

Study of Recent Developments Related to Cashless Commerce in India

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Abstract

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. Prime Minister Narendra Modi, has expressed his views, on moving towards a cashless economy and creating an Indian cashless society, for betterment of Indian economy and encouraged people of India, to use cashless transactions, consider mobile phone usage, as a wallet and a bank. Moreover, the cash culture in India is dominant and people prefer to use cash wherever possible. In another step towards a cashless economy, a new service (UPI) has been recently launched that will allow for transaction using two smartphones. This is helpful for secure transactions for people who are not technology savvy. Aadhaar-enabled payment system (AEPS) also used as cashless transactions. Government also promoting mobile wallets, people does not need a debit card, credit card or internet banking password for making payment using a mobile wallet. In this just load money in the wallet via IMPS and use it on the move. People can download mobile wallet app from play store. 'Digital India' focuses on transforming India in to a digitally empowered and knowledge economy. Bharat Interface for Money (BHIM) App also launched by government to promotes cashless transactions.

Key Words : Cashless economy, UPI, AEPS, Mobile Wallets, Digital India, BHIM.

Classification-JEL : E 42, F 18, G 21

1. INTRODUCTION

Kotler and Keller defined commerce as the exchange of goods, services, information, money or anything else with some worth between two or more parties.

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,
- Immediate Payment Service (IMPS),

- National Electronic Funds Transfer (NEFT) and
- Real Time Gross Settlement (RTGS).

Digital transactions bring in better transparency, scalability and accountability. In conjunction with demonetization, the government has announced waivers on convenience charges, surcharge and service charge on digital payments by government departments and organizations to promote digital and payments. The RTGS transactions have witnessed an increase of 12 percent in volume and 9 percent in value in December

2016. In the next two periods the RTGS transactions both in volume and value fell down, but significantly jumped in March 2017. In 2017-18, the growth has been very slow. Similar phenomenon is observed for retail electronics clearing system. The usage of cards in volume terms has gone up but fell in value terms in the demonetization period (December 2016). However, in subsequent months the value term has shown growth but again declined in Q1 of 2017-18. Prepaid instruments such as m-valets and PPI cards witnessed an upward trend in December but again fell in subsequent periods. Based on these statistics, it can be inferred that the shift to digital transaction was temporary and again came back to the previous level. The slow move towards digital transactions may be related to deep rooted mind set of insecure transactions or illiteracy about the digital banking.

2. REVIEW OF LITERATURE

1. Murugesan (2007), in his Ph. D. thesis entitled "A study on bank credit card culture in Chennai city" analyses that the credit card gives ample scope for the expansion and growth of business. To reduce the burden of existing cardholders, reduction should be given in the collection of penal interest and other charges, incentive scheme should be introduced to the account holders of the bank willing to get credit card.
2. Vaisla and Bisht (2010), the article "SWOT analysis of e-initiative in Uttarakhand", emphasis on the e-initiatives levels and challenges associated with the service delivery initiatives to the citizens using (ICT) in the State of Uttarakhand are the main focus of this research work. The comprehensive review regarding e-initiatives experiences in India has been detailed in the study. The perceptions of the experts towards the e-initiatives in
3. Bansi Patel, Urvi Amin (2012), in their study focused on use of cashless commerce, with its life becomes easier and financial system would become possible which would also helpful for tax legislation.
4. Singh (2013), the author discussed the growing trend of internet usage in urban, semi urban and rural areas. It is obvious that the Indian population is moving fast towards adoption of internet linked services. Penetration of mobile phone has improved significantly but internet usage is not that much impressive due to non familiarity with the facilities. But it has the potential to grow. Provided adequate arrangement is made for the same. Need wise there should be proper differentiation strategy to provide services. The authors identified those factors like gender, age; qualifications, income and tenure of the account are playing an influential role to determine the choice of e-banking facilities
5. Subramanian S. (2014), the study Paper-free payment systems in India - an analytical study concluded that the Banks and other financial institutions should concentrate further on efforts to encourage the people for online transactions rather than using cash, cheque payments etc.
6. Deepika Kumari (2016), in her studies identified importance of cashless transaction with its different methods,

advantages and challenges. This paper will help to understand the basic of the cashless transaction.

7. Saini, B.M. (2016), 'Demonetization-Metamorphosis for Cashless India concludes that cashless transaction will lead to e-transactions. The study focused on aware the people to keep credit and debit cards transactions safe and risk free.
8. Patil s. Vaibhav and mishra jyoti (2017), study to find out people as a customer will only shift when it's easier, certain and safe to make cashless transactions rather than cash transactions.

3. OBJECTIVES OF THE RESEARCH PAPER

1. To identify the modes of cashless transactions in India.
2. To identify the advantages of cashless in India.
3. To analyse the perception of customers towards cashless commerce.

4. RESEARCH METHODOLOGY

The researcher conducted a brief primary data collection on a sample basis of Meerut district in this study. Area sampling is used in combination with stratified random sampling so as to collect the data from different customers.

Total number of Customers- 200

5. MODES OF CASHLESS TRANSACTIONS

1. Cheque: It is a known method to everyone. A cheque when presented for payment must be paid on demand. Payments through cheques lead to cashless transactions in Indian society.
2. Demand Draft: Demand draft leads to cashless transaction. DD helps the customers to get payment through banks.

3. Online Transfer – NEFT or RTGS: In order to do online money transfer, people need internet banking facility. NEFT or RTGS helps the individuals in exchanging the amount through electronically.

4. Credit Card or Debit Card: These cards lead to the usage of cashless transactions and in today's scenario after demonetization mostly the payments are done through debit and credit cards.

5. E-Wallets: It is simplest cashless method. At present time mostly the online shopping payment are done through e-wallets.

6. Mobile Wallets: People do not need a debit card, credit card or internet banking password for making payment using a mobile wallet. Just load money in the wallet via IMPS and use it on the move. People can download mobile wallet app from play store.

7. UPI Apps: UPI is a mobile payment system which allows person to do various financial transactions on your smartphone. UPI allows a person to send or receive money using virtual payment address without entering bank information.

8. Aadhaar Enabled Payment System: Aadhaar Enabled In order to use this facility, it is mandatory to link a person Aadhaar card to concerned bank account. People can use AEPS in order to perform transactions like Aadhar to Aadhaar fund transfer, Cash withdrawn, Cash deposit, etc.

6. ADVANTAGES OF GOING CASHLESS

The various advantages of going cashless are:

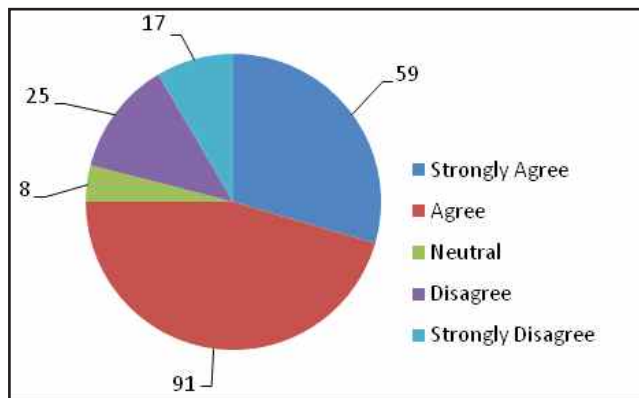
1. Saves Money and Time: Cashless transactions help in saves money and time. Also, companies and governments will get efficient funds.

2. Production Costs of Currency are reduced : With the increase in the usage of cashless transactions the use of paper currency and coins decreased which leads to reduction in production cost of currencies.
3. Detailed cashless transactions Data: One of the advantages of cashless transactions is that government has complete record of all transactions.
4. More Spending Helps Improved Economic Growth: Shopping online gets easy as one can use a number of payment options. Economic growth is possible because cashless transactions help in enhancing GDP of economy.

7. ANALYSIS OF CUSTOMERS TOWARDS CASHLESS COMMERCE

1. Do you support cashless commerce in India?

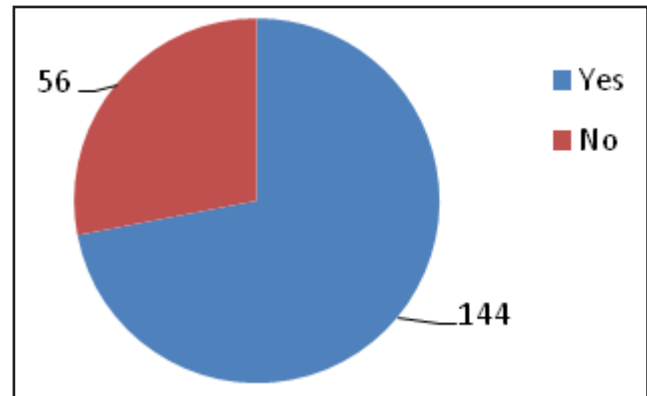
Chart No. 1



Analysis: From 200 respondents, 59 (29.5 per cent) strongly agree, 91 (45.5 per cent) agree, 8 (4 per cent) neutral, 25 (12.5 per cent) disagree, and 17 (8.5 per cent) strongly disagree that they supports cashless commerce in India.

2. Do you use Paytm, Net banking, Online Banking and other digital methods?

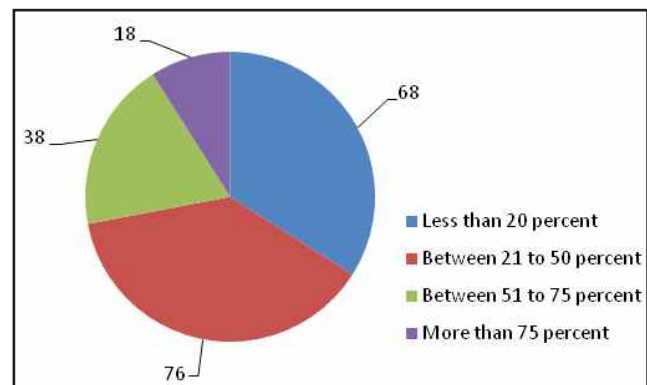
Chart No. 2



Analysis: From 200 respondents, 144 (72 per cent) preferred to use Paytm, Net banking, Online Banking and other digital methods and 56 (28 per cent) not preferred to use Paytm, Net banking, Online Banking and other digital methods.

3. What percent of your purchase are made by digital payments?

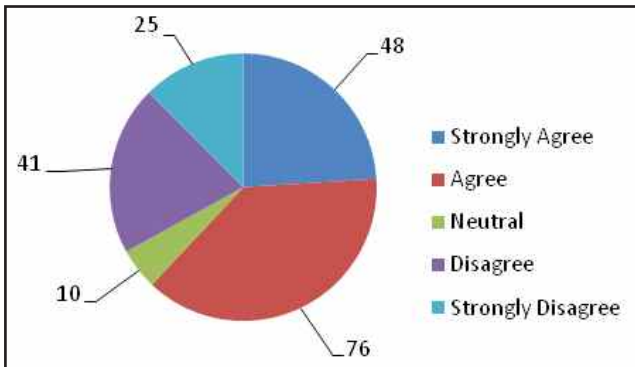
Chart No. 3



Analysis: From 200 respondents, 68 (34 per cent) preferred less than 20 per cent purchase by digital payments, 76 (38 per cent) preferred between 21 to 50 per cent purchase by digital payments, 38 (19 per cent) preferred between 51 to 75 per cent purchase by digital payments, 18 (9 per cent) preferred more than 75 per cent purchase by digital payments.

4. Do you think India is completely ready for cashless economy?

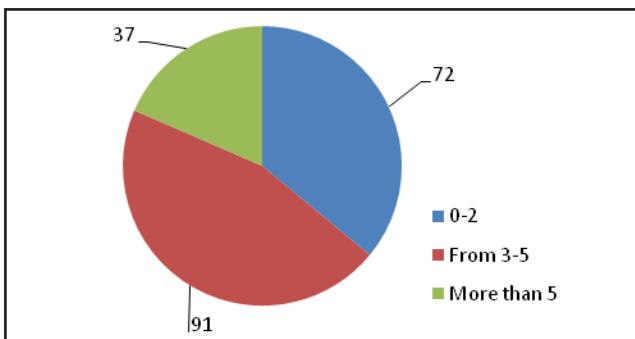
Chart No. 4



Analysis : From 200 respondents, 48 (24 per cent) strongly agree, 76 (38 per cent) agree, 10 (5 per cent) neutral, 41 (20.5 per cent) disagree, and 25 (12.5 per cent) strongly disagree that India is completely ready for cashless economy.

5. How many times do you engage in cash transactions every day?

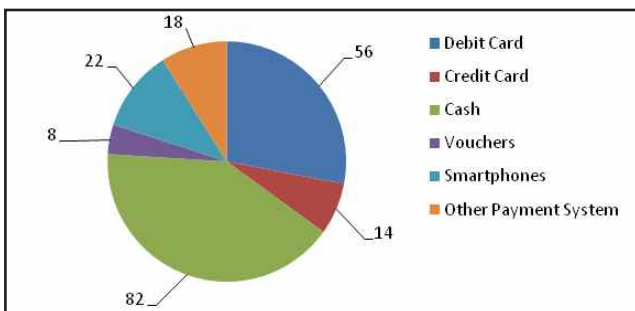
Chart No. 5



Analysis: From 200 respondents, 72 (36 per cent) respondents engaged 0-2 times in cash transaction every day, 91 (45.5 per cent) engaged 3-5 times in cash transaction every day and 37 (18.5 per cent) engaged 3-5 times in cash transaction every day.

6. Which mode do you use most while making the payment?

Chart No. 6



Analysis: From 200 respondents, 56 (28 per cent) use debit card, 14 (7 per cent) use credit card, 82 (41 per cent) use cash, 8 (4 per cent) use vouchers, 22 (11 per cent) use smartphone and 18 (9 per cent) use other payment mode.

8. CONCLUSION

Currently, many laws defined commerce in order to avoid unfair deals, by the way to avoid problems which might be dealt in the court. In today's world, every business-to-Customer Company tries to sell something, whether they are products or services. Traditionally, the place to sell products in business-to-customer companies is a store. Customers just go to the shop and buy what they desire. Aadhaar-enabled payment system (AEPS) also used as cashless transactions. Government also promoting mobile wallets, people does not need a debit card, credit card or internet banking password for making payment using a mobile wallet. In this just load money in the wallet via IMPS and use it on the move. People can download mobile wallet app from play store. 'Digital India' focuses on transforming India in to a digitally empowered and knowledge economy. Bharat Interface for Money (BHIM) App also launched by government to promotes cashless transactions.

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