

INCLINATION TOWARDS CASHLESS TRANSACTIONS: A STUDY WITH REFERENCE TO KOLKATA

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Abstract:

According to one of the latest reports by RBI, digital (cashless) transactions in India reached a record 1.11 billion in January 2018. This includes payments in the form of POS-terminals, internet banking, digital wallets etc. It is significant to observe that demonetization paved the way for cashless transactions in India. The Indian government is trying to emphasize on digital transactions by encouraging us to go cashless. The government is considering it as an important tool of eradicating black money and terror financing. The purpose of this paper is to evaluate how far the government has succeeded in inculcating the habit of cashless transactions among us-especially for the people of Kolkata.

Key words: Cashless transactions, digital payments

Introduction

Cashless transaction implies the use of electronic payment instruments in the form of debit cards, credit cards, mobile wallets or e-banking etc. The government is eyeing cashless economy as an important step for boosting our economy. The government is encouraging the use of IMPS, NEFT, RTGS and other digital payments to reduce the dependence of people on cash transactions. The government is also considering digitizing payments for fertilizer subsidies. A cashless economy would also increase transparency in transactions and likely to increase government revenue in the form of tax. The government is also planning to digitize school fee payments and subsidy payments to schools and educational institutions. According to the government, India has high absolute cost of cash. This includes cost incurred by the bank for printing notes, moreover the cost of printing notes of lower denomination is higher. It can be ascertained that lower denominated currencies (like twenty rupees) are likely to be presented as coins in near future due to high cost of printing.

Literature review

Dr. K. A. Rajanna in the article entitled “ Growth of cash-less transactions in India: Challenges and Prospects “(2018) explained the growth of cashless transactions in India, challenges associated with it and remedial measures to overcome them.

Dhanajay. B. and Suresh Chandra B. in the article “ The Electronic Banking Revolution in India “ (2015) outlined the progress of electronic banking in India leading the stage for cashless economy.

Ms. Pranjali A. Shendge, Mr. Bhushan G. Shelar, Smitaraja S. Kapase in their research paper “ Impact and Importance of Cashless Transaction in India “ (2017) focussed on the role of cashless transactions in our economy and analyzed the future trend of cashless transactions.

Pappu B. Metri & Doddayallappa Jindappa in their paper “ Impact of Cashless Economy on Common Man in India “ (2017) reflected the troubles related to cashless services in rural India and suggested some measures for it.

Objectives of the study

1. To evaluate the inclination of people of Kolkata towards cashless transactions.
2. To evaluate the most important causes for the sudden upsurge in digital transactions.
3. To evaluate the benefits of going cashless.
4. To determine the cause of hesitation in availing cashless services.

Methodology

The following analysis is based on a descriptive research design. I have used primary data and secondary data for this study. An interview schedule of the respondents was administered for collecting primary data. The secondary data was collected from web pages and journals. The sampling frame consists of 100 people from Kolkata and the sampling units were working individuals, businessmen and young people of all categories. Data analyzing is carried out through statistical tools which include percentage analysis.

Analysis and Discussion:

We have conducted a survey with respect to usage of cashless transactions.

TABLE 1: USERS & NON-USERS OF CASHLESS TRANSACTION

| SL NO | CATEGORY | NO. OF RESPONDENTS | PERCENTAGE |
|-------|----------|--------------------|------------|
| 1 | USER | 80 | 80 |
| 2 | NON USER | 20 | 20 |
| | TOTAL | 100 | 100 |

From the above table it can be observed that majority of people use cashless service in Kolkata.

TABLE 2: MOST FAMILIAR PAYMENT GATEWAY FOR CASHLESS TRANSACTIONS OF RESPONDENTS

| SL NO | PAYMENT GATEWAY | NO OF RESPONDENTS | PERCENTAGE |
|-------|----------------------|-------------------|------------|
| 1 | PAYTM | 12 | 15 |
| 2 | GOOGLE PAY | 5 | 6.25 |
| 3 | MOBIKWIK | 3 | 3.75 |
| 4 | PHONE PE | 4 | 5 |
| 5 | POS TERMINALS(CARDS) | 30 | 37.5 |
| 6 | FREECHARGE | 2 | 2.5 |
| 7 | NET BANKING | 24 | 30 |
| | TOTAL | 80 | 100 |

From the above table it can be seen that the most familiar payment gateways are debit & credit cards followed by internet banking and paytm.

TABLE 3: FACTORS LEADING TO INCREASING CASHLESS TRANSACTION

| SL NO | FACTORS | NO OF RESPONDENTS | PERCENTAGE |
|--------------|--|--------------------------|-------------------|
| 1 | DEMONETISATION | 24 | 30 |
| 2 | ADVERTISEMENTS | 8 | 10 |
| 3 | DEMONSTRATION EFFECT | 16 | 20 |
| 4 | USE OF MORE DIGITAL GADGETS LIKE SMARTPHONES | 32 | 40 |
| | TOTAL | 80 | 100 |

From the above table it can be seen that the number of users of cashless service has increased due to use of more smartphones and other digital gadgets.

TABLE 4: BENEFITS OF CASHLESS TRANSACTION

| SL NO | BENEFITS | NO OF RESPONDENTS | PERCENTAGE |
|--------------|-----------------------------|--------------------------|-------------------|
| 1 | LESS TIME CONSUMING | 19 | 23.75 |
| 2 | CASHBACK OR REBATE | 20 | 25 |
| 3 | CONVENIENCE | 15 | 18.75 |
| 4 | ACCESSIBILITY(24*7 SERVICE) | 26 | 32.5 |
| | TOTAL | 80 | 100 |

From the above table we can observe that accessibility or availability is the most significant benefit from cashless transactions as per our respondents.

TABLE 5: REASONS FOR HESITATION IN GOING CASHLESS

| SL NO | REASON | NO OF RESPONDENTS | PERCENTAGE |
|--------------|--|--------------------------|-------------------|
| 1 | LACK OF TECH-KNOWHOW | 12 | 60 |
| 2 | POVERTY & ILLITERACY | 1 | 5 |
| 3 | POOR INTERNET CONNECTIVITY IN SOME AREAS | 2 | 10 |
| 4 | LACK OF MERCHANT ACCEPTANCE | 5 | 25 |
| | TOTAL | 20 | 100 |

From the above table it can be noted that people hesitate to use cashless services mostly due lack of knowledge about usage of these services.

FINDINGS:

- Majority of the respondents (80%) are using cashless services, while the remaining 20% are still hesitating to go cashless.
- Majority of the users of cashless services are familiar with card payments (37.5%) followed by net banking (30%) and Paytm (15%).
- People of Kolkata are going cashless mostly due to more use of smartphones (40%). It is significant to observe that demonetisation is one of the most important cause of shift towards cashless economy, but as time has brought a lot of money back into circulation, it becomes the secondary cause according to the respondents.
- According to the respondents, the 24 hour service followed by cashback and other offers are indulging people towards cashless transactions.
- It is significant to observe that the remaining 20% are hesitating to go cashless mainly due to lack of proper knowledge about its usage and hesitation of merchant's to accept these digital gateways.

CONCLUSION:

It can be concluded that most people of Kolkata are shifting towards cashless transactions for easy accessibility, cashback and other offers, savings in time and convenience. Demonetisation was a major cause for this shift leading to reduction of usage of cash. A gradual move towards a cashless society as said by the prime minister is the right way forward. The government has taken many initiatives to induce us towards cashless economy, but it may take more than a generation to completely transform this economy into a cashless one. Digital transactions are transparent enough to reduce tax evasion. Even street vendors are now slowly using cashless services which is a remarkable improvement in the process of getting a cashless India.

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