

# CASHLESS TRANSACTION- A LITERATURE REVIEW

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## **Abstract**

*The country had been snowed under with the issue of parallel economy & black money for decades now. Honest Taxpayers were unhappy that their hard earned income was taxed; the corrupt were getting away with their ill-gotten wealth. Prime Minister Shri Narendra Modi, took a bold step in this regard and announced the Demonetization scheme. The Indian government made an aggressive move on November 8 to overnight demonetize its high-level currency notes –in a bid to fight black money and dismantle the country's flourishing parallel economy. There has been large scale and widespread disruption no doubt, but the common man in most cases has welcomed the decision of the Government and is supporting the Prime Minister much to the chagrin of the Opposition Leaders. The paper is prepared based on the secondary data collected on a different domain of cashless economy. The study reveals that cashless economy has helped in curbing black money, fake currency, reduce cash related robbery, helps in improving economic growth of our country.*

## **Introduction**

India – traditionally a cash based economy – recently announced the biggest, and most ambitious move to crack down black money and move towards digitization and cashless economy.

## **Background**

The payments landscape in India is undergoing a transformation: traditionally a cash-based economy, it has seen an increase in card-based and mobile transactions. In spite of advances made in the recent years by the Government and regulators to popularize cashless transactions, India continued to be a high-cash-usage economy. But on November 9<sup>th</sup>, 2016 Prime Minister Narendra Modi took entire India by surprise when he announced the **demonetization** of INR 500 and INR 1000 notes. There was a mad dash to withdraw smaller bills, or deposit bigger ones, at automatic teller machines around the nation before they shut down temporarily. This demonetization decision has been the biggest, and most ambitious step ever to crack down on black money and fake currency and to move India towards a 'cashless' economy.

## **Objective of the study**

1. To study the views of various authors on cashless transaction.

## **Literature Review**

(Pathania, 2016) in his article mentions some of the benefits of cashless transactions to nations like increased GDP by using cards and reduced social cost, increased in financial inclusion due to acceptance of e-payments, reduces the shadow economy, reduced in cash payment enables e-commerce growth and facilitated trusted transactions online. He says that at 1.7% of GDP, India incurs a much higher cost of cash compared with most developed economies.

Every changing digital world had a huge impact on Human resource. It had created an impacts on their jobs and their workplaces. He mentions five challenges that the human resource has to in the present as well as in the future. The five challenges are- (i) figuring out when processes should be automated, versus when a human face or voice is the best route, (ii) better communicators in order to effectively leverage the digital space, (iii) simplifying the data and provide a clear picture of their current workforce as the data are scattered among multiple systems and acquired in varied formats, (iv) fear from the legal department of using social media and (v) HR has to evaluate what function can be automated and provide desired level of services. (Lauby, Mar 23, 2011)

(Hunt, 2014), Talked about the critical role to be played in ensuring the efficient and effective transition and transformation from Industrial Era models and processes to their Digital Era upgrades. He further said the social and digital technologies are transferring talent management. In addition to transforming talent management, social and digital technologies are changing the nature of work itself which have extensive human capital management implications, ranging from human capital strategy, organizational structure, and staffing - to job design, training and development, performance management, and compensation.

(Team, 2016), paper clarifies the impact of Demonetization on the availability of credit, spending, level of activity and government finances. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished.

(Sharma, 2017) Conducted a survey to understand the potential for cashless economy in India, through an extensive household survey of Jodhpur city. It was estimated the extent to which households made non cash expenditure. It was also identified the bottlenecks which prevented households to make non cash payments like Security, internet connection, loss of card, hackers activity, lack of technology are worries of customers towards switching to cashless economy.

(Kumari D. N., Impact of Cashless Economy on Common Man in India), The paper meets an attempt to know the awareness about smartphone and the use of Smartphone in rural India. The low literacy rates in rural India, along with the lack of infrastructure like internet access and Power make things extremely difficult for people to adopt e-transaction route.

(Kumari & Khanna, Cashless Payment: A Behavioural Change to Economic Growth, 2017), The study examines the effect of adopting cashless payment on economic growth and development of the developing countries. The paper discovered that the adoption of the cashless economy policy can enhance the growth of financial stability in the country. It appears that much has already been done in making the people aware of the cashless economy and that a sizeable proportion of the people are actually awaiting the introduction of the cashless economy. Cashless economy initiative will be of significant benefits to developing economy; hence the cashless system will be helpful in the fight against corruption and money laundering. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash.

(R., 2016), in his paper what is the relationship between cashless economy and knowledge economy. Cashless economy is the basic way to eradicate black money, but it also used to create awareness about the knowledge economy among the common people. It improves the way of thinking and use of their intellectual capital rights in a proper way. Cashless

economy is the basic way to eradicate black money, but it also used to create awareness about the knowledge economy among the common people.

(Kumari D. , 2016), her paper spread the light on the basic concept of cashless transaction its security issues. She says that insufficient infrastructure is also a major barricade for cashless transaction. Illiteracy is one of the major issues in the path of cashless transaction, as per UNESCO report. Hacking is one of the issues for cashless transaction as per the Economic time is the major challenges in cashless transaction.

(Gupta, 2017), The main of the paper was to find out scheme, achievements and challenges of Haryana government for the cashless transaction. She says that in order to promote cashless transactions in India Central Government has also launched Lucky Grahak Yojana and Digi Dhan Vyapar Yojana in which monetary benefits will be provided to citizens using cashless means for transactions. The Haryana government has decided to observe a 'cashless week' from January 20 to January 27 to promote digital payment in the state. The government has also decided to engage college students and staff (both teaching and non teaching) to promote the mission.

(Garg & Panchal, 2017), her paper led light on the views of people on cashless economy in India. 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 people, lack of transparency & 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.

### Conclusion

Demonetization led by Shri Narendra Mod, to eradicate the menace of black money from the Indian economic ecosystem by embracing one of the boldest decisions by a government post independence- Demonetisation. Post demonetization, cash deposits saw an unprecedented surge which left behind a trail of unaccounted cash. As many as 17.73 lakh suspicious cases were identified where cash deposits didn't match the tax profile. There was also a surge in suspicious transactions which were reported by banks and FIs. The move also led to a drastic decrease in high denomination notes by almost 50%. The innumerable cases of false registrations and unaccounted property came to light with Benami assets worth Rs 1626 crore seized.

Though the demonetization had made people uncomfortable, but it has also helped in mobilizing digital payment, granting rights to poor's, uncovering fake notes, Gaining Momentum in Savings etc.

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