

Cashless Economy in India - Public Attitude and Perception in Chennai

Sree Akshara Mithran, J. Sulaiman

Abstract: A cashless transaction in India is an endeavor to travel towards a cashless economy by reducing the use of physical exchange of currencies for the transactions. In India, the most important element of the entire economic transactions by volume is being done mostly through cash. After demonetization implementations, a large amount of the people in India started using electronic mode of payments for their financial transactions as adopted the idea and practice of "Digital India", which is a scheme initiative by the government of India to uphold the use of electronic payment channels as a replacement for cash. This research article is an attempt made to study the targeted set of audiences' level of attitude and perception towards cashless transactions and an effort is also made to spot the challenges faced by them during their transactions. This study is basically an analytical study based on the primary data at first place. Data is collected by using both primary and secondary data collection methods to make the research to be effective and reliable. Questionnaire is used as data collection method, as it's a quantitative research method. This study will result in the findings of the level of attitude and perception of the respondents towards the cashless economy..

Keywords: Cashless Economy, Internet, Demonetisation.

I. INTRODUCTION

A cashless economy is one in which all transactions are done using cards or digital means. India is a country where people predominantly use cash for transaction. In fact the number of currency notes in circulation is far higher compared to other large economies around the world.

The requirements for a cashless economy are a proper network Connectivity, Electricity, smart phones, the user to have a bank account, debit or a credit card, third party applications (e.g. Google pay, Paytm, Phone pe), Bank applications or payment portals like Stripe, WePay, PayU, etc.

While the middle class Indians were able to exchange their currency in Banks, the unbanked poor often had to rely on informal lenders who would only exchange the old bills for new ones at predatory rates. Without saving, and with high rates of illiteracy, these labors have little chance of joining the cashless economy or face a very tall challenge to make the change.

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A. Advantages of a Cashless Economy

- Reduced business risks and costs
- Reducing transmittal of disease via cash
- Transaction speed
- Reduction in criminal activity by eliminating high-denomination notes
- Better collection of economic data
- Easier consumer budgeting

B. Concerns

- Privacy
- Problems for the unbanked
- Fraudulent Activities

This research paper is descriptive in nature and an effort to analyze the targeted set of audiences' level of Attitude and Perception towards a Cashless Economy. This study is basically an analytical study based on the Primary Data at first place. Questionnaire is used as the data collection method, as it is a quantitative research method. The study will result in the findings of the level of Public's attitude and perception towards Cashless Economy with special reference to Chennai city.

II. REVIEW OF LITERATURE

Pradip Kumar Das. (2019), in his research article has studied the impact of demonetization on Indian economy. The major objective of the study was to analyze the the concept of demonetization in India and impact of demonetization on Indian economy the study finds that demonetization would bring a positive impact on national economy as it encourages the digital mode of payment

Shukla Bal Govind & Gupta, Hariom. (2018), have stated in their paper "An Exploratory Study of Business Students perceptive on demonetization in India" with special reference to Allahabad City concluded that the people actively supported any initiative taken by the government which is aimed at eradicating corruption black money and any other threats like terrorism and Naxalism in the country.

P. R. Kousalya & R. Guru Shankar (2018) have studied the impact and importance of cashless economy. The main objective of the study is to evaluate the importance of cashless economy and to examine the current position of cashless economy and to understand the advantages and disadvantages of cashless economy in India. In this study the data was collected through different modes of secondary data collection methods,

It was observed that more people were switching to digital modes of receiving and making payments and leaving no room for circulation of Black Money it was also found that promoting the people to learn to transact in the cashless way at a faster pace than ever before.

Ravi CS (2017) studied on the digital payment system in the rural area the main objective of the study is the positive impact on digital payment and cashless economy through Aadhaar Pay in rural India and problems and challenges of digital payment in rural India. The study finds the problems, prospects and Challenges faced by the rural India. The study also found that the national payment corporation of India (NPCI) is a new payment application introduced that are designed to work on all phones with or without Internet and even without is helping rural India.

III. OBJECTIVES OF THE STUDY

- To elucidate the concept of cashless economy.
- To examine the public attitude and perception towards a cashless economy.

IV. LIMITATIONS

- This research has been conducted among 100 respondents and so the results may vary with larger samples and is limited to Chennai City due to time-constraints.
- Responses were collected using Google forms and could vary with personal collections.

V. RESEARCH METHODOLOGY

Convenience sampling method is used by the researcher for this study adopting the descriptive research. Out of 125 respondents, only 110 samples have been considered for the

Data Source: Primary data – Questionnaire; and

Secondary Data – Journals, articles, websites, etc.,

Data Collection: Collected using Questionnaires through Google forms from general public from various fields.

Research Design: Descriptive Research.

Sample Size: 110 Respondents from Chennai City.

Sample Unit: General Public with minimum Qualification of UG from Chennai City, Tamil Nadu.

Sample Area: Chennai City.

VI. RESULTS

Table - 1: Age of the Respondents

Age Group	No. of Respondents	Percentage (100%)
20 -30	70	63.6
30 -40	24	21.8
40 - 50	10	9.1
50 and Above	6	5.5
Total	110	100

Source: Primary Data

The above table represents the percentage analysis of age of the respondents. Out of 110 respondents, the majority of

70 respondents are in the age group of 20 – 30 years. The least number of respondents (6) fall in 50 years and above age-group. 24 respondents are from the age group 30 – 40 years and 10 respondents between the age 40 and 50 years.

Table – 2: Respondents’ Opinion on Awareness and Perception towards Cashless Economy

Opinion	No. of Respondents	Percentage (100%)
Heard about cashless economy	Yes	100
	No	10
	Total	110
Cashless economy will prevent money laundering and corruption	Yes	74
	No	36
	Total	110
Cashless economy will reduce cash related fraud	Yes	76
	No	34
	Total	110
E-Payment system will stimulate an increase in transparency	Yes	84
	No	26
	Total	110
Increase in Internet Fraud	Yes	94
	No	16
	Total	110
Cashless economy stimulates the economic growth	Yes	78
	No	32
	Total	110
Making India cashless uplifts the standard of living	Yes	66
	No	44
	Total	110
Rural people will be able to adapt the digital change in our country	Yes	66
	No	44
	Total	110
Cashless economy is advantageous to all sectors	Yes	54
	No	56
	Total	110

Source: Primary Data

The Table 2 depicts the Respondents’ Opinion on Awareness and Perception towards Cashless Economy.

Table – 3: Most used E- Payment portals

E-Payment Options	No. of Respondents	Percentage (100%)
Google pay	46	41.8
Paytm	44	40
Phone Pe	10	9.1
Net banking	6	5.5
Bank App	4	3.6
Total	110	100

Source: Primary Data

From the Table 3, the respondents have opined towards the most used E-Payment Portal from the given options. Majority of the population (46 respondents) have chosen Google pay at first place.

Following which Paytm has been picked by 44 respondents. 10 respondents find it comfortable using Phone Pe, while only 6 respondents have chosen Net Banking with least response to bank app with just 4 respondents.

Table – 4: Most important thing to convert India digitally

Options for Conversion	No. of Respondents	Percentage (100%)
Literacy to rural people	16	14.5
Digital education	12	10.9
Both	82	74.5
Total	110	100

Source: Primary Data

To convert India digitally, Table 4 represents the opinion of 110 respondents. Where, 82 Respondents believe that this conversion is possible by providing literacy to people in the rural areas and giving proper digital education. Whereas, 16 respondents have opted for only the literacy to rural people and having the least respondents of 12, Digital education falls the least.

Table – 5: Most convenient area post Digitalization

Convenient Area	No. of Respondents	Percentage (100%)
Reservation	14	12.7
Banking	76	69.1
Electricity/ water facilities	10	9.1
Education Institute	8	7.3
Tax	2	1.8
Total	110	100

Source: Primary Data

The shown table 5, demonstrates the respondents' view on the most convenient area post digitalization. Whereas, Majority of the respondents (69.1%) have felt Banking more convenient after the process of digitalization; while reservation subsequently follows with 14 respondents. The least convenient area post digitalization has been the Tax.

Table – 6: Cross Tabulation between Age and Awareness towards Cashless Economy

CROSS TABULATION		Heard about cashless economy		Total
		Yes	No	
AGE	20 -30	60	10	70
	30 -40	24	0	24
	40 - 50	10	0	10
	50 and Above	6	0	6
Total		100	10	110

Source: Primary Data

The Table 6 illustrates the cross tabulation between two variables namely Age and Awareness towards Cashless Economy. It is visible that the population between the age-group 20 and 30 years have heard and aware of Cashless Economy. On the contrary, Respondents of age group 50 and above falls in the least aware group with just 10 responses.

However, all the respondents from 40 years and above including 50 years and above have heard about cashless economy. Each might have a different idea on what it means to them, but the takeaway is a good percentage of younger, more tech tuned people have not heard about cashless economy.

Table – 7: Cross Tabulation between Age and Most Used E-Payment Portals

CROSS TABULATION		Most used E- Payment portals					Total
		Google pay	Paytm	Phone Pe	Net banking	Bank App	
AGE	20 -30	30	30	8	2	0	70
	30 -40	12	8	2	2	0	24
	40 - 50	4	4	0	2	0	10
	50 and Above	0	2	0	0	4	6
Total		46	44	10	6	4	110

Source: Primary Data

The Table 7 exemplifies the cross tabulation between two variables namely Age and the most used e-payment portals. It is noticeable that 30 out of 110 respondents have opted Google pay and Paytm each as the most used e-payment portal and it is apparent that the population is between the age-group 20 and 30 years.

VII. FINDINGS

- Out of 110 respondents, the majority of 70 respondents are in the age group of 20 – 30 years.
- Majority of the 90.9% respondents have heard about cashless economy
- 67.3% of the respondents believe that cashless economy will prevent money laundering and corruption
- Out of 110 respondents, the majority of 76 respondents consider that Cashless economy reduces cash related fraud
- 76.4% of the total population believes that E-Payment system stimulates an increase in transparency.
- 94 (85.5%) out of 110 respondents strongly believe that there is an Increase in Internet Fraud.
- Out of 110 respondents, 66 (i.e. 60%) respondents agrees that making India cashless uplifts the standard of living and that rural people will be able to adapt the digital change in our country.
- 70.9% of the population believes that Cashless economy stimulates the economic growth.
- 56 respondents (50.9%) denies to the statement Cashless economy is advantageous to all sectors
- Majority of the population (46 respondents) have chosen Google pay as the most used E-Payment Portal.
- 82 Respondents out of 110 Respondents believe that conversion as Digital India is possible by providing literacy to people in the rural areas and giving proper digital education.
- Majority of the respondents (69.1%) have felt Banking more convenient after the process of digitalization



VIII. SUGGESTIONS

- People who are illiterate and poor (Below the poverty line) can't read or write and afford bank accounts or smart phones, hence deal with cash only.
- Most of the merchants charge 2-5% of extra charge if the customer opts for digital payment modes.
- Government should help facilitate the use of cashless economy by encouraging more incentives and schemes.
- Government should increase the awareness among people on how the cashless economy can be beneficial.
- Steps should be taken by the government to penalize stores and shops which charge extra on online transactions and just like how the transactions are made in a few clicks, the complaints needs to be registered by the consumers in an easy manner.
- Educating the unbanked and giving them the necessary tools to get them into banking sector and help them to continue banking will be beneficial for everyone.
- There also needs to be improvement in the security of online transactions and government and private companies should work towards making the consumer feel safe in using these online products for any financial transactions.

IX. CONCLUSION

Moving to a cashless economy will be a great benefit. People should reduce cash transactions and be more open minded about the ease of use. Population demography of India will make this more prevalent in the years to come as the younger generation will be open to the idea. Printing money incurs lot of expenses, reduction on it will be better for the government exchequer. Physical money can be damaged, lost or can become dirty and transmit diseases however digital currency can avoid all this. Less physical cash means less use of paper and better for the environment. Urban population of 350+ Million people. If there is a 75 to 80% adoption rate in urban India alone, it would make a huge difference. With advent of technology and low cost cell phone tariffs, it is easier than before to adopt it. It is noticeable that after the implementation of Pradhan Mantri Jan Dhan Yojana scheme formed on August 2014 there is a massive usage of banking services even by the rural people. As an initiative towards cashless economy "JAM Trinity" has been implemented in welfare delivery through which the government aims to deliver direct cash transfers to beneficiary account. With proper schemes toward the awareness program about the benefits of cashless economy will definitely bring in a positive change towards the digitalization. One does not need to remove all physical cash, but cashless economy should push for more adoptions towards it.

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Ms. Sree Akshara Mithran is a Full time PhD Research Scholar in The New College [Autonomous] Chennai. Her field of Research is Finance. She has completed her M.com., in M.O.P Vaishnav college for Women in Chennai. She has presented and published a paper in an International conference. She is active and enthusiastic participant in presentation of several papers in seminars and conferences happening across India.



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