

International Journal of Engineering Research & Management Technology
(Peer-Reviewed, Open Access, Fully Refereed International Journal)
Volume 11, Issue-6 November-December- 2024ISSN: 2348-4039
Impact Factor: 7.09
www.ijermt.orgEmail: editor@ijermt.orgwww.ijermt.org

INDIA'S JOURNEY TOWARDS EMBRACING A CASHLESS ECONOMY

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ABSTRACT

The transition to a cashless economy in India has been accelerated by both technological advancements and legislation implemented by the government. The cashless economy seeks to achieve greater financial inclusion, openness, and efficiency by moving away from the use of physical money and towards the use of digital transactions. This is the purpose of the cashless economy. A few instances of recent key policy initiatives that have moved India ahead are the demonetisation of high-value currency notes in 2016, the implementation of the Goods and Services Tax (GST), and the Digital India program. These are just a few examples. It was vital for the government to implement programs like as the Unified Payments Interface (UPI), mobile wallets, and internet banking in order to facilitate the transition to digital payment methods after the demonetisation. As a direct result of this, the government, the people of India, and businesses in India soon embraced digital payment systems. firms that specialise in financial technology (fintech) emerged in order to circumvent the constraints imposed by the traditional banking system. These firms provide a diverse selection of payment choices. Additionally, this transformation has been brought about by the implementation of Aadhaar, a biometric identification system, as well as the widespread use of smartphones, which are both components of a robust digital infrastructure.

Keyword: - Cashless Economy, Digital Payments, UPI, Fintech, Digital India.

INTRODUCTION

The Indian government has been pushing for a cashless economy for some time now, and the country's economy is expanding at a fast pace. The goal is to promote the use of digital payment systems including internet banking, debit cards, and mobile wallets in order to decrease reliance on physical currency. According to the following sources: "Jan Dhan Yojana" (Ministry of Finance, Government of India, n.d.), "Digital India" (Ministry of Electronics and Information Technology, Government of India, n.d.), and "Bharat Interface for Money (BHIM)" (National Payments Corporation of India, n.d.), the digital transactions have been promoted by the Indian government under the leadership of Prime Minister Narendra Modi. The Reserve Bank of India (RBI) found that after the demonetization process in 2016, digital transaction use in India grew substantially. According to the research, "The value of digital transactions increased from Rs. 109.80 trillion in March 2016 to Rs. 194.04 trillion in March 2019, registering a CAGR of 20.2%" (Rajasthan State Revenue Administration, "Payment Systems in India: Vision 2019–2021," August 2019). Also, the

government has been trying to get more people in rural regions to use digital payments. In order to provide digital services, such as digital banking services, to rural regions, the Common Service Centers (CSCs) were established. "Unified Payment Interface (UPI)" and "Common Service Centers (CSCs)" are two sources citing the government's efforts to make digital transactions more accessible and convenient for the general public. The former allows for instantaneous transfers of funds between bank accounts via mobile phone, while the latter refers to the national payments system in India. Many positive changes, including more efficiency, less corruption, more financial inclusion, and more transparency, are anticipated to accompany the shift to a cashless economy. Not many Indians have ready access to computers and the internet, which is a major obstacle on the path to a cashless economy. To guarantee a fair and inclusive transition, the government and financial institutions must collaborate. Finally, India is getting closer to its goal of a cashless economy, but it still has a way to go. There will likely be a surge in digital transactions in the nation as a result of government programs and the widespread availability of computers and the internet.

OBJECTIVE

- 1. To be aware of the current state of electronic payment methods
- 2. To investigate, taking into account demographic and other variables, how customers see the "E-Service Quality, E-Recovery Service Quality, Perceived value and Loyalty intention" of payment cards.

RESEARCH METHODOLOGY

In order to provide the foundation for this study, a comprehensive evaluation of the literature about India's transition to a cashless economy was conducted. This review included government documents, scientific publications, and news publications. Interviews were conducted with subject matter experts in order to get additional perspectives and points of view. The purpose of this study is to investigate the level of satisfaction that customers have with cashless payment methods and the quality of the electronic services that are provided by Payments banks in India. The study in question makes use of both primary and secondary sources in order to produce a descriptive and analytical account of the phenomenon that is being investigated.

Data Collection:

Primary Data: For the purpose of collecting primary data, we made use of Google Forms to send a triedand-true structured questionnaire to our customers via several social media channels, including e-mail, WhatsApp, and other platforms.

Secondary Data: The secondary data was amassed from a wide range of sources, such as the official website of the Reserve Bank of India (RBI), individual payment banks, journals, magazines, newspapers, books, and the official website of the Ministry of Corporate Affairs. Additional sources included the following.

Data Analysis Techniques:

Following techniques have been used for data analysis:

- 1. Descriptive Statistics: To determine the average and dispersion of cashless transactions and customer perception, the trend of cashless transactions and customer perception towards the quality of the eservices offered by the Payments Banks are studied using the mean, standard deviation, and coefficient of variation.
- 2. Annual Compound Growth Rate (CAGR): To determine the annual compound growth rate, this method looks at the pattern of cashless transactions.
- 3. The T-test, ANOVA, and post hoc tests are used to examine how customers' perceptions of the quality of the e-services offered by Payments banks vary according on demographic characteristics.
- 4. The examination of the link between "eservice quality, e-recovery service quality, perceived value, and loyalty intention" of consumers towards Payments banks is done by correlation and multiple regression.

Sampling Method

The method of convenience sampling, which is not dependent on probability, is one of the ways that samples may be obtained. Making contact with those who have responded is a simple process. Because of the size of the population, the amount of time available, and the other resources that are available, a sample size of 1600 is considered to be reasonable and sufficient for the study that is currently being conducted.

City	Sample size	%
Hyderabad	400	25
Bangalore	400	25
Mumbai	400	25
Chennai	400	25
Total	1600	100

Table: Sample Size

Table represents the sample size of the present study, which covers four major cities of India viz. Hyderabad, Bangalore, Mumbai and Chennai. The sample size is 400 for each city.

Payments Banks Selected for the study

Following Payments Banks are active and operating in India. Therefore, all Payments Banks are selected for the study.

1. Paytm Payments Bank

- 2. Airtel Payments Bank
- 3. Fino Payments Bank
- 4. India Post Payments Bank
- 5. Jio Payments Bank

RESULT AND DISCUSSION

It is in this chapter that the perspectives of customers on payment banks are discussed. Additionally, the association between "e-Service quality, e-Recovery service quality, perceived value, and Loyalty intention" has been included into the analysis. It is possible that we will get further information on the demographics of the respondents and how they feel about Payments bank by using the e-Service quality model. The following are examples of common statistical procedures that are used for the purpose of data analysis: frequency tables, percentages, and tests for mean, standard deviation, coefficient of variation, correlation, regression, post hoc test, analysis of variance, T-test, and analysis of variance test. Following an exhaustive explanation of the interpretation, the hypothesis is put to the test, and the outcomes are provided at the end of the discussion of the interpretation.

4.1 Demographic Profile

It is common practice for customer impression surveys to include demographic characteristics, which may vary from one individual that participates in the survey to another. The following categories are included: city, gender, age, marital status, degree of education, occupation, and monthly income. There are also more categories.

Response	Frequency	Percent
Hyderabad	400	25.0
Bangalore	400	25.0
Mumbai	400	25.0
Chennai	400	25.0
Total	1600	100.0



The information that was gathered from the participants is shown in Table 1. For the purpose of this study, four cities—Hyderabad, Bangalore, Mumbai, and Chennai—were selected, and four hundred individuals were selected from across the world to participate.

Fable 2:	Gender-wise	classification	of	respondents
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Response	Frequency	Percent
Female	703	43.9
Male	897	56.1
Total	1600	100.0



In Table 2, both male and female replies from members of the Payments Banks are included. Among the total of 1600 individuals that participated in the survey, 56% were males and 44% were females.

Response	Frequency	Percent
16-30	708	44.3
31-45	496	31.0
46-60	354	22.1
60 above	42	2.6
Total	1600	100.0

Table 3: Age-wise classification of respondents



As can be seen in Table 3, the age range of the respondents is shown. 44.3% of the total number of respondents are in the age bracket of 16–30 years old (708 people), 31% are in the age bracket of 31–45 years old (496 people), 22.1% are in the age bracket of 46–60 years old (354 people), and a dismal 42 persons (2.6 percent) are in the age bracket of above 60 years old.

Table 4: Educational Qualifications of the respondents

Response	Frequency	Percent
Primary School	11	.7
High School	69	4.3

Graduate	574	35.9
Post-Graduate	761	47.6
Others	185	11.6
Total	1600	100.0



A breakdown of the respondents' educational backgrounds is shown in Table 4. There are 761 and 574 respondents, respectively representing 47.6% and 35.9% of the total, indicating that the bulk of the respondents are either graduates or post-graduates. Among all of the people who responded, 185 (11.6%) come from the category of "others," and the bulk of them have a professional degree. An elementary school student makes up just 0.7% of the replies, whereas a high school student makes up 4.3%.

Response	Frequency	Percent
Married	1016	63.5
Unmarried	584	36.5
Total	1600	100.0



63% of the respondents are married, while 37% are single, as seen in Table 5, which displays the marital status of the individuals who participated in the survey.

DISCUSSION

There have been several factors that have contributed to India's lengthy and winding journey towards a cashless economy. These factors include technological advancements, initiatives made by the government, and altering consumer behaviour. India has moved its attention from physical currency to digital payment methods during the last 10 years, which has resulted in this transformation being more noticeable for the first time. The elimination of the need for cash is one of the primary objectives of the economic reforms now being implemented by the government. These changes are aimed at making the economy more open, less corrupt, and more inclusive. The demonetisation of high-denomination currency notes, which took place in November 2016, symbolised a significant turning point along this route. This courageous attempt to tackle black money and counterfeit currency resulted in a shortage of cash, which drove people to embrace digital payment choices. This scarcity of cash led people to embrace digital payment methods. As seen by the surprising rise in the number of digital transactions that occurred following the demonetisation of currency, a cashless economy may be feasible.

CONCLUSION

In India, the move to a cashless economy has been revolutionary, and it has permanently altered the way that financial transactions are conducted with the country. Digital payment systems, government-led projects like as UPI and Digital India, and the growth of fintech enterprises are some of the reasons that have contributed to the current state of affairs in terms of the streamlining, efficiency, and transparency of financial transactions. As a result of the demonetisation that took place in 2016, there was an increase in the number of people using digital devices in both urban and rural areas. As a result of the growing number of people who have access to smartphones and the internet, businesses and individuals have been able to increasingly transition towards digital platforms. Even though there has been a lot of progress, there are still concerns that need to be addressed, such as the dangers associated with cybersecurity, the lack of digital literacy, and the infrastructural challenges that exist in rural areas. Improving digital infrastructure, increasing financial

literacy, and strengthening cybersecurity measures are all critical steps to take in order to address these issues. As India continues to embrace digital transformation, the benefits of a cashless economy are becoming more obvious. Some of these advantages include a reduction in rates of corruption, an increase in the number of people who have access to financial services, and an increase in economic efficiency. For the future, it will be very necessary for the government, enterprises, and people to collaborate in order to guarantee a digital financial ecosystem that is robust, secure, and welcoming to participation. It is only under these circumstances that India can have any prospect of achieving its long-term objectives of economic resilience and technological growth.

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