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**MOVING INDIA INTO CASHLESS ECONOMY: AN EMPIRICAL STUDY**

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*Abstract*

*Narendra Modi ji, Prime Minister of India wants India to adopt Cashless or Digital Economy as soon as possible. After hearing this statement, got motivation to do research on the preparation, significant benefits, essential elements, and to check the extent to which it can enhance the growth of financial stability in the country. The term can be explained as , when the flow of cash is non-existent and all transactions have to be through electronic channels such as direct debit, credit and debit cards, electronic clearing, and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India. The main idea behind this vision is not just connectivity, but about how to leverage that connectivity in enabling consumers, small businesses, traders and farmers to harness technology to maximize efficiency and productivity. The questionnaire which was structured was the main instrument used for data collection. The convenience sampling technique was used. It was distributed to students and faculty members of Management colleges of Indore. Hypotheses were tested using chi square test. Based on the findings some recommendations were made to improve the implications of cashless economy in India. Although the research is done in management colleges of Indore( a sample of 150 respondents) but we come to know the thinking process and opinion of young students and mature, learned faculty members and also what are their expectations from the policy in future.*

*Key Words: cashless economy, financial stability, Policy development and Digital economy, chi square test, National Electronic Funds Transfer, Real Time Gross Settlement.*

**I. INTRODUCTION**

Prime Minister Narendra Modi's Digital India programme is an attempt to create a digitally empowered society, with financial inclusion contributing to a formal economy. The main idea behind this vision is not just connectivity. The data produced with this digitization can be leveraged for a host of applications.

Demonetization will give a much required push for consumption to be digitally driven and payments to go cashless. Banks can open new accounts using Aadhaar-linked e-KYC mechanisms. Consumers can make payments to Businessmen using the Unified Payments



Interface. Businessmen will get advantage of receiving payments digitally at the minimum cost possible. They can raise invoices with GST-enabled software and get appropriate tax credits in their bank accounts. Tax collections will increase and evasion will come down as electronic transactions grow. Small business owners and micro-entrepreneurs will also be benefitted as they will have a new form of transaction in the market.

The demonetization of old currency is a bold move not only for economic and security reasons but for offering an inflection point to leapfrog a few generations into the future and take ownership of the digital industrial revolution. The challenge that lies ahead for disruptors is to ensure that consumers use digital payments as comfortably as they have used cash. For this we have to consider all challenges and opportunities of going cashless.

There are many assumptions for future related to the topic is in circulation. The transaction costs are coming down and will further go down. If the transactions cost comes down, most of the transactions will be cashless and will bring down the cost of printing, managing and moving money. The lesser use of cash will prevent money laundering and there will be increase in tax collection. Increased tax base would result in greater revenue for state and greater amount available to fund the welfare programmes.

The Government sector and private sector have to work together for the change. The Banks have to shed their conservatism, and government has to give incentives to electronic transaction users.

## **II. LITERATURE REVIEW**

The introduction of Cashless economy policy was aimed at reducing cost of cash management, increasing efficiency of the payments system and driving financial inclusion.(Humphrey & Berger, 1990). Cashless economy does not refer to an outright absence of cash transactions in the economic setting but one which the amount of cash-based transactions is kept to the barest minimum. It is an economic system in which transactions are not done predominantly in exchange for actual cash. It is not also an economic system where goods and services are exchanged for goods and services (the barter system). It is an economic setting in which goods and services are bought and paid for through electronic media. (woodford, 2003).Cashless economy does not mean a total elimination of cash as money will continue to be a means of exchange for goods and services in the foreseeable future. It is a financial environment that minimizes the use of physical cash by providing alternative channels for making payments (Alilonu, 2012).

Certain problems are reported to be associated with the operation of the cashless economy : communication issues like power, ICT and uptime payment platform, interoperability of networks as well as check clearing period are important issues to be considered for the smooth operation of cashless economy (Ifeakandu, 2011). India is heading towards a digitally empowered society where digital payments are set to become the norm and cash the exception. (Arvind Gupta BJP's Information & Technology cell Head, 2016).



Kenneth Rogoff, a Harvard economist, argues that most of the cash in advanced economies is floating around in the “world underground economy”. The World Bank’s Global index shows that Indians are significantly less familiar with digital banking – the use of credit Card, Debit Card is even less. Mark Zandi, Chief Economist, Moody’s Analytics says that the study clearly points to a scenario where countries with large increases in card usage also saw larger contributions to overall growth in their economies. This is unprecedented and the biggest move in the history of digital commerce and it will revolutionize the digital economy in India will leapfrog a few generations in the space of digital commerce,” said Vijay Shekhar Sharma, founder and CEO of Paytm, the country’s largest mobile payments company.

### III. OBJECTIVES

1. To study the knowledge level and preparation to be made for adopting the cashless economy policy in India.
2. To study the overall benefits in adopting cashless economy policy in India.
3. To study the problems and hurdles of cash less economy policy in India.
4. To study the changes in the economy of India by adopting cashless economy Policy.

### IV. RESEARCH METHODOLOGY

The present study is undertaken to analyze the perception of management students and faculty members towards awareness and opinion on adoption of cashless economy of India.

**a. Data Collection Methods:** The data has been collected from both primary and secondary data.

Primary data has been collected with the help of a structured questionnaire, personal interviews and discussions with students. Secondary data is collected from various sources such as books, journals, Magazines, Company reports, websites, etc.

**b. Research Design:** The study is Descriptive in nature.

**c. Sampling:** The sample of 150 respondents of Indore city was selected in which students and faculty members are included. Convenient sampling technique is used for survey.

**d. Research Tools and techniques:** Questionnaire of likert scale was developed in 1 to 5 scale, 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. Four factors are identified in the study: Knowledge level, advantages, economic advantages, hurdles. Chi square test One with .05 significance level is applied for hypotheses testing.



V. HYPOTHESES

**Ho1.** There is no significant difference in the opinion of students and faculty members towards the awareness of cashless economy.

**Ho2.** There is no significant difference in the opinion of students and faculty members towards the India achievement of 2020 vision.

**Ho3.** There is no significant difference in the opinion of students and faculty members towards the operation of ICT.

**Ho4.** There is no significant difference in the opinion of students and faculty members towards the reform and development of India.

**Ho5.** There is no significant difference in the opinion of students and faculty members towards the money laundering and frauds.

**Ho6.** There is no significant difference in the opinion of students and faculty members towards the reduction in bank cost.

**Ho7.** There is no significant difference in the opinion of students and faculty members towards the business maximization.

**Ho8.** There is no significant difference in the opinion of students and faculty members towards the advancement in electronic machines.

**Ho9.** There is no significant difference in the opinion of students and faculty members towards the increase in tax collection.

**Ho10.** There is no significant difference in the opinion of students and faculty members towards the advantages for all sector of economy.

**Ho11.** There is no significant difference in the opinion of students and faculty members towards the effectiveness in Indian financial sector.

**Ho12.** There is no significant difference in the opinion of students and faculty members towards the breaking the traditional barriers of finance.

**Ho13.** There is no significant difference in the opinion of students and faculty members towards the economic stabilization.

**Ho14.** There is no significant difference in the opinion of students and faculty members towards the Growth in financial sector.

**Ho15.** There is no significant difference in the opinion of students and faculty members towards the availability of financial infrastructure.

**Ho16.** There is no significant difference in the opinion of students and faculty members towards the problem in adoption by rural areas in India.

**Ho17.** There is no significant difference in the opinion of students and faculty members towards the problems of vendors' and small business men.

**Ho18.** There is no significant difference in the opinion of students and faculty members towards the hurdle in daily purchasing.

**Ho19.** There is no significant difference in the opinion of students and faculty members towards the organizing training programs.



**Ho20.** There is no significant difference in the opinion of students and faculty members towards the problem of cyber security.

## VI. FINDINGS AND INTERPRETATIONS

### 1. Knowledge Level of the Respondents For Adopting Cashless Economy Policy

**Table1: Results of Hypotheses Testing**

Hypotheses	Chi - Value	df	p-value	Result
Ho1. There is no significant difference in the opinion of students and faculty members towards the awareness of cashless economy	3.877 <sup>a</sup>	6	.693	Accepted
Ho2. There is no significant difference in the opinion of students and faculty members towards the India achievement of 2020 vision.	15.301 <sup>a</sup>	4	.004	Rejected
Ho3. There is no significant difference in the opinion of students and faculty members towards the operation of ICT	20.048 <sup>a</sup>	6	.003	Rejected
Ho4. There is no significant difference in the opinion of students and faculty members towards the reform and development of India.	21.893 <sup>a</sup>	8	.005	Rejected

- Ho1 is accepted that means there is no difference in the opinion of faculty members and students for awareness of cashless economy. They all are very much aware about it and know the details also.
- Ho2 is rejected that means there is a strong difference in the opinion of faculty members and students towards the India achievement of 2020 vision. 92% students think that India can achieve its vision 2020 by adopting cashless policy but faculty members think that it is not necessary. Other factors also have to be considered.
- Ho3 is rejected, that means there is a difference in the opinion of students and faculty members for operation knowledge of ICT. Students think large population especially in urban area can operate ICT because of the use of mobile and laptops.
- Ho4 is rejected that means there is a difference in the opinion of students and faculty members towards the reform and development of India .83% students agree that cashless economy is a strong pillar for reform and development of India but faculty members think that other factors also have to be considered. It is a long way to go.



## 2. Benefits of Adopting Cashless Economy Policy

Table2: Results of Hypotheses Testing

Hypotheses	Chi - Value	df	p-value	Result
Ho5. There is no significant difference in the opinion of students and faculty members towards the money laundering and frauds.	27.527	6	.000	Rejected
Ho6. There is no significant difference in the opinion of students and faculty members towards the reduction in bank cost.	10.547	8	.229	Accepted
Ho7. There is no significant difference in the opinion of students and faculty members towards the business maximization.	12.024	8	.150	Accepted
Ho8. There is no significant difference in the opinion of students and faculty members towards the advancement in electronic machines.	14.924	6	.021	Rejected
Ho9. There is no significant difference in the opinion of students and faculty members towards the increase in tax collection.	10.435	6	.107	Accepted

- Ho5 is rejected, that means, there is difference in the opinion of students and faculty members towards the money laundering and frauds. Students think that people will find some other ways of fraud and money laundering. It was seen during demonetization also. Faculty member have positive views toward it.
- Ho6 is accepted that means, there is no significant difference in the opinion of students and faculty members toward the cost reduction in banks. They all think that digitization will definitely decrease the visit and dependency on Banks. People sitting at home can do transaction which will save paper and time.
- Ho7 is accepted that means, there is there is no significant difference in the opinion of students and faculty members towards the business maximization. They all have strong opinion that business of small enterprise and large enterprise will definitely boom.
- Ho8 is rejected that means, there is significant difference in the opinion of students and faculty members towards the advancement in electronic machines. Students believe that there is definitely increase in electronic machines in India but it has nothing to do with adoption of cashless economy policy recently. Faculty members think that swap machines and pay TM have become very common after popularity of digitization.
- Ho9 is accepted. That means, there is no significant difference in the opinion of students and faculty members towards the increase in tax collection. There will be more of white money and fair work. People will feel comfortable in giving the tax rather than doing some manipulations.



### 3. Advantages of Adopting Cashless Economy Policy in Financial and Economy Sector

Table 3: Results of Hypotheses Testing

Hypotheses	Chi - Value	df	p-value	Result
Ho10. There is no significant difference in the opinion of students and faculty members towards the advantages for all sector of economy.	13.867	6	.031	Rejected
Ho11. There is no significant difference in the opinion of students and faculty members towards the effectiveness in Indian financial sector	30.151	8	.000	Rejected
Ho12. There is no significant difference in the opinion of students and faculty members towards the breaking the traditional barriers of finance	29.395	6	.000	Rejected
Ho13. There is no significant difference in the opinion of students and faculty members towards the economic stabilization.	28.236	6	.000	Rejected
Ho14. There is no significant difference in the opinion of students and faculty members towards the Growth in financial sector.	10.435	6	.107	Accepted

- Ho10 is rejected that mean, there is significant difference in the opinion of students and faculty members towards the advantages for all sector of economy. Faculty members think that this policy will create an environment for more effective monetary policy implementation, create a more stable pricing system and curb the menace of inflation which is a determinant to the growth and development of any economy.
- Ho11 is also rejected that means There is significant difference in the opinion of students and faculty members towards the effectiveness in Indian financial sector. Students are more towards the advantageous factor for improvement.
- Ho12 is also rejected that means, there is a significant difference in the opinion of students and faculty members towards the breaking the traditional barriers of finance. The new generation can break the barriers for adoption of the policy but difficult for the old generation.
- Ho13 is also rejected that means, there is a significant difference in the opinion of students and faculty members towards the economic stabilization. Faculty members are of the opinion that it is a wise strategy for fast-tracking growth in the nations which leads to economic stabilization. They also gave examples of few countries.



- Ho14 is accepted that means, there is no significant difference in the opinion of students and faculty members towards the Growth in financial sector. All the respondents agree that financial growth is for sure.

#### 4. Hurdles in Adopting Cashless Economy Policy in India

Table4: Results of Hypotheses Testing

Hypotheses	Chi - Value	df	p-value	Result
Ho15. There is no significant difference in the opinion of students and faculty members towards the availability of financial infrastructure.	66.871	8	.000	Rejected
Ho16. There is no significant difference in the opinion of students and faculty members towards the problem in adoption by rural areas in India	35.315	8	.000	Rejected
Ho17. There is no significant difference in the opinion of students and faculty members towards the problems of vendors' and small business men	20.519	8	.009	Rejected
Ho18. There is no significant difference in the opinion of students and faculty members towards the hurdle in daily purchasing	27.399	8	.001	Rejected
Ho19. There is no significant difference in the opinion of students and faculty members towards the organizing training programs.	17.192	8	.028	Rejected
Ho20. There is no significant difference in the opinion of students and faculty members towards the problem of cyber security.	18.887	8	.015	Rejected

- Ho15 is rejected that means, there is a significant difference in the opinion of students and faculty members towards the availability of financial infrastructure. Students have a positive opinion and perception, that financial infrastructure like ATM, Pay TM, and Internet facilities are available, by and large.
- Ho16 is also rejected that means, there is a significant difference in the opinion of students and faculty members towards the problem in adoption by rural areas in India. Students are of the opinion that rural areas are also ready because most of the people in the villages are having bank accounts and mobile phones. The only problem is in the remote areas which will overcome with time.
- Ho17 is also rejected that means, there is a significant difference in the opinion of students and faculty members towards the problems of vendors' and small business men. Faculty is little unsure about the adoption of cashless economy by vendors and





small business man because most of their work is done in cash and that also in small and daily basis. But students have the argument, when golgappawala can have pay TM then why not others.

- Ho18 is also rejected that means there is a significant difference in the opinion of students and faculty members towards the hurdle in daily purchasing. Again students don't think it is to be a big hurdle because now you have very easy operating cashless machines in which only your thumb is required for payment. It is linked with Adhaar Card.
- Ho19 is also rejected that means, there is no significant difference in the opinion of students and faculty members towards organizing training programs. Faculty members strongly agree but students think that small description of the system is enough no need to have long training sessions.
- Ho20 is also rejected that means, there is a significant difference in the opinion of students and faculty members towards the problem of cyber security. Faculty members think that Hackers continuously test security systems; therefore, entrusting savings to financial institutions is not an easy decision. Students are positive; with little care and precaution all the hurdles can be overcome.

## **VII. CONCLUSION**

1. All the respondents are positive and want the adoption of cashless economy policy in India.
2. The young generation wants India to progress and adopt the latest technologies. They want to focus mainly on the advantages and remove the hurdles as soon as possible.
3. Organize public enlightenment programmes so that everyone is acquainted with the system, immediate internet security system should be formulated.
4. A strong framework for the adoption of the cashless economy policy should be made and all the students are ready to participate and help.
5. Faculty members are little hesitant to adopt but then they also agree that for overall growth and development of India it is an important step.
6. Although there are many disadvantages and hurdles but things are changing and will change for the betterment.

## **VIII. LIMITATION OF THE STUDY**

The study is done on a small group of respondents. There are basically only two types of respondents in the study, the students and faculty of Management of Indore. There can be view change, when the place, occupation and education level of the respondent changes. So we can say there is a wide scope for further study also.



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