



FUTURE AND SCOPE OF CASHLESS ECONOMY IN INDIA

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ABSTRACT

Cash is like water a basic necessity without which survival is a challenge. Nevertheless, cash use doesn't seem to be waning all that much, with around 85% of global payments still made using cash. One of the main reasons is that there is nothing to truly compete with the flexibility of notes and coins. The digital era is something to embrace, and new methods of payments will continue to be introduced. But Indians need to recognize the risks and benefits of different payment instruments, the risks associated with electronic payment instruments are far more diverse and severe. Recently lakhs of debit card data were stolen by hackers; the ability of Indian financial institutions to protect the electronic currency came into question also an important reason why people favour cash.

Keywords: Cash, global payments, Indians, payment instruments, debit card, hackers, financial institutions, electronic currency, etc.

INTRODUCTION

Cashless economy is a situation in which the flow of cash within an economy is non-existent and all transactions are done through electronic media 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). Today, credit cards and online payment services are becoming increasingly popular in urban India, paper currency notes are still an essential part of daily life. One saying is revenue vanity, cash flow is sanity but cash is king. Cash may be defined as any legal medium of exchange that is immediately negotiable and free of restrictions.

We are the fourth-largest user of cash in the world. The rate of cash to GDP is the highest, 12.42% in India. Cash in circulation to private consumption ratio in India is 20% and Cash transactions account for 4% of the personal consumption expenditure. As most of people are illiterate, poor, engaged in small transactions and having less banking habits. For them, cash is the most convenient and easy form of medium of exchange free from hassles. A cash transaction is immediate and doesn't involve any intermediary. Cash provides individuals and families with liquidity. One needs not to worry about a computer system crashing, power going off, and losing transaction midway. Use of cash doesn't involve any extra cost as in the use of debit/credit cards. Even in the most cashless countries like France and the Netherlands, cash still accounts for 40% or more of all consumer transactions. Usually cashless economies have low corruptions and less black money. Almost every country is bracing towards cashless economy and many countries have made significant progress. It is just a world trend which India is trying to catch up.

SIGNIFICANCE OF THE STUDY

This paper discusses about the current scenario of Cashless India after demonization. It strives to describe the focuses on the impact of devaluation on our economy, currency and challenges towards cashless economy.

RESEARCH METHODOLOGY

The prepared paper is a descriptive study in nature. The study has been carried out based on collection of the relevant secondary data. Secondary data collection was based on various sources such as published books, articles published in different journals & newspapers, periodicals, conference paper, working paper and websites, etc.

OBJECTIVES

