

Opinion On Cashless Nudge In Bihar: A Case Study

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Abstract :-

Digitalisation of transactions is the finest way to move in the direction of cashless economy. Such a cashless economy is recognizable by encouraging electronic money mechanism, budding financial infrastructure and disseminating digital transaction practices among public. RBI's Payment and settlement vision document 2018 gives intentions and course of action towards cashless financial system. India persists to be determined by the utilization of cash; less than 5% of all payments occur electronically never the less the finance minister, in 2016 budget speech, spoke about the plan of making India a cashless culture, with the Endeavour of cutting the gush of black money. The study was conducted in Patna region and data was collected with the help of structured questionnaire and analyzed using simple percentage method. Responses from respondents shows that cashless economy will help in curbing black money, counterfeit's fake currency, fighting against terrorism, reduce cash related robbery, helps in improving economic growth of our country. Major challenges that can hinder the implementation of the policy are cyber fraud, high illiteracy rate, attitude of the people, lack of transparency and efficiency in digital payment system. The study shows that the introduction of cashless economy in India can be seen as a step in right direction. It helps in growth and development of economy in India.

Keywords :

Cashless Economy, Digital Payment, Black money, Demonetization, Electronic Money.

A) Introduction

A cashless transaction refers to an economic setting whereby goods and services are transacted without cash either through electronic transfer or cheque payment. A cashless transaction in India is an effort to move towards

cashless economy by minimising the use of physical cash. The main objective of the study is to present the current status of India in usage of digital challenges and opportunities which are associated with the cashless transaction in India. India is moving to cashless economy after demonization of Rs 500 and Rs 100 currency notes. Indian Government and RBI are trying continuously cashless transaction by using digital or electronic mediums like net banking, credit cards, debit cards, etc. It doesn't mean that government is trying to remove the cash from the circulation but it enhances the habit of people setting transactions digitally. A cashless transaction describes an economic state whereby financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transaction parties. The term cashless transaction means to reduce cash transactions and settlement of payments through transactions digitally or electronically. On November 8th, government withdrew Rs 500 and Rs 1000 notes – two highest currency from the circulation. Main objectives were to fight against corruptions, convenience, counterfeit money and black money.

The cashless transfer is soon becoming the most preferred option and there are a number of benefits of going cashless. The digital or electronic transaction of the capital by using net banking, credit cards, etc. is called cashless transfer. People can easily pay their bills online, shop and schedule transactions and manage all the finances using their laptops or smartphones. Going cashless eases one's life but also helps authenticate and formalise the transactions that are done. This helps to curb corruption and the flow of black money which results in an increase of economic growth. The expenditure incurred in printing and transportation of currency notes is reduced. In a nation like India, cashless transactions are not widespread and this is due to the technology gap and the lack of proper education. Though these are the matters of concern, the government or the financial institutes need to address them to create a strong cashless economy.

However, in a country where a large proportion of the population is illiterate and the rural areas have inadequate infrastructure for digital transactions it is not possible to create a totally cashless economy. So, the effort has now been

to create a less-cash economy i.e. a system of economy where parts of the transactions are in cash and the rest in digital payments. Incentives are being offered to those who make digital payments as also those who make arrangements for accepting payments through digital methods.

B) Objective of the study

- 1) To study the opinion on cashless nudge.
- 2) To examine the cashless economy and GDP.
- 3) To study the cashless economy in implementation of welfare programs.
- 4) To examine the importance and benefits of digital services to young generation.
- 5) To examine the accessibility of internet connection and financial education.

C) Methodology of the study

The study has been conducted in Bihar (India) with reference to Patna District to obtain the data. The size of sample is 100 which have been selected using the convenience sampling procedure without any discrimination. The samples in the survey covers both literate and illiterate person. The responses from the respondent have been collected and analyzed in the simple percentage method.

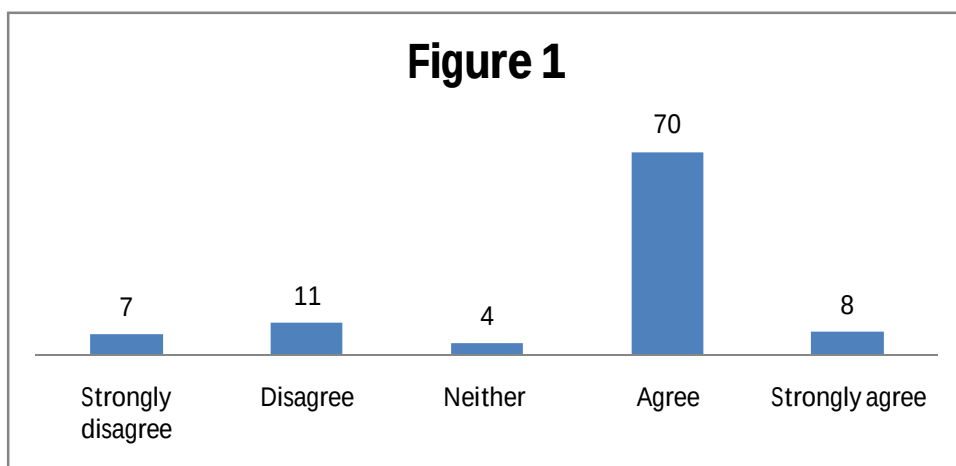
D) Data analysis interpretation**1) Mobile payment is growing, and is expected to continue**

Figure 1 with concerned with growth in mobile payment and its chances to continue. The study reveals that 78% of the respondents are of the opinion that mobile payment are growing and expected to continue while only 18% do not think so.

2) In coming few years, people will hardly use cash to make a purchase

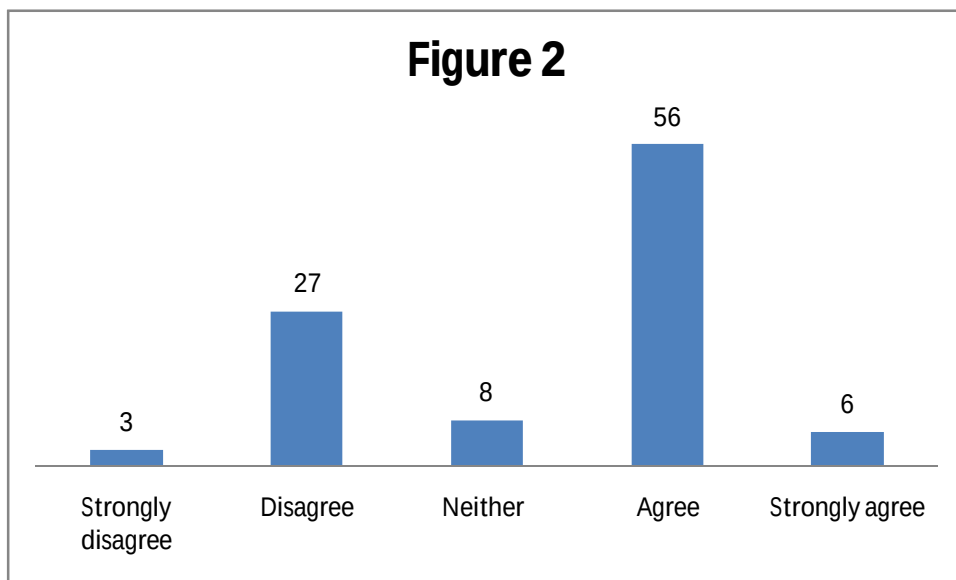


Figure 2 further reveals that 64% of the respondents feel that people will hardly use cash for making a purchase while 30% of them disagree with the motion. 8% were not in position to say anything.

3) Credit cards and debit cards are the most preferred payment

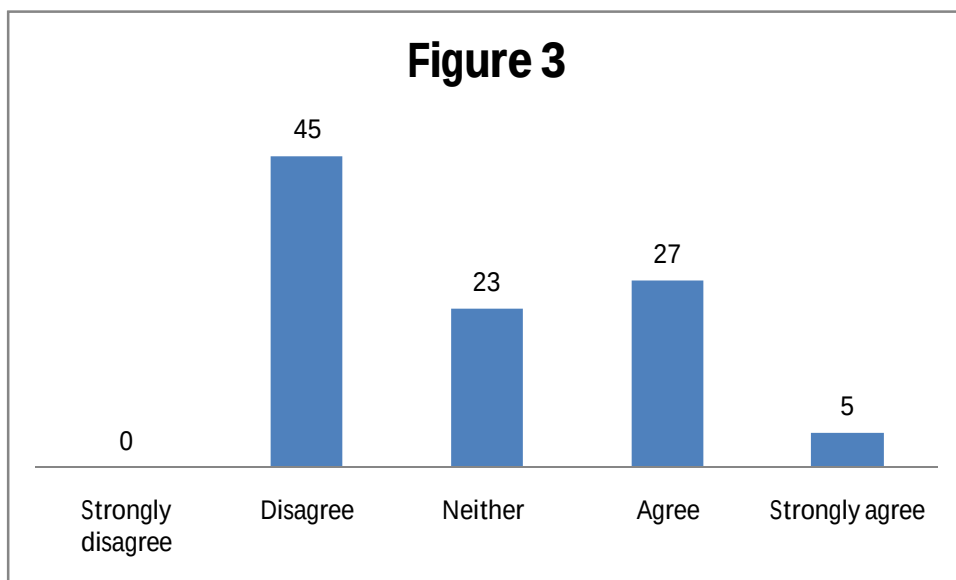


Figure 3 is related with the most preferred payment. It shows that only 32% of the respondents consider credit and debit card as the most preferred payment system while 45% of them do not consider it. It is also important to note that 23% of the respondents neither replied in affirmative nor negative.

4) Mobile Apps can help you classify your sales for budgetary

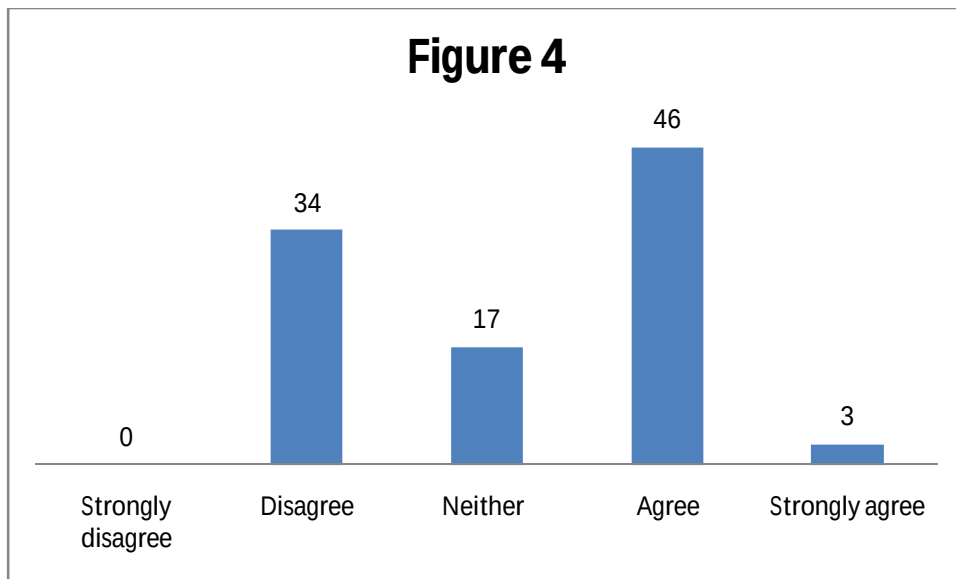


Figure 4 is concerned with whether mobile apps can help respondents to classify their sales for budgetary. The study reveals that about half of the respondents think so while 34% disagree with the question while 17% neither accepted nor rejected.

5) Cashless Economy will reduce the risk of fake currency

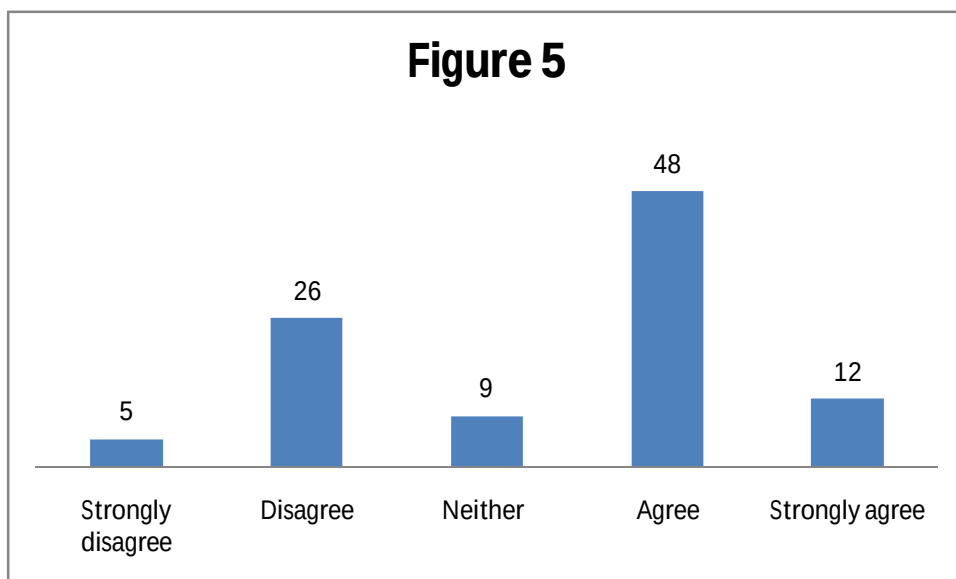


Figure 5, Whether cashless economy will reduce the risk of currency, 50% the respondents were in favour of the proposal while 31% were disagree with the proposal. Only 9% of them would not reply.

6) Cashless economy can check corruption

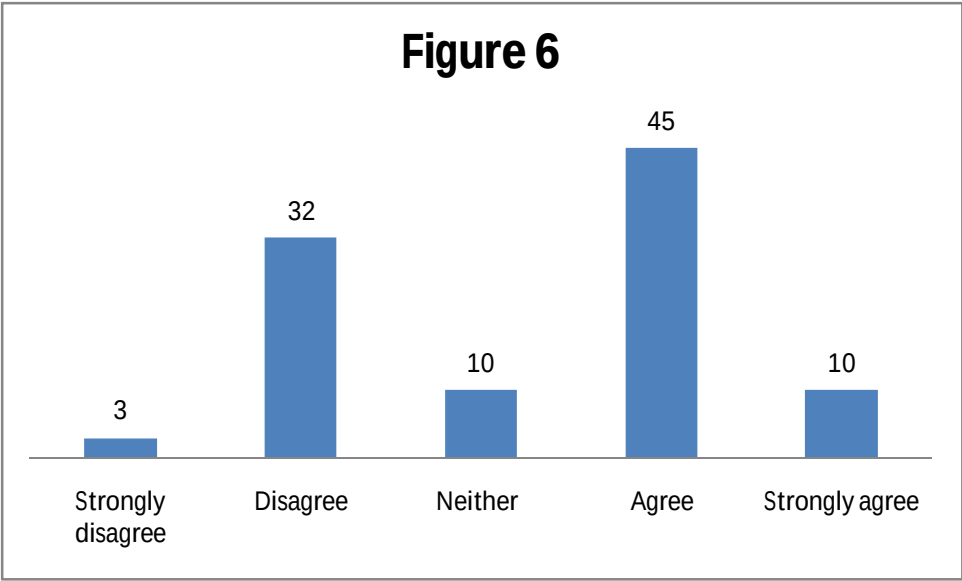


Figure 6, an attempt has been made to find out the rate of cashless economy in checking corruption. It was famed that 55% the respondents think so while 35% them do not favour the motion. 10% of them replied nothing.

7) Cashless economy would enhance GDP

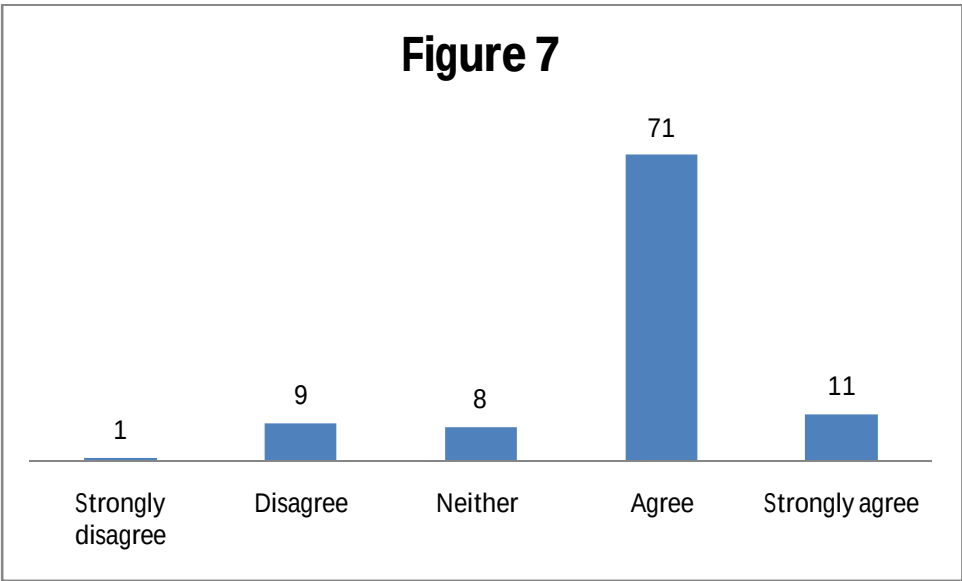


Figure 7 Reveals that Majority of respondents (82%) feel that it will enhance GDP while 10% of them disagree with this 8% of them replied in nothing.

8) Cashless economy would be effective in controlling naxlite activity in the State

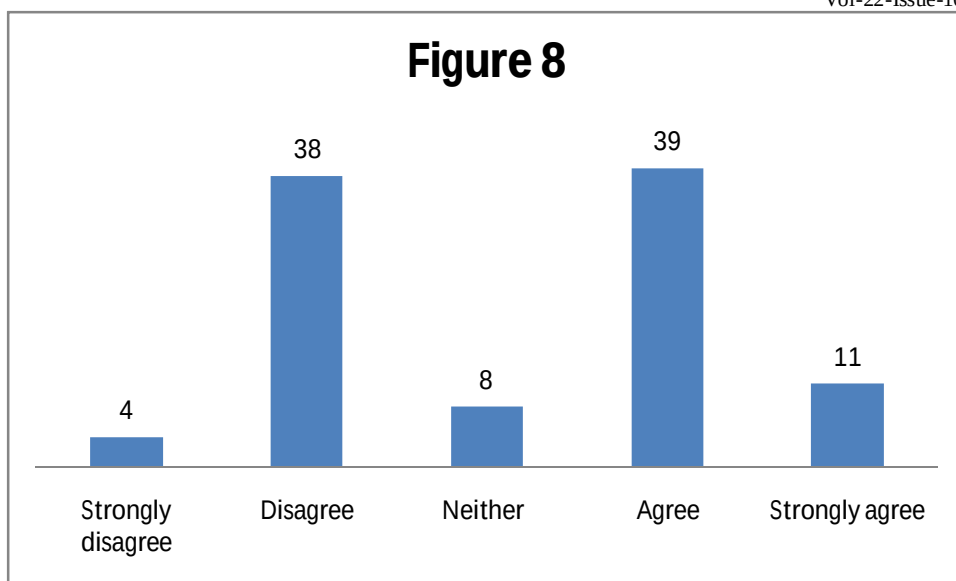


Figure 8 Further examine the role of cashless economy in controlling activities. It reveals that 50% of them agree while 42% of them disagree with this proposal. Only 8% of the respondents could not say anything.

9) Literacy is important factor and required for cashless economy

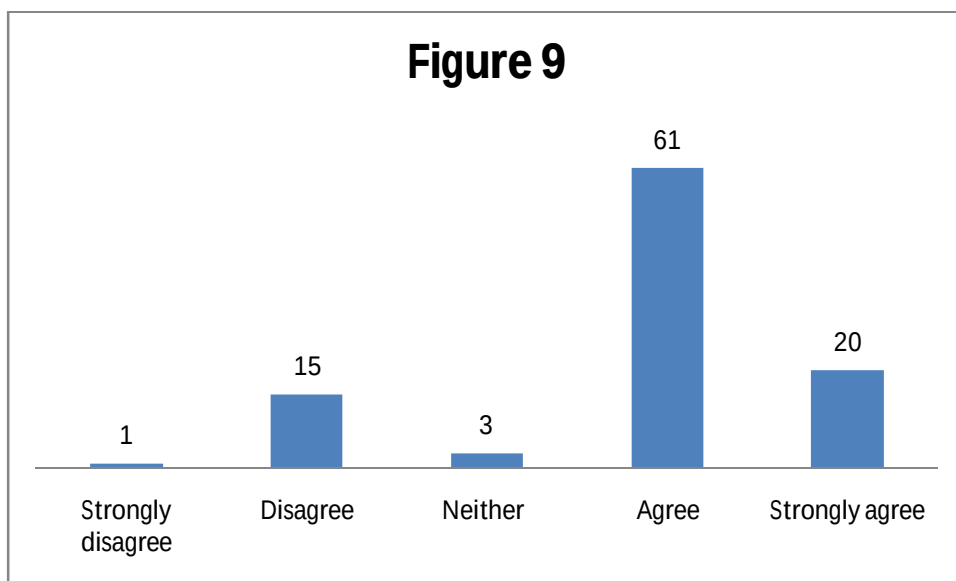


Figure 9 is concerned with literacy which is now considered very important and required for cashless economy. The chart reveals that 81% of the respondents agree with the proposal while 16% do not consider it. Only 3% the respondents could say nothing.

10) Transparency in cashless economy

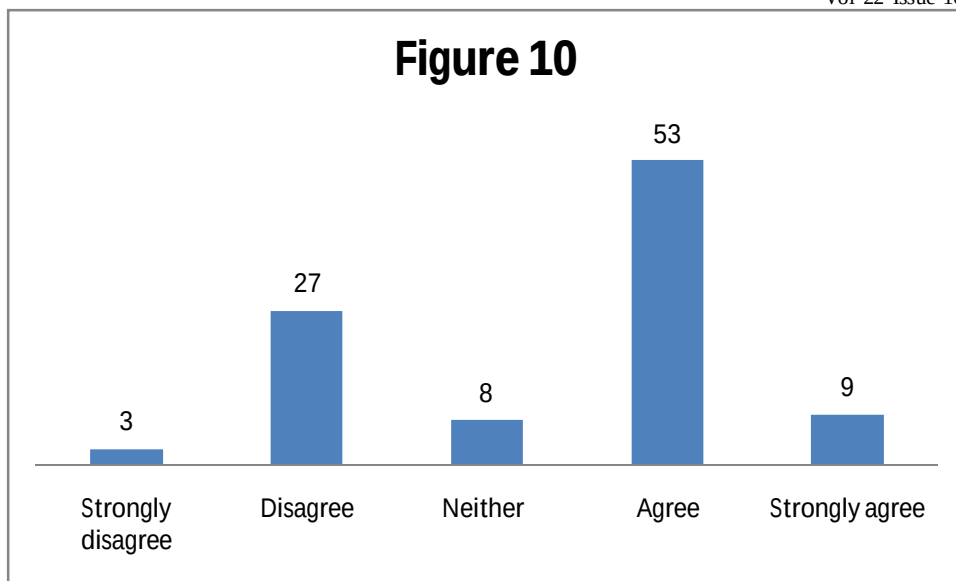


Figure 10 is related with transparency in cashless economy which is considered very important for cashless economy 62% of the respondents favour transparency is cashless economy while 30% of them do not considered it so important. Only 8% of the respondents were not in position to say anything.

11) Cashless economy will enhance the efficiency of the economy

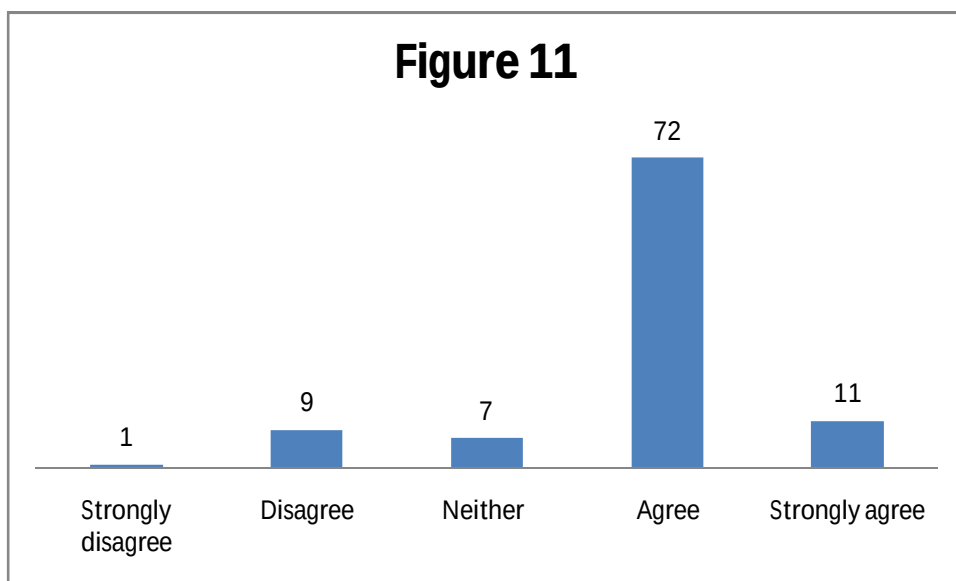


Figure 11 reveals that cashless economy enhanced the efficiency of the economy. 83% of respondents supported the motion. It also reveals that 10% of them were disagreed while 7% of them replied nothing.

12) Electronic channel will play important role in financial inclusion

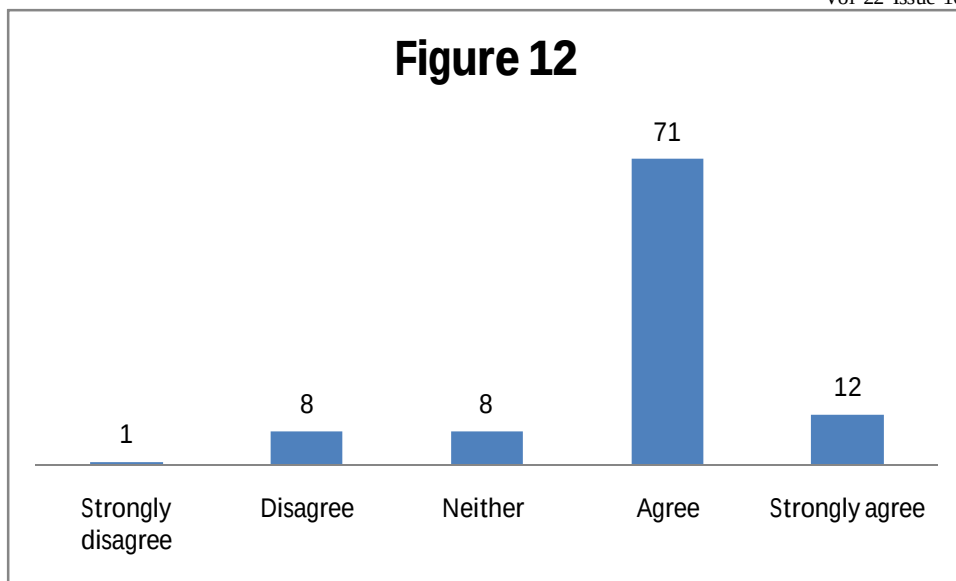
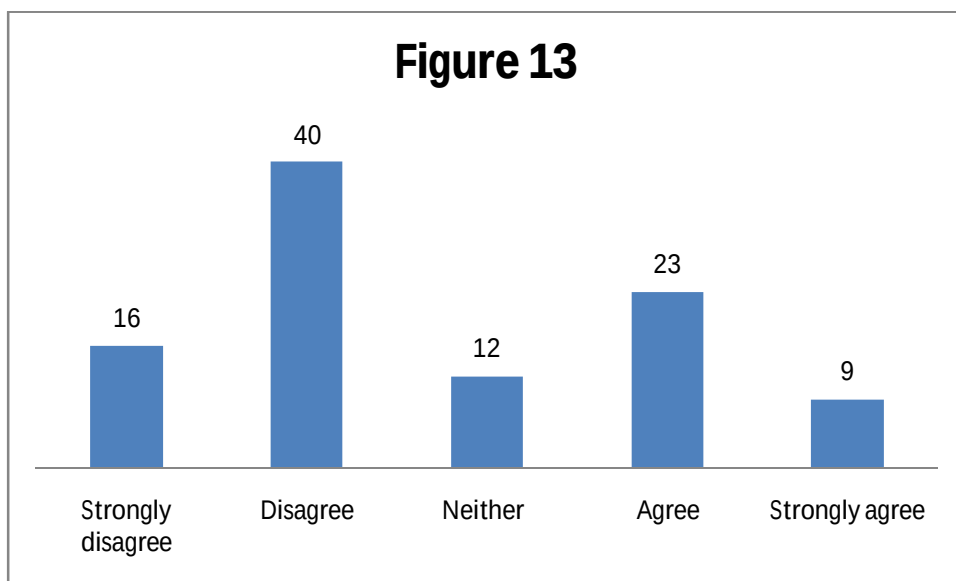


Figure 12, the study further examine the role of electronic channel in financial inclusion. Figure 12 shows that 83% of the respondents were in favour of the opinion while 9% of them were against the proposal. 8% of them were silent over the issue.

13) Cashless economy will hamper the function of banks



In response to question whether cashless economy will hamper the functions of banks (Figure 13) 56% of respondents were disagreed while 32% were agreed with the questions. 12 % of them did not decide.

14) Cashless economy may play a vital role in implementation of welfare programmes/policies in urban informal sector

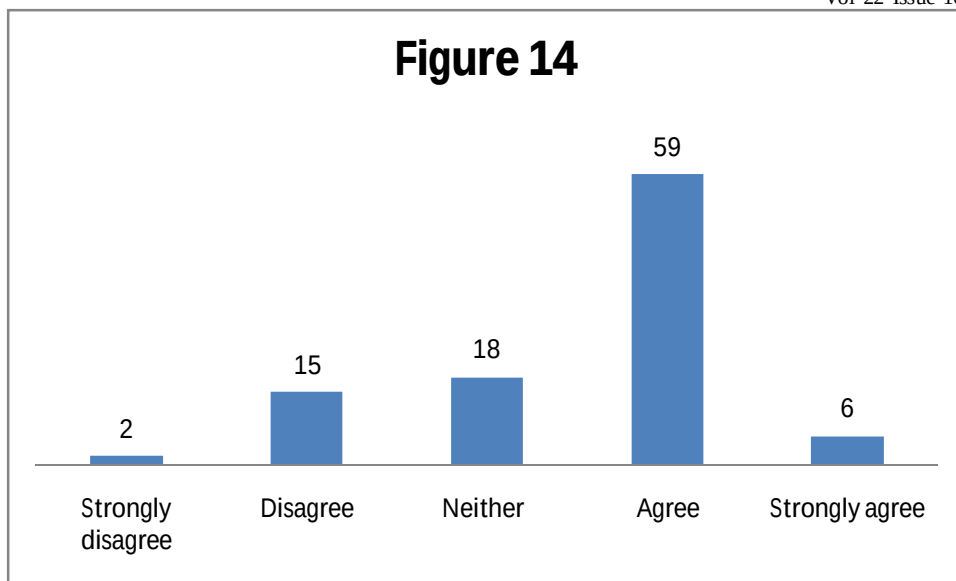


Figure 14 is concerned with the impact of cashless economy in implementation of welfare programmes in urban informal sector. Table reveals that 65% of the respondents agreed and 17% of them were disagreed with the question and 18% of them were silent.

15) Digital payment may lower the transaction cost

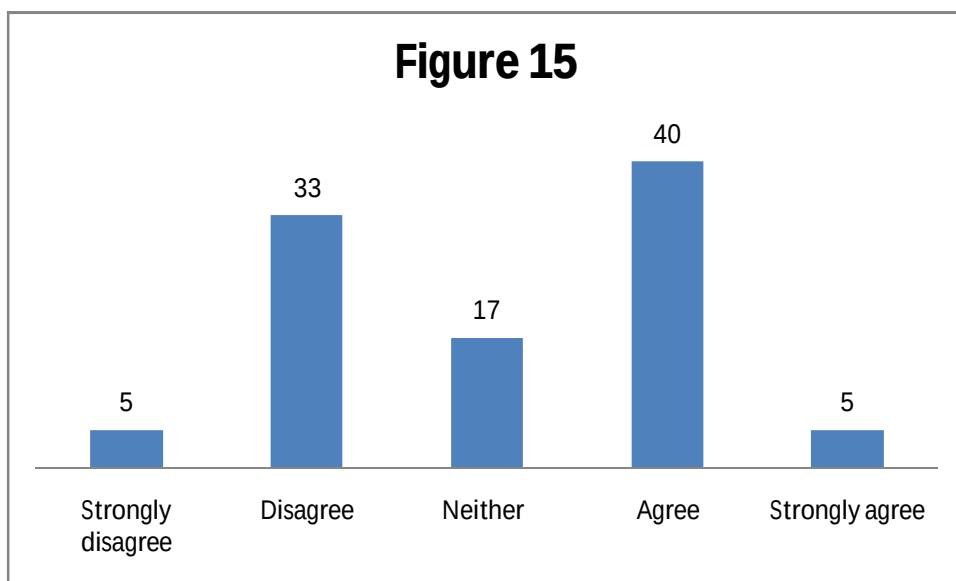
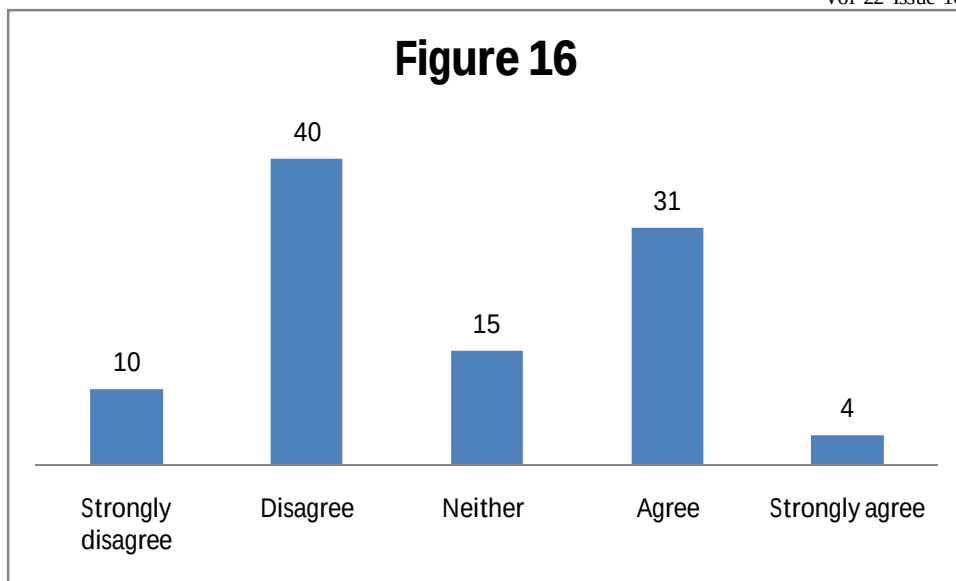


Figure 15, It is expected that digital payment decreases the transaction cost. According of table 15, 45% are in favour that it lowers the transaction cost while 38% do not think so 17% of the respondents were not in position to give their opinion.

16) Digitalization will hamper the circulation of Currency/Notes in India



Whether digitalisation hampers the circulation of currency/notes in the country, the Figure 16 reveals that 35% of the respondents favour it while 50% of them do not favour and 15% are neutral.

17) Frequency to receive cash

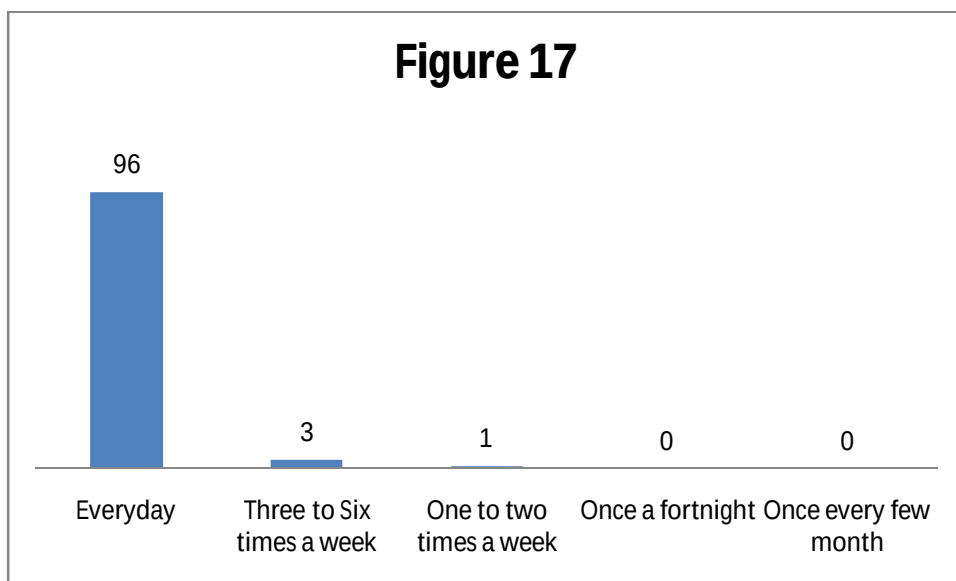


Figure 17 reveals the position of frequency to receiving cash. It reveals that 96% of the respondents receiving cash every day while only 4% of them receive cash two times to six times in a week. The study further shows that frequency to receive cash once in a fortnight/month is zero.

18) Prefer to receive in cash or your card

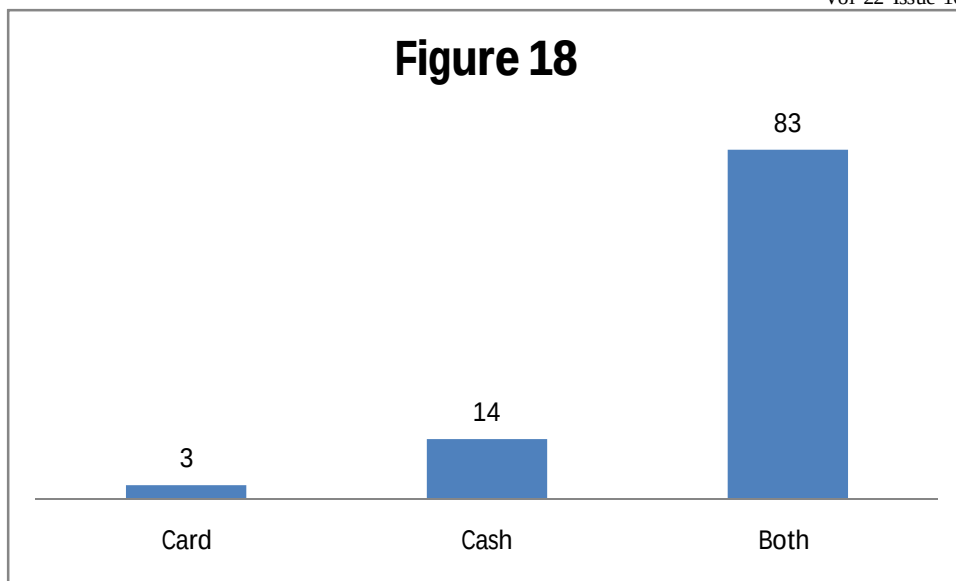


Figure 18 shows the Preference of respondents whether they want to receive money in cash or through card. The study reveals that only 3% of respondents prefer to receive through and while 14% of them prefer to receive in cash. It is important to note that 83% of the respondents prefer both.

19) Receiving payments from mobile phone/smart phone

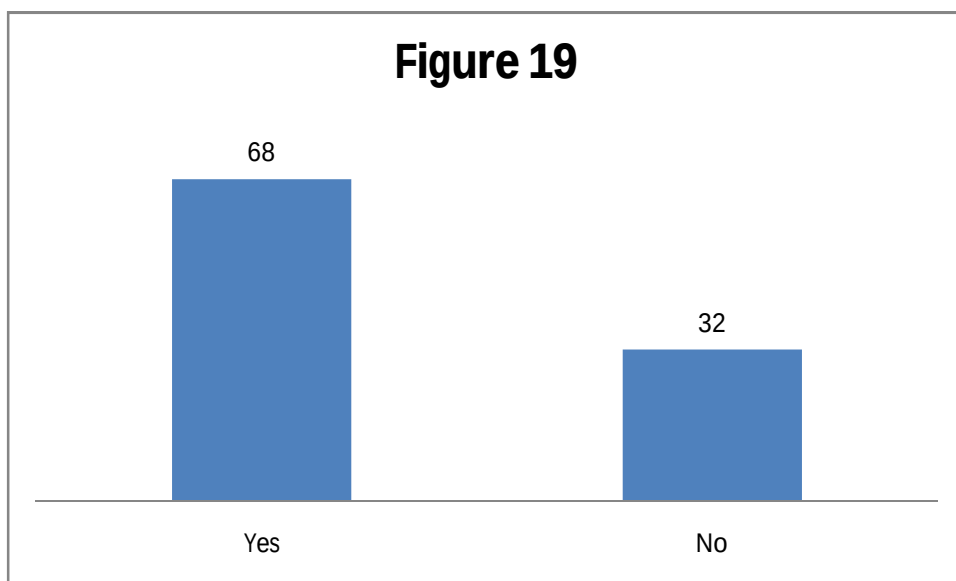


Figure 19 is concerned with receiving of payments through mobile phone/smart phone. It is clear from the table that 68% of the respondents prefer receiving payment from mobile/smart phones while 32% of them do not prefer.

20) Receiving payments from mobile phone/smart phone

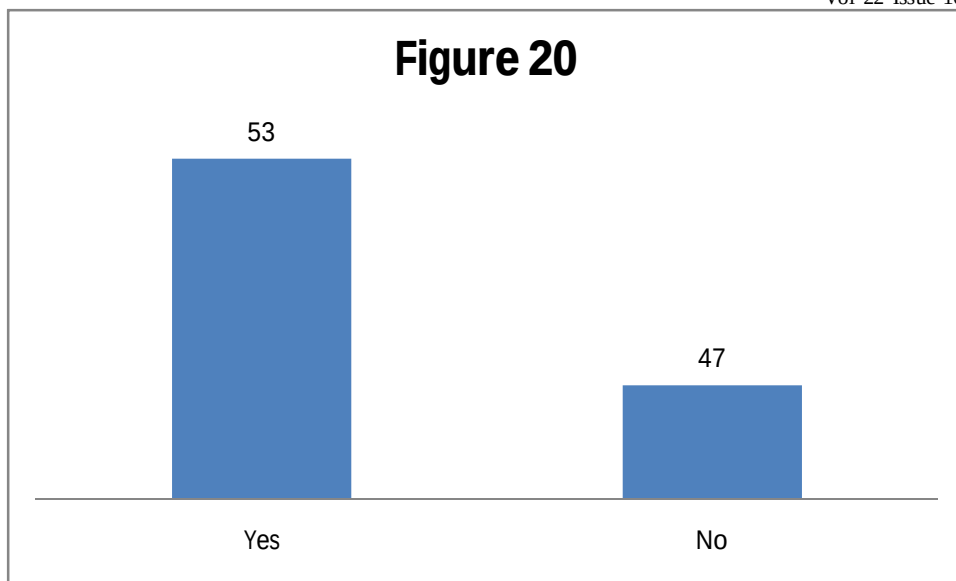


Figure 20 establishes relation between cashless selling and chances of increasing fraud or theft. 53% of the respondents believe that cashless selling will increase the chances of fraud or theft while 47% of them do not think so.

E) Observations of the study

At present Indian Economy is a developing economy moving towards being a developed economy having its several strong linkages with the world economy. Indian economy being a developing economy suffers from various shortcomings which will take time to be rectified. One of these shortcomings is not so developed form of advance system of financial transaction. At present our financial payment or transactions system lacks transparency. Accountability speed and the short falls in our financial transactions system have created some ill effects in Indian Economy like generation of black money etc.

1. People in general have positive view about the cashless transactions but they apprehensive to some extent regarding security of these transactions. So, these apprehensive will have to be removed by a transparent and technically strong digital payment platform.
2. Over the years digital payment would grow and cyber platform related to payment gateways would be overloaded. So, to avoid this situation digital infrastructure will have to be up to the mark.
3. To deal with digital fraud strong cyber laws are needed and these laws will enhance the faith of people in digital payment system.

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