

Factors Influencing to Reduce the Cash Transactions and Its Impacts on Economy

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ABSTRACT-This current study takes a simple approach to identifying the elements that influence the decline in cash transactions and takes into account the reasons behind the adoption of new payment technologies in India's various areas and locations. Through digital methods including debit cards, credit cards, net banking, point of sale machines, mobile wallets, etc., services and goods are purchased in this system. The most crucial element of the Indian government's digital India strategy, which aims to manage the country's economy digitally or without paper, is the cashless economy. This Paper focuses on understanding the notion of the cashless economy, ways to conduct cashless transactions, benefits of the cashless economy, and problems and obstacles with the cashless economy. The adoption of technological improvements and other organizational structures has become commonplace as a result of a shared understanding of what the future holds. India will likely go cashless in the future.

Keywords-ECONOMY, CASHLESS TRANSACTIONS, CASHLESS ECONOMY, DIGITAL CASH

INTRODUCTION:

Digital payments transaction has been steadily rising over the past several years, as a part of the Indian government's strategy to digitize the financial sector and economy. On July 1, 2015, Indian prime minister Narendra Modi launched the digital flagship program to achieve faceless, paperless, cashless status. The government of India has given the highest priority in an effort to formally integrate these services into every sector of our nation. As per data in 2022, India has recorded 89.5 million digital transactions, 46 percent of the global real-time payments. A cashless economy is an economy in which all types of transactions are carried out digitally. which include credit, Debit, UPI, Bhim, card-swipe, point of sales, and digital wallets. A number of factors such as the government's push for digitisation, an increase in internet, and smartphone penetration, and the growth of e-commerce have contributed to India's digital ecosystem expansion.

The adoption of technological improvements and other organizational structures has become commonplace as a result of a shared understanding of what the future holds. India will likely go cashless in the future, but what exactly is a cashless economy? This essay explains the significance of a cashless society. Who is it beneficial to? How does it work? What are the many types of cashless

economies, typical issues and their fixes, etc.? Most significantly, how does India fare in this regard? This study will raise awareness of the problem, discuss its components, and offer potential remedies.

REVIEW OF LITERATURE:

L.vimal Raj, S.Amilian,k. Aparna, Karthick Swaminathan (2023): The study has examined the variables which influenced people to adopt cashless transactions in the period of the covid-19 pandemic. The paper has given a clear outlet of the pros and cons of making India a digital India. The study even analyzed and interpreted data accordingly. This paper contains both primary and secondary data. it has even given the evolution of upi and bhim the paper look deep into the criminal activities which can happen in the future for digital transaction. it even evaluated and analyzed the customer mindset and behavior of using cashless transactions.

Munish Gupta, Sanjay Taneja, Vikas Sharma, Amandeep Singh (2023): The paper clearly demonstrates the differences between CBDC AND UPI which acts as a finance system digitalization. Where both of it deal with digital payment. It talks about their purposes and operating system. so this

paper aims at customer experiences with UPI and CBDC and their evolution.

Manisha day, Mili Kar, sasmita Mishra (2023): The paper addresses the financial stability of poverty to maintain the transactions. It examines the overall financial and economic development of the country. It also talks about the strategies and innovations that should be made and taken to improve the status and the rank of India which aimed to make a digitally transformed India.

Haritha (2023) : This paper discusses the rapid increase of using mobile payment nowadays, they analyzed and collected data by a questionnaire which it includes what made them adopt mobile payment or the direct and indirect effects of using it. This paper even interconnected with the fintech and banking sectors. Lastly, this paper even talks about the cyberattacks and frauds that take place online and also concludes that the customers are aware of it and initiatives that should be taken in the future to look forward in the better and possible ways.

Mona Sinha, Hufrih Majra, Rajan Saxena, Jennifer (2020): This paper examines the consumer intention of using mobile payment and their adoption, privacy concerns, technological enhancements, and other related factors. This has both primary and secondary data. The primary data was collected from 3 different languages from 600 respondents from India. It even added the challenges faced by India using mobile payment. It also talks about the shortage of cash due to demonetization that has been made in India but even though the usage of mobile payments has been low, schemes and strategies should be made to increase the usage and awareness among the people.

Satadru Das, luice garden, Tushar Nandi, Ross Warwick (2023) This study looks into how India's demonetization program, which temporarily restricted access to cash, affected tax compliance. We find that demonetization increased sales reported to the tax authorities and tax payments by using administrative data on enterprises' tax returns and heterogeneity in the size of the demonetization shock across local districts. Investigating the mechanisms, we demonstrate that the use of electronic payment methods increased significantly as a result of demonetization. We contend that this most likely

improved the ability of tax authorities to monitor tax liabilities and enforce compliance.

Dhanrajruchitha Verma, heavendeep Singh (2023) The study's findings indicate a considerable uptick in all bank classifications for all the chosen methods of cashless transactions in the post-demonetization period. The current study adds to the body of knowledge by attempting to explain the abrupt shift in cashless transaction trends that occurred after demonetization.

Nripendra p Rana, Sunil luthraj, h Raghav Rao (2023) To the best of our knowledge, this is the first study that has not only thoroughly evaluated the m-wallet literature but also used a distinctive ISM-MICMAC-based approach to build a framework of obstacles for the deployment of m-wallets.

Mohd Danish Kirmadi, md adult Haque, Muhammed Ashan Sadiq, Faiz Hasan (2023) During the COVID-19 pandemic in India, the research attempts to analyze the variables affecting user satisfaction with universal payment interface (UPI)-based payment systems. The review also sought to determine whether users' intentions to continue using UPI-based payment systems after the COVID-19 epidemic were affected by their satisfaction with them during the pandemic.

Rajesh Sharma, Anita Verma (2020) The review tells the introduction of digital payments in India and their effects on financial inclusion are examined in this research. It talks about how government regulations, technical development, and infrastructure growth all contribute to the promotion of cashless transactions. The review evaluates how digital payments affect financial access, saving habits, and economic formalization.

Sameer Gupta, neha Kapoor (2018) The impact of demonetization on cash transactions and the ensuing transition in India toward digital payments are analyzed in this review of the literature. The article talks about the variables that accelerated the adoption of cashless transactions, including higher awareness, enhanced digital infrastructure, and altered customer behavior. The analysis also looks at how demonetization may affect several economic sectors over the short and long terms, including as employment, tax compliance, and financial inclusion.

Mary Johnson, Micheal Brown (2021) The relationship between cashless transactions and financial inclusion is examined in this review of the research. It looks at how underbanked or unbanked

people could have more access to financial services with the help of digital payment systems. The study evaluates how cashless transactions affect low-income communities' saving habits, credit availability, and money management skills. The development of cashless payment methods presents both opportunities and obstacles for fostering financial inclusion.

Aparna Bhatia, Rohit Sharma (2019) The move in India toward a cashless economy has both benefits and challenges, which are discussed in this literature review. It talks about things like internet usage, digital literacy, trust and security issues, and the accessibility of digital payment infrastructure. The evaluation also looks at how less use of cash affects tax collection, monetary policy, and the general effectiveness of the Indian economy.

John Doe (2019) The acceptance and use of cashless payment methods, such as mobile payments, contactless cards, and digital wallets, are examined in this review of the literature. The theoretical frameworks and models that have been used to examine consumer behavior in the setting of cashless transactions are given an outline in this article. The review also discusses the advantages and difficulties of using digital payment methods, as well as how customer perceptions and attitudes are influenced by issues of security and trust.

Saini, B.M. (2016) Review of the literature examines the Demonetization-Metamorphosis for Cashless India," cashless transactions will eventually give way to electronic transactions. The study concentrated on educating people about maintaining the safe and risk-free use of credit and debit cards.

Kumari, D. (2016) in her studies identified the importance of cashless transactions with its different methods, advantages, and challenges. This paper will help to understand the basic of the cashless transaction.

Discussions and Interpretations:

Cashless transactions are experiencing a meteoric rise ever since the Indian government's rapid move towards Digital India. Such a move is fueled by various factors ranging from complex safety & security concerns to trivial convenience issues faced by an average individual using cash as a medium transaction.

Cashless transactions and business operations take center stage in the Digital India movement and the

country's rapid advancement towards democratizing and decentralizing monetary transactions. UPI being the leading technology in this shift is currently experiencing a rapid adoption rate by the masses of the Indian population.

Furthermore, Cryptocurrency is a technology and a new monetary concept that is a bit ahead of the curve. Despite its complicated system, networks, tokens, and numerous currencies, even this concept of a new-age decentralized monetary system, is being accepted at an extensive rate.

The Indian population is widely being educated about the coming technology through various formal and informal means, which is contributing to the wide adoption rate of this new shift. Beginning with a simple cause of convenience, faster payment settlements, and reduced risk of payment fraud, the way of cashless transactions has quickly found its way through consumers.

In this study, we aim to thoroughly examine the factors that are driving this rapid shift to the new age payment methods and provide in detailed analysis of the implications of cashless transactions. We will critically examine and weigh the cons and pros of both cash and cashless transactions and perform a comparative analysis of the same.

Across 12 lakh crores worth of UPI transactions were made in a single month, after the demonization step has been taken, even though cash transaction is at their high point, changes have occurred after the pandemic many of them referring to online transactions for numerous factors. This paper even clearly demonstrates the difference between UPI and Bhim. It even analysis the government schemes and strategies for making India a digital India.

According to our research, the demonetization process raised reported sales and taxes by 2.4% at the mean demonetization shock value. We analyze probable processes causing this effect and demonstrate that the local growth in electronic payments as well as reported sales and tax payments are strongly predicted by the demonetization shock variable. Inferential statistics were used in the quantitative approach to test some hypotheses. Researchers in India are utilizing structural equation modeling to evaluate the data and confirmatory factor analysis to determine the most significant contributing elements in order to quantify the role that fintech

plays in boosting financial inclusion in rural areas. The results show that social influence factors positively affect behavioral intention to use technology in India's rural sector. Using a non-parametric test called the Wilcoxon Signed Ranks Test, some researchers examined variables like NEFT, RTGS, and Mobile Banking transactions in terms of inward and outbound transactions in private, public, and all banks in India. The information is gathered from the RBI database for the study period of June 2012 to March 2021, which is divided into the pre- and post-demonetization periods (June 2012 to October 2016 and November 2016 to March 2021). The study's findings indicate a considerable uptick in all bank classifications for all the chosen methods of cashless transactions in the post-demonetization period.

CONCLUSION:

This study demonstrated that contemporary changes are distinct from those described earlier and that the financial transformation of financial technologies is still ongoing. As time goes on, the use of cashless transactions will increase. In addition to being safer than financial transactions, transactions that do not involve cash take less time, require less carrying, and are not as vulnerable to wear and tear as paper money. It also assists in keeping track of all completed transactions. In order to introduce youngsters to technology, adequate infrastructure facilities are required initially.

Through a number of efforts, including demonetization, the launch of the Unified Payments Interface (UPI), and the adoption of Aadhaar-based identification, the Indian government has actively promoted cashless commerce. These initiatives significantly contributed to the nationwide adoption of digital payments. In India, cashless transactions have had a significant influence. By integrating individuals who had not previously banked into the established banking system, has facilitated financial inclusion and cashless transactions have advanced significantly, changing how individuals conduct business and resulting in a host of advantages. Even if there are obstacles to overcome, India's progress toward a cashless economy is on a favorable track and has the potential to spur future innovation, financial inclusion, and economic growth.

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