

Moving Towards Cashless Economy: A Case Study of Lucknow City

¹ Dr. Anoop Kumar Singh, ² Dr. Rana Rohit Singh, ³ Abhishek Singh

¹Associate Professor, ²Assistant Professor, ³Research Scholar

¹ Dept. of Applied Economics, Faculty of Commerce, University of Lucknow, Lucknow, India

² Dept. of Business Management & Entrepreneurship, Dr. RML Avadh University, Ayodhya, India

³ Dept. of Applied Economics, Faculty of Commerce, University of Lucknow, Lucknow, India.

Email – ¹singhaklu@gmail.com, ²ranarohit2012@gmail.com, ³abhishek.sinh@icai.org

Abstract: Constant evolution of new technology and changes in policy decisions at the level of government has played a vital role in increasing the number of modes of payment in the country. These very two catalysts that are ever changing technology and policy have paved a way for an economy called as cashless economy where transactions are carried out via electronic media. In India, the concept gained wide recognition after demonetization where currency notes of value INR 500 and INR 1000 were derecognized as legal tender in the country. This paper is an attempt to study the views of people on the introduction and promotion of cashless economy. The study was conducted in Lucknow, capital district of Uttar Pradesh state in India and the primary data was collected with the help of structured questionnaire and analyzed using simple percentage method. Responses from respondents depicts that cashless economy will help in curbing unaccounted money popularly called as black money, counterfeit's fake currency problem, fighting against terrorism, reduce cash related risks and help in improving economic growth.

Key Words: Cashless economy, transactions, demonetization, government, electronic media.

1. INTRODUCTION:

The government and the Central bank of India i.e. Reserve Bank of India (RBI) implemented a major change in the economic environment of the land by discontinuing the only two high value currency notes of INR 500 and INR 1000 from the midnight of 8th November 2016 with certain limited time exceptions. The same type of exercises were executed earlier also in the year 1946 and 1978 by the then governments but this time the decision gained wide popularity through electronic, print and social media in India and abroad. The primary objective of such a bold and outrageous decision was to curb the problems of corruption, black money, terrorist financing and counterfeit money in circulation. The secondary objectives included minimizing the use of physical cash in the economy by promotion of digital means of payments and moving India from cash led economy to a cashless economy.

A cashless economy is an economic system in which both sale and purchase transactions are carried out through digital means. It includes a major use of debit and credit cards, e-banking (banking through mobile or computers), point of sales (POS) i.e. swiping of cards, cheques and digital wallets or e-wallets. In other words, the payments are made and received in the virtual world and there is no movement of physical cash from one place to another.

The government is working at various levels to reduce the dependence on cash. To encourage and strengthen cashless economy it's important to inculcate the habit of making e-payments in the general public. This is why the government encourages transactions through mobile banking, Ru-pay cards, unified payment interface (UPI), unstructured supplementary service data (USSD) enabled methods of digital payments.

2. OBJECTIVES OF THE STUDY:

The main objective of the present study is to find out the mechanism, benefits and constraints of cashless transactions with respect to Indian economy. These objectives can be precisely put as under:

- To understand the concept and working of cashless economy.
- To know the general perspective of the public about cashless transaction system.
- To assess the benefits and challenges in implementation of this system.

3. REVIEW OF LITERATURE:

Rudresha C.E. (2019), Cashless transaction in India: A study. The study is descriptive in nature and explains the concept of cashless economy, methods used in the cashless transactions and merits and demerits of cashless transactions. The findings of the study reveal that usage of online modes of payment in India is very less as compared to other countries of the world. The researcher is of the opinion that cashless transactions in India are at a developing

stage with most of the population still dependent on cash transactions because of lack of knowledge and inability to operate digital means of payment. The study suggests strengthening internet security from protection against online hoaxes and deceptions.

Richa Goel, Seema Sahai, Anita Vинаик, Vikas Garg (2019), Moving from cash to cashless economy:- A study of consumer perception towards digital transactions. The study aims to find out consumers awareness on cashless transactions. The focus is to assess the trust of consumers on cashless transactions. The benefits and future trends of cashless transactions are also analyzed in the study. The study was conducted by collecting responses from around 280 respondents who were aware about digital means of payment. The findings of the study state that lot of people in the country do not use digital means of payment. People also don't feel safe in sharing their personal and financial information over internet. There is still a lot to be done to make India a digital economy.

R. Sivakami (2018), A study on cash, less cash, and cashless economies- The Indian scenario. The study aims to study the perception of people towards cashless economy. The data collected reveals that the perception and expectation of youths is to make India a cashless economy in near future. The level of difficulty in performing online transactions was just 20% of the total population. Slow movement towards usage of online applications for payment purposes was noticed which was attributed to ease of internet access and security features of applications. Travel expenses incurred abroad were mostly done by online means of payment. It was also observed that the half of the sample population was involved in online payments on daily basis. It is stated that a less cash economy will boost the economy of the country as a whole and eliminate the problem of fake money.

Sheetal Thomas and G. Krishnamurthi (2017), Cashless rural economy- a dream or reality. The purpose of the study is to assess the impact of demonetization in rural sector of Indian economy and to keep a check on the initiatives of the government to make rural market of the country a cashless economy. The study tries to identify the opportunities and challenges that are present in making a cashless rural economy into a reality. The study is of the opinion that in order to make India a cashless economy the government of India should initiate various schemes for general public particularly in rural and remote areas of the country. As per the study, schemes like PDS and MNREGS which are already present in the rural sector of the country can be very helpful in implementation of cashless transactions in rural economy.

Preeti Garg and Manvi Panchal (2017), Study on introduction of cashless economy in India 2016: Benefits & challenges. The paper aims to study the benefits of cashless economy and also assess the preparedness of the government for the implementation of the cashless system in the economy. After the study was conducted it was observed that majority of respondents of the selected population support the steps taken by the government and understands the benefits of cashless economy. For the implementation of cash less system of transactions various measures are recommended which includes government to bring more efficiency and transparency in the online payment system, launching of a financial literacy campaign to make people aware of the benefits of transacting online.

Tushar Chaudhary (2017), The critical analysis of cashless transaction: The paper study the demographic profile of respondents and analyze the factors important for cashless transactions and also suggest methods for improvement of cashless system. Study was conducted in the Nagpur city of the Indian state of Maharashtra with a sample size of 200. After the study was conducted, it was recommended to ensure availability of proper internet as cashless transactions are in no way possible without an internet connection. Charges on online transactions were recommended to be abolished. In order to promote cashless transactions, some incentives and privileges should be given to the persons using online facility of payment. The government was asked to disclose all the information after the step of demonetization and make people aware of the advantages of using online means of payment system.

4. RESEARCH METHODOLOGY

4.1 Research design and data sources:

The research is descriptive and analytical in nature. Researchers have collected primary data for the study by using close ended questionnaire. A sample of 100 respondents was selected applying convenience sampling technique. Out of 100 questionnaires sent to respondents in Lucknow city, capital of Uttar Pradesh, only 93 responses were successfully received back. Five points Likert Scale has been used in questionnaire to assess the responses of the selected people. The questionnaire was sent majorly to literate people through internet who were using one or the other form of online payments. Secondary data sources include research papers, journals and information available over internet. The responses received from the respondents were collected and analyzed using the simple percentage method.

4.2 Limitations of the study

A major limitation is that the result belongs to the study conducted in an urban area on the literate people. The respondents were majorly from the service sector and self employed persons engaged in business activities so the results are not exhaustive and do not represent the mindset of the whole of the nation.

5. DATA ANALYSIS AND INTERPRETATION:

Table 1: Awareness about cashless economy and online modes of payment.

Items	Opinion	Frequency	%
I understand clearly about cashless economy.	Strongly agree	35	37.63
	Agree	45	48.39
	Undecided	2	2.15
	Disagree	9	9.68
	Strongly Disagree	2	2.15
	Total	93	100
I am in practice of cashless transaction for receipt or payment.	Strongly agree	22	23.66
	Agree	36	38.71
	Undecided	2	2.15
	Disagree	12	12.9
	Strongly Disagree	21	22.58
	Total	93	100
It is necessary to turn India into a cashless economy.	Strongly agree	27	29.03
	Agree	31	33.33
	Undecided	9	9.68
	Disagree	16	17.2
	Strongly Disagree	10	10.75
	Total	93	100

The responses received reveal that around 86% of the selected population is well aware about the term cashless economy. This is because the majority of the selected population is user of internet enabled smart phones and computers. Around 63% of the respondents are using online modes of receipts and payments. Here it is notable that around 36% of the population is not using any means of online payment. This can be attributed to lack of knowledge to operate transactions over smart phones and computers, ease with the method of payment of cash, security risks associated with online transactions over internet and so on. Again around 64% of the selected population is of the opinion that India should be converted into a cashless economy in comparison to 28% of those who are against the motion due to reasons such as lack of awareness and knowledge to operate smart phones, inadequate and risk prone technology, less acceptance of online means for petty payments and inability to operate bank accounts.

Table 2: Benefits of cashless transactions as per people’s perception

Items	Opinions	Frequency	%
Cashless transactions will help in reducing corruption	Strongly agree	36	38.71
	Agree	41	44.09
	Undecided	1	1.08
	Disagree	11	11.83
	Strongly Disagree	4	4.3
	Total	93	100
Cashless transactions will eliminate black money and money laundering	Strongly agree	33	35.48
	Agree	37	39.78
	Undecided	6	6.45
	Disagree	9	9.68

	Strongly Disagree	8	8.6
	Total	93	100
Cashless transactions will eliminate fake currency in circulation	Strongly agree	37	39.78
	Agree	39	41.94
	Undecided	3	3.23
	Disagree	9	9.68
	Strongly Disagree	5	5.38
	Total	93	100
Cashless transaction system will help in economic development	Strongly agree	31	33.33
	Agree	29	31.18
	Undecided	13	13.98
	Disagree	12	12.9
	Strongly Disagree	8	8.6
	Total	93	100

The above table shows that 83% of the population has a belief that cashless transactions will reduce the problem of corrupt practices in the economy. Likewise, around 76% believe that cashless system will be helpful in elimination of black money and money laundering activities from the system as there will be very less cash in circulation. Around 83% agreed that the problem of fake currency in circulation will be curtailed with the introduction of cashless system. Similarly, doctrine of favorable impact of cashless transactions on economic development was supported by around 65% of the total population.

Table 3: Challenges in implementation of cashless Transaction System

Questions	Opinions	Frequency	%
Cashless Transaction requires moderate rate of literacy	Strongly agree	38	40.86
	Agree	43	46.24
	Undecided	2	2.15
	Disagree	4	4.3
	Strongly Disagree	6	6.45
	Total	93	100
Cashless Transaction requires uninterrupted facility of internet	Strongly agree	36	38.71
	Agree	43	46.24
	Undecided	3	3.23
	Disagree	8	8.6
	Strongly Disagree	3	3.23
	Total	93	100
Cyber crimes and internet frauds are hindrances for cashless system	Strongly agree	39	41.94
	Agree	37	39.78
	Undecided	6	6.45
	Disagree	9	9.68
	Strongly Disagree	2	2.15
	Total	93	100
More government initiatives are required for making the economy cashless	Strongly agree	29	31.18
	Agree	36	38.71
	Undecided	10	10.75
	Disagree	13	13.98
	Strongly Disagree	5	5.38
	Total	93	100

The above table shows the some important visible hindrances that people perceive in implementation of cashless economic practices. Around 87% of the population is of the opinion that to operate online transactions with mobile, computer or with an ATM, moderate level of literacy is required. Also, the need of speedy internet was advocated by

more than 84% of the population. Here it is notable that both the stated hindrances have more importance in rural and semi rural areas of the country as compared to urban areas. Around 82% of the people are concerned about the security of transactions over internet and are of the opinion that strong measures should be adopted to eliminate the problems of cyber crimes and internet frauds. Again, around 70% of the people think that there is a lot more to be done on the part of the government to turn the economy from cash to cashless by taking more initiatives and measures in implementing such a major policy change.

6. CONCLUSION:

As a concluding remark it can be stated that in spite of the criticisms raised from some corners of the nation regarding demonetization and assertion of government towards a cashless economy, the common people have their agreement with the government's initiative to a larger extent. Here it is noteworthy that people in an economy have resistance to any kind of change in the economic system due to fear, anxiety and non- acquaintance with it in the first stage of its introduction. Cashless transactions are not an exception to this. But the people in middle age have also learnt and started to make payments through E-Banking modes apart from younger generation which is almost completely adapted to the cashless transaction system. However, it can be stated beyond doubt that regardless of the steps taken by the government till date, India will still take a reasonable time to completely turn into a cashless economy. A lot is still to be done in the field of infrastructure development to make the dream of Digital India a reality. This includes taking new initiatives on the part of the government and tackling the present hindrances such as cyber crimes and internet frauds in implementation of cashless economy.

7. SUGGESTIONS:

- The knowledge about operation of electronic devices plays an important role in practicing cashless transactions; therefore some little steps on extensive basis are required with regard to educating people about the usage of online modes of payment.
- Any kind of service charge applicable on online transactions should be abolished; rather charges should be imposed on cash deposits and withdrawals above a certain limit.
- People should be made aware of the ease of doing transactions over electronic media away from long queues in banks.
- Availability of fast, safe and cheap internet facility must be ensured both to rural and urban population.
- Strict cyber laws must be implemented to give protection to the users of E-banking/online modes of transactions.

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