless payment systems in different countries. Future examinations can evaluate cross-country to broaden their scope by using information from different countries. Secondly, the application of this study only reflects the target respondents' view at a particular time period. Accordingly, future academic scholars may consider using the longitudinal methodology, as it will give a scope for the analysis of span and evaluation of information. Thirdly, this study only selected businesses that have experience using cashless payment systems, and hence it could provide better knowledge of their adoption of cashless payment. Thus, a future study may select both experienced and inexperienced respondents to check whether there are any significant differences between them.

## 10 Conclusion

After demonetization in 2016, the use of digital payment apps has steadily increased in our country, with 440 basis points more people using them. Cashless transactions have increased significantly through well-known channels including NEFT, Mobile Wallets, Mobile Banking, BHIM, Banking Cards, and Internet Banking, according to the Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI).

Each digital payment app needs the internet, a mobile device, an Android or iOS device to complete any transactions. The number of users has been rising steadily in recent years as more adults and children have started using digital payment apps, particularly students and workers in the commercial and public sectors. Overall, users of all digital payment apps gain most from them since they can pay quickly, avoid carrying cash, save time, make highly secure payments, receive discounts and offers, recharge quickly, and use green payment methods, among other things. Therefore, Indian individuals' attitudes are changing, which is a great start for a cashless or less coin-based economy. This will encourage India to strengthen its economy and go more digital.

## 11 Suggestion:

Abolishment of government fees on credit card transactions; reduction of interchange fee on card transactions; increase in taxes on ATM withdrawals.

- Tax rebates for consumers and for merchants for adopting electronic payments.
- The regulators also need to keep a sharp eye on any potential restrictive practices that banks may indulge in to maintain their current dominance over the lucrative payments business.

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