

Changing Winds from Cash Economy to Less Cash Economy- An Empirical Investigation of Perceptions of Students and teachers

Chitra Golcha Saruparia

LL.M Student

Jai Narayan Vyas University, Jodhpur. Rajasthan

Demonetization of two highest denominations currency of INR 500 and INR 1000 on November 8, 2016 in India had initiated winds of change. The velocity of circulation of cash money is declining and gradually becoming the secondary mode of payment. Government is also promoting usage of digital transactions. Reserve Bank of India in its document "Payments and Settlement Systems in India: Vision 2018" aimed at making a cashless economy. However, journey from cash economy to less cash economy and eventually cashless economy is not smooth due to several constraints like lack of awareness among people, high illiteracy rates, internet connectivity and security, and cybercrimes, which require more technological development and government intervention.

This study aims to make an empirical investigation of perceptions of students and teachers towards less cash transaction. The sample consists of 100 final year students and 100 teachers of engineering, management, commerce and Law University chosen through convenient sampling. The rationale for choosing sample is to capture the perceptions of budding technocrats, managers, businessmen, legal advisors who will play a major role in building India a less cash society. Survey method is used for data collection with the help of questionnaire. The results shows that less cash economy paradigm has resulted into perceived benefits to the users however there is still a long way to go so that full gains of digital transactions can be reaped by improving the existing infrastructural facilities.

Keywords: Cashless Economy, demonetization, digital economy, velocity of circulation

I. INTRODUCTION

Demonetization of two highest denominations currency of INR 500 and INR 1000 on November 8, 2016 in India had initiated winds of change in payment habits of an individual. On November 27, 2016, our Prime Minister Mr. Narendra Modi declared, 'Our dream is that there should be a cashless society. This is correct that 100 percent cashless society is never possible. But we can make a start with a less –cash society, and then cashless society which will not be a far-off destination.'

Cashless transactions are known as "A cashless payment that eliminates the usage of money as a medium of exchange for goods and services by allowing electronic transfer payments" (Tee& Ong, 2016). But they have not shown any conclusive evidence on the adoption of cashless payment and its positive effect on the economy. Cashless economy might help in curbing black money through reduction in tax evasion and government may use this money for developmental purposes.

II. Statement of the Problem

According to the U.N. World Urbanization prospects report 2018, about 34 percent of India's population lives in urban areas. Now a days plastic cards like credit and debit cards, online payment services like Paytm, PayPal, Payum, Google Pay are becoming popular in urban India. Changing winds from cash to less economy aimed to ease the volume of business transactions and strengthen the macroeconomic stability of the nation. But these changingwinds havebought some storms with it. Therefore it is necessary to unravel the storms behind the changes which if regulated can help in reaping the true advantages of less cash transaction system.

III. Objectives of the Study

The primary objective of the paper is to analyzethe perceptions of teachersand students of engineering, Management Collegeregarding their knowledge about the less cash economy. The rationale for choosing sample is to capture the perceptions of budding technocrats, managers, businessmen, legal advisors who will play a major role in building India a less cash society.

IV. Research Methodology

The sample consists of 100 final year students and 100 teachers of engineering, management, commerce and Law University chosen through convenient sampling. Survey method is used for data collection with the help of questionnaire. Secondary data is used from various government reports, journals and websites.

V. Significance of the Present Study

The significance of the present study lies on the fact that if the storms of the changing winds are contained then it will give more confidence to the user to shift mostly to the less cash transactions system. But this process will require sound formulation and implementation of government policy.

VI. Data Analysis & Interpretation

[a] Respondent's gender

For the purpose of research, 10 teachers of engineering, 10 teachers of management, 20 teachers of commerce, 60 teachers of Law and 100 final year students were chosen from the above colleges.

Out of the total 200 respondents participated in the survey; the gender of respondents is as follows:

Gender	Frequency	Percentage
Male	100	42.5
Teachers	45	
Students	40	
Total	85	
Female	100	57.5
Teachers	55	
Students	60	
Total	115	

[b] Knowledge about the Emergence and Need of Less Cash transaction system to the users

Knowledge Level about less cash transaction system	Opinion	Frequency	Percentage
1. Are you aware about cash less transaction systems adopted in India?	Strongly Agree	95	47.5
	Agree	88	44
	Disagree	10	5
	Strongly disagree	7	3.5
	Total	200	100
2. Was there need of the adoption of cashless transaction?	Strongly Agree	60	30
	Agree	78	39
	Disagree	29	14.5
	Strongly Disagree	33	16.5
	Total	200	100
3. Do you feel that you have enough information to make an informed decision?	Strongly Agree	30	15
	Agree	35	17.5
	Disagree	80	40
	Strongly Disagree	55	27.5
	Total	200	100

The table reveals that there is about 91 percent of the respondents are aware about cash less transaction systems adopted in India. As the scope of the study was confined to students and teachers community hence it is expected them to be aware of the changing winds from cash to less cash transactions. About 69 percent of the respondents were in favour of the adoption of

cash less transaction systems whereas about 31 percent had disagreement about it. They opined that India is not ready to face the challenges and costs of cashless platforms. About 67 percent of respondents believe that they don't have complete information to make an informed decision which indicates market failure which merits for government intervention. This points out to the storms in the midst of changing winds from cash to less cash transaction system.

[c] Benefits of Less Cash Economy

According to the responses on the perceived benefits on less cash economy, about 88 percent of the respondents believed that benefits that a cashless system is supposed to bring helped them in their institute. Similarly most of the respondents believed that less cash transaction would curb the risks of fake currency, cash related robbery and black money and would enhance GDP of the nation and attract foreign investment.

Perceived Benefits	Opinion	Frequency	Percentage
1. Would the benefits that a cashless system brings be helpful to you at your institute?	Strongly Agree	80	40
	Agree	89	44.5
	Disagree	26	13
	Strongly Disagree	5	2.5
	Total	200	100
2. It is easy to use and quicker and time saving.	Strongly Agree	88	44
	Agree	81	40.5
	Disagree	28	14
	Strongly Disagree	3	1.5
	Total	200	100
3. Increase Gross Domestic Product and Employment	Strongly Agree	79	39.5
	Agree	82	41
	Disagree	18	9
	Strongly Disagree	21	10.5
	Total	200	100
4. It would decrease risk of fake currency.	Strongly Agree	92	46
	Agree	71	35.5
	Disagree	26	13
	Strongly Disagree	11	5.5
	Total	200	100
5. It would minimise risk of cash related robbery.	Strongly Agree	121	60.5
	Agree	73	36.5
	Disagree	3	1.5
	Strongly Disagree	3	1.5
	Total	200	100

	Total	200	100
6. It would curb black money by reducing tax evasion and ensure transparency.	Strongly Agree	71	35.5
	Agree	83	41.5
	Disagree	28	14
	Strongly Disagree	18	9
	Total	200	100
7. It would attract foreign investment.	Strongly Agree	67	33.5
	Agree	52	26
	Disagree	22	11
	Strongly Disagree	59	29.5
	Total	200	100
8. It would reduce transaction cost.	Strongly Agree	116	58
	Agree	76	38
	Disagree	4	2
	Strongly Disagree	4	2
	Total	200	100
9. It would minimise bank queues.	Strongly Agree	124	62
	Agree	65	32.5
	Disagree	4	2
	Strongly Disagree	7	3.5
	Total	200	100
10. It would improve credit availability and strengthen banking system.	Strongly Agree	102	51
	Agree	80	40
	Disagree	11	5.5
	Strongly Disagree	7	3.5
	Total	200	100

[d] Challenges associated with Less Cash Economy

Perceived Challenges	Opinion	Frequency	Percentage
Lack ofadequate financial platforms	Strongly Agree	45	22.5
	Agree	56	28
	Disagree	77	38.5
	Strongly Disagree	22	11
	Total	200	
Lack of technology knowhow	Strongly Agree	77	38.5
	Agree	96	48
	Disagree	7	3.5
	Strongly Disagree	20	10
	Total	200	100
Risk of cyber crimes	Strongly Agree	140	70
	Agree	43	21.5
	Disagree	15	7.5
	Strongly Disagree	2	1
	Total	200	100
Poor internet connectivity	Strongly Agree	110	22
	Agree	68	34
	Disagree	13	6.5
	Strongly Disagree	9	4.5
	Total	200	100
Threat to privacy	Strongly Agree	113	56.5
	Agree	59	29.5
	Disagree	23	11.5
	Strongly Disagree	5	2.5
	Total	200	100
Need of financial literacy and awareness	Strongly Agree	122	61
	Agree	59	29.5
	Disagree	11	5.5
	Strongly Disagree	8	4
	Total	200	100

Above table points out the perceived challenges or difficulties in completely embracing the less cash economy. Cyber crimes, privacy threats, poor internet connectivity, lack of financial literacy and awareness are the major perceived problems in adopting cashless economy.

VII. Conclusions

Though visualising cent percent cashless economy is impossible but one can always start with less cash transactions and eventually may be cashless. The above analysis shows that less cash transactions would curb the risks of fake currency; cash related robbery, black money and would enhance GDP of the nation and attract foreign investment. However, journey towards less cash transaction system depends on how effectively the issues like Cyber crimes, internet frauds, privacy threats, poor internet connectivity, financial literacy and awareness are dealt; which calls for sound government intervention and efficient outcomes through sound regulatory policies.

VIII Suggestions

Cashless transactions are a good initiative which is supported by the respondents of the present study. However, there are some bottlenecks in its complete implementations which need to be corrected properly. Following measures can be taken to strengthen cash less initiatives:

- (i) The Government should ensure that payments made through on line mode should not be costlier. Usually banks deduct bank charges or processing fees which can be a major impediment in fully embracement of cashless system. RBI must intervene regularly to reduce transaction costs.
- (ii) The Government and private sector should spread financial literacy and digital education so that the benefits of cashless economy can be reaped.
- (iii) The government must have robust e-commerce policy to safeguard the interest of consumers.
- (iv) The Government must set up a robust physical and technological infrastructure to encourage cashless drive.
- (v) There should be a strong mechanism for data security and a fast track grievance redressal system. If above measures could be implemented property then definitely it would have a strong effect on the perceptions of user in embracing cashless transactions .

IX Limitations

The study is done on a small sample size consisting of teachers and students so the results of this study may suffer from limited generalizability. So there is enough room for further study.

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