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### **A Study on Problems of a Cashless Society in India**

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#### **Abstract**

With the rising usage of credit/debit cards, digital wallets, e-payments, and digital transfers, India is heading toward a cashless economy. The idea has gained more traction because of the idea of a digital India. The new lingo for India is virtual commerce, e-cash, e-commerce, electronic financial transfers, etc. Even while it is widely accepted that a cashless economy is necessary today, the question is: Is India, with its wide range of economic activity and pervasive economic inequality, prepared for such a transition? This essay examines the obstacles and difficulties connected with doing commercial transactions in contemporary culture without using currency. The primary data for the study is collected from 213 sample respondents through a well-structured questionnaire by the method of convenient sampling using charts, graphs, percentages, and chi-square test. The information was collected such as age, gender, occupation, and educational qualification. Results also shows that strong refusal of cashless transactions by the people from urban and rural areas since there is a high evident of data theft and security hacks, It has been determined that a cashless economy would enable transparent, efficient, and quick transactions, but there are several real-world issues with its widespread implementation which can be remedied by only the people and policymakers by changing and re-enforcing the existing policies.

#### **Keywords**

Electronic Payments/Digital, Cashless Economy, Security Dangers, E-cash, Inequality, Digital India

#### **INTRODUCTION**

Business practices have evolved as a result of technology, which has led to an increase in electronic payments. In India, just 5% of transactions were electronic before the advent of cashless transactions. The amount of paper currency in use has been determined to be significantly greater than in other developed nations. According to a Boston Consulting Group (BCG) and Google India analysis, in 2016 almost 75% of all payments in India were cash-based, compared to 20–25% in affluent countries like the US and Japan. In contrast to Sweden, where just 3% of purchases are performed in cash, 80% of consumer transactions in the United States are electronic, according to Mastercard research. Numerous new payment methods have evolved as a result of technological advancements, such as premium SMS transactions, M-PESA, Pay Pal,

Android Pay, Bitcoins, Flatter, etc. To encourage digital transaction settlement, the RBI has implemented several measures. The establishment of a regulatory framework for digital payments is the most significant of them. The RBI has released a strategy to promote electronic payments in a paper titled Payments and Settlement in India: Vision 2018. Even though the idea of contactless payments is still relatively new in India, its effects on economic development have not yet been determined. Though there are enough laws and policies implemented by the government. Basic indicators like education are being the main cause of the improper enactment of cashless transactions. This research aims to Find the main reason and causes why people refuse Cashless transactions

### **Objectives:**

To Analyze the Problems of Cashless Society

To Explore the remedies for the Promotion of a cashless society

### **REVIEW OF LITERATURE:**

**Gupta, (2017)** has discussed the problems and prospects of a cashless economy and the challenges in making India a cashless economy. They have used consensus methodologies in a sequence to generate and structure the present and future objectives of the Adoption of the cashless system is more beneficial to both economy and the public but implementing this in an economy is a very tedious process since the digital literacy and usage of digital means and the digital transaction is very low in public. He has concluded the concept of a cashless economy to be true in India the center, the state, and the local government should work together to ensure that first every person is financially included in the mainstream. Second, there has to be the option of doing transactions through digital means. There is a need to ensure the safety and security of the cashless transaction.

**Garg&Panchal, (2017)** have analyzed the views of people on the introduction of a cashless economy in India. Based on the survey conducted in the Delhi region & data was collected with the help of a structured questionnaire and analyzed using a simple percentage method. Responses from respondents show that a cashless economy will help curb black money, counterfeit fake currency, fight against terrorism, reduce cash-related robbery, and help in improving the economic growth of our country. Major challenges that can hinder the implementation of the policy are cyber fraud, High illiteracy rate, the attitude of people, and lack of transparency & efficiency in the digital payment system. The study shows that the introduction of a cashless economy in India can be seen as a step in the right direction.

**Anbalagan&Gurusamy, (2017)** have discussed the history of a cashless society, its origin, benefits, and problems. Study used secondary data taken from RBI Bulletin relating to 2015 and 2016 were used for analysis. They have stated that Cashless transactions would be helpful in the context of negative global inflation and quantitative easing. They have concluded that if Indian citizens also favor cashless transaction methods over cash transactions and the effects of cashless transactions on Indian society and economy. Negative interest rates might become applicable. Also, in a cashless society, individual transactions and incomes become accessible to legitimate parties like police or tax officials, and the chances of hacking also increase.

**Ramya& Mohamed Ali(2018)** have studied the problems and importance of a cashless society, the data was collected through both primary and secondary data, A sample of 150 respondents such as the public in Coimbatore city is taken to this study, The convenience sampling method is adopted for this study, the conclusion of the study reveals will take time for moving towards a completely cashless economy, efforts should be made to convert urban areas as cashless areas.

**Kumar et al., (2018)** have analyzed the problems faced by farmers in the cashless payment change. The study has used primary data collected through a farm survey done in October 2017, almost a year after demonetization. The analysis of the study revealed that a large number of farmers have bank accounts and are availing of facilities of debit cum ATM cards, but their functional literacy and infrastructure are inadequate. They have concluded that without removing the fear of farmers and other rural people and bringing change in their attitude, moving towards the digital mode of transactions will not trigger desired results.

**Ramteke, (2020)** has analyzed challenges that are faced by Indian citizens in a move towards a cashless economy. They used secondary data to analyze and used the qualitative method of research. They have concluded that This is the time to embrace the cashless economy like other developed countries and we must make the most of it.

**Mahanta&Kalita, (2021)** have studied awareness of retailers about different cashless payment techniques, and their participation in the movement toward a cashless society. They have used descriptive research. They have concluded that besides the reforms undertaken by the Government of India for promoting cashless transactions, the percentage of retailers in the markets of Guwahati adopting cashless transactions is very low.

**Pahwa& Raj, (2021)** have analyzed major problems faced by the people while using modes of Electronic payments. They have used the exploratory study method. They have concluded that failure of transactions, identity theft, and internet connectivity comes out to be the major problems that the customers' faced while using the modes of e-payment for purchases of goods and services.

**Rajesh et al., (2022)** have discussed perceptions and problems with mobile wallet payments. They have used the empirical method of research. They have concluded that need to concentrate on problems of server down and an internet connection to make mobile wallet payments more secure and accessible. Since the majority of people use mobile wallets, there is a chance of malpractices done by fraudsters so in this regard mobile wallet operators have to be more responsible to curb these kinds of activities.

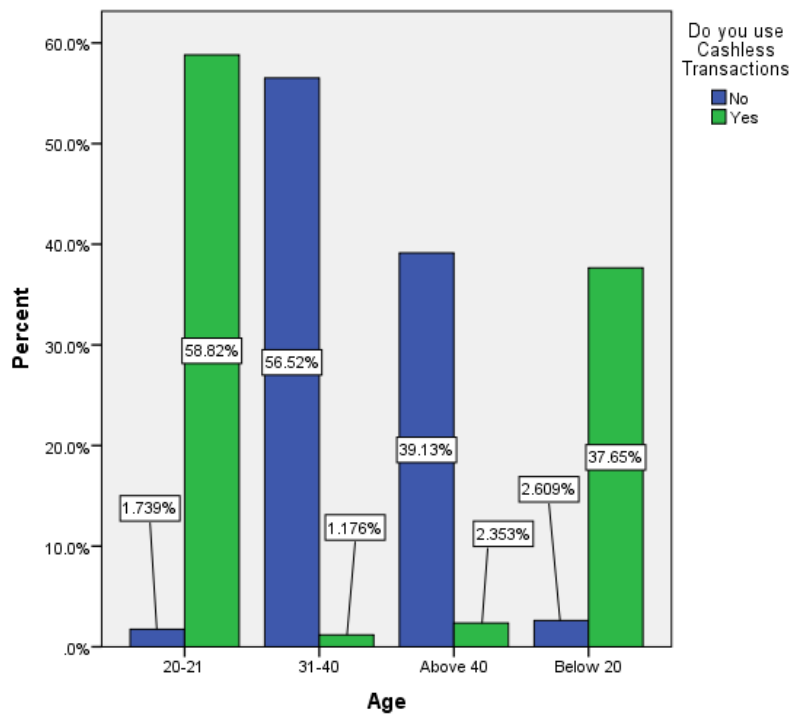
**Manibog& Alvarez(2022)** have analyzed the perceived benefits and disadvantages of cashless financial transactions, in terms of the economic, social, and technological aspects, and the issues that come with them. They have used a descriptive-correlational research method, They have concluded that cashless financial transactions benefit respondents in a variety of ways. However, the inherent drawbacks and limitations of this type of payment mechanism troubled them, and they needed to be addressed appropriately to adequately service their consumers.

## **METHODOLOGY**

This study used both primary and secondary data sources, and various secondary sources like books, articles, research papers, etc., were used as references. Study used convenient sampling method The total Sample Size is 210. The information collected such as education, age gender and their opinion on cashless transaction in india.

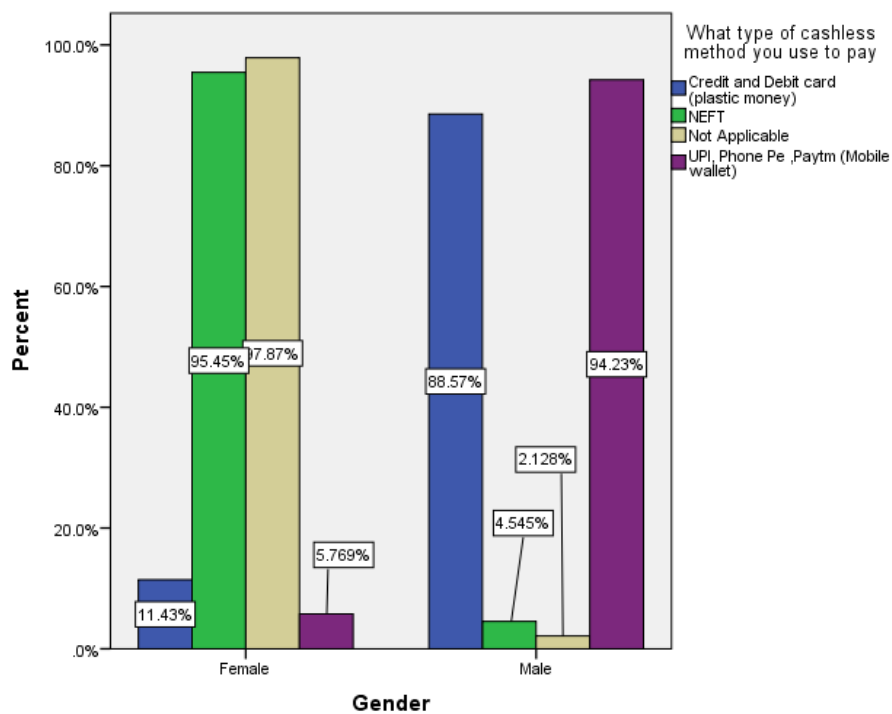
## **ANALYSIS AND INTERPRETATION:**

Figure1:



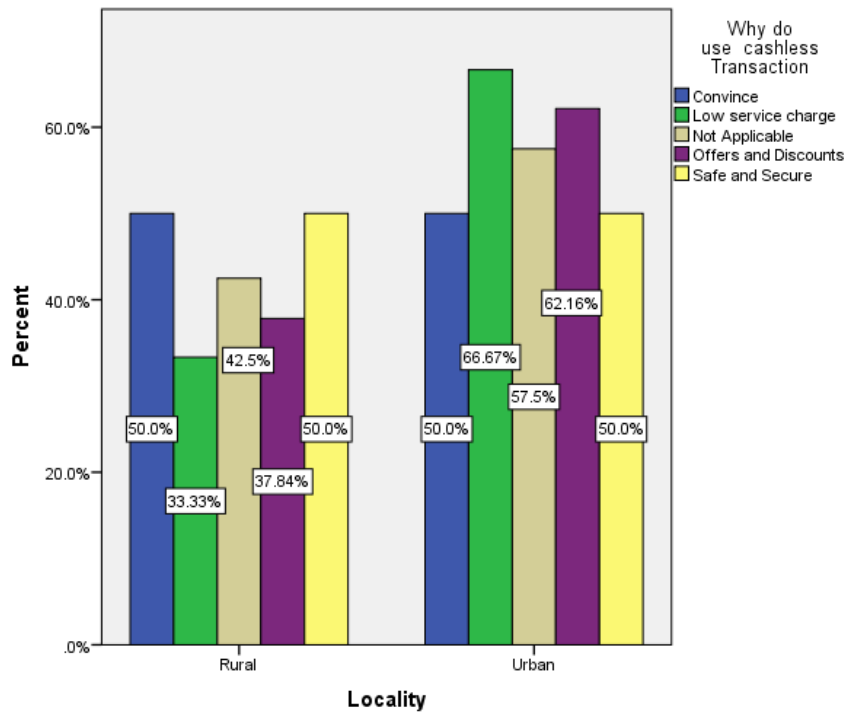
Legend: Figure 1 Shows the Distribution of the responses to "Age" and opinions on whether they use Cashless Transactions

Figure2:



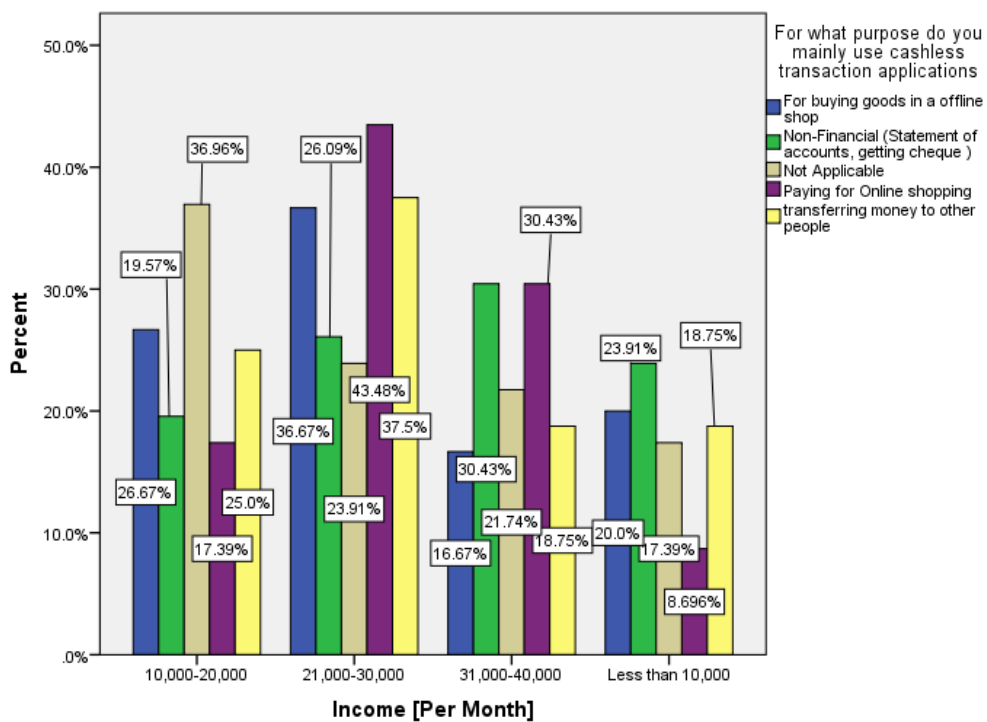
Legend: Figure 2 Shows the Distribution of the responses of "Gender" and opinions on the type of cashless method they use to pay

Figure3:



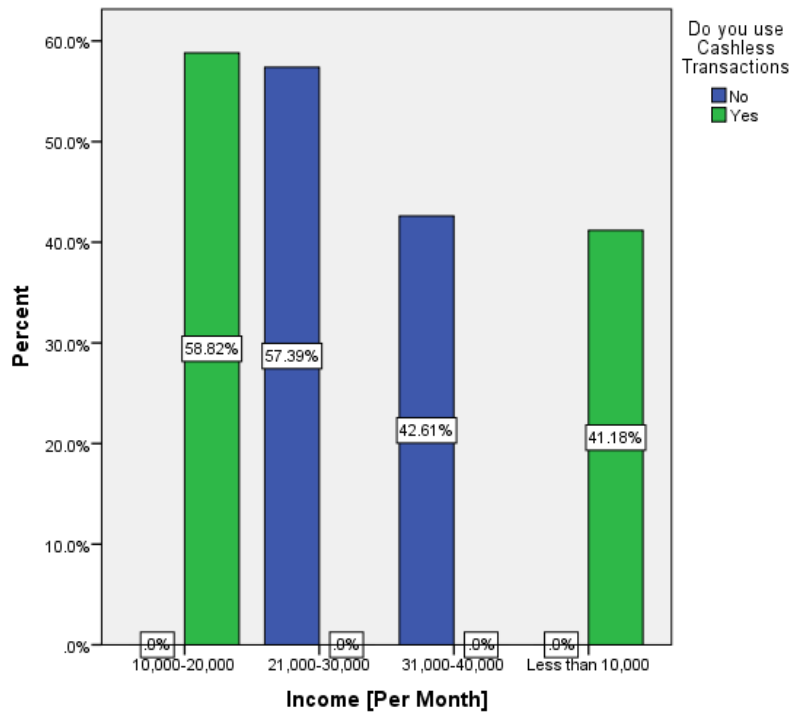
Legend: Figure 3 Shows the Distribution of the responses of "Locality" and opinions on the causes of using cashless Transaction

Figure4:



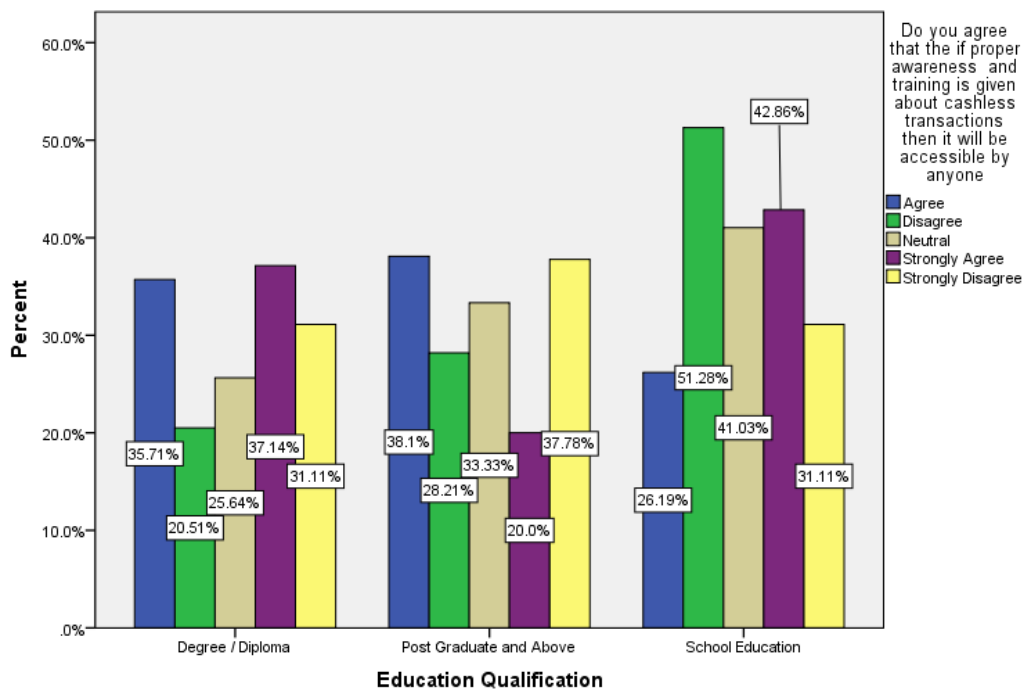
Legend: Figure 4 Shows the Distribution of the responses to "Income [per month]" and opinions on the main purpose of using cashless. Transaction applications

Figure 5:



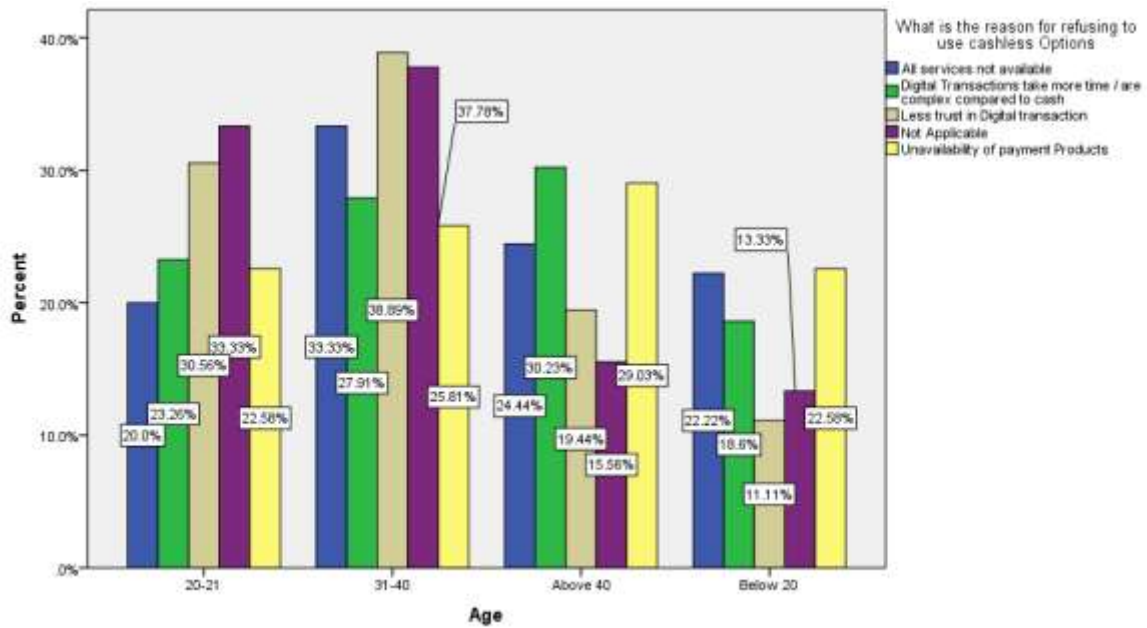
Legend: Figure 5 Shows the Distribution of the responses to "Income [per month]" and opinions on the use of Cashless Transactions

Figure 6:



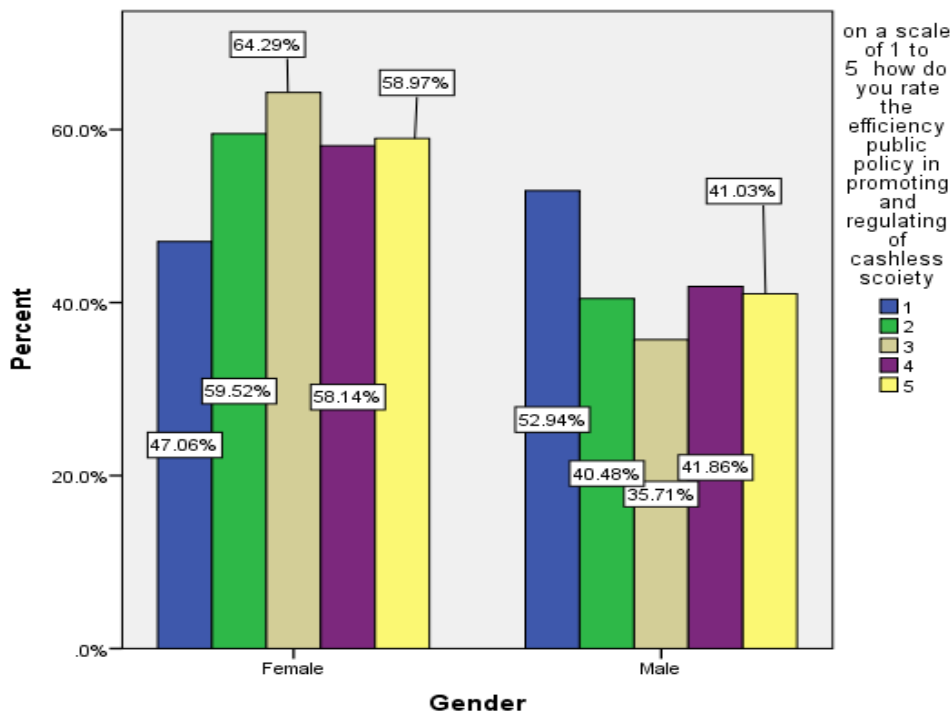
Legend: Figure 6 Shows the Distribution of the responses to "Education Qualification" and opinions on the proper awareness and training given about cashless transactions then it will be accessible to anyone

Figure 7



Legend: Figure 17 Shows the Distribution of the responses to "Age" and opinions on the reason for refusing to use cashless Options

Figure 8:



Legend: Figure 8 Shows the Distribution of the responses to "Gender" and opinions on the efficiency of public policy in promoting and regulating a cashless society

## **RESULTS**

From the figure 1 Respondents from the female gender group responded not applicable and least responded mobile. Wallet, Respondents from the male gender group have mostly responded mobile wallet and least responded not applicable(Figure 2) Respondents from the rural area mostly responded they use cashless transactions because it is safe and secure and least responded they use cashless transactions for their low service charge, Respondents from the urban area mostly responded that they use cashless transactions for their low service charge and least responded because it is convenient to use (Figure 3) Most Respondents who earn 21,000-30,000 have responded that they mainly use cashless transactions applications for payment of online shopping used and the least responses are from respondents who earn 31,000 – 40,000 that they mainly use cashless applications for buying goods from offline shops(figure 4) Respondents who earn 10,000-20,000 mostly responded they use cashless transactions and the least responses are from respondents who earn less than 10,000 (figure 5) Respondents from the age group of 31-40 years of age have mostly responded they refused the use of Cashless transactions because of their less trust in the applications and the least responded Respondents from the age group below 20 years have responded they don't use cashless transactions because they are not trustworthy (figure 6) Respondents who are qualified with school education mostly responded disagree and least responded, Respondents who are qualified with post-graduate least responded Strongly Agree (Figure 7) Respondents from the female gender group mostly responded because it is safe and secure and least responded they use cashless transactions for its low service charge, Respondents from the urban area mostly responded that they use cashless transactions for its low service charge and least responded because it is convenient to use.

## **DISCUSSION**

The respondents from the different age categories have expressed their views regarding the questionnaire on whether they use Cashless transactions. In that, the highest respondents from the age group of 21-30 the highest responses from the group 21-30 years that urban areas disagree This states that the respondents Below 40 are not using cashless transactions compared to respondents from another group The respondents from the different gender groups have expressed their views regarding the questionnaire that What type of cashless method they use to pay. In that, the highest respondents to the questionnaire from the female gender group responded as not applicable and the highest respondents to the questionnaire from the male gender responded that they use Mobile Wallet Apps. This states that the respondents of the Female gender don't use cashless transactions compared to the male respondents.

The respondents from the different localities category have expressed their views regarding the questionnaire on why they use cashless transactions, In that, the highest respondents from the rural areas highly responded not applicable the highest respondents from the urban areas responded they use it because of the low service charge This states that the respondents of rural areas are not developed enough for use and promotion of cashless transactions compared to the respondents from the urban areas. The respondents from the different Income earning groups have expressed their views regarding the questionnaire and what purpose they mainly use cashless transactions. In that, the highest respondents to the questionnaire from the respondents who earn 21,000-30,000 responded to paying for Online Shopping and the highest respondents to the questionnaire respondents who earn 10,000 - 20,000 responded that not applicable. This states that the respondents who earn less money use cashless transactions compared to the respondents who earn more money. The respondents from different Income earning groups expressed their views regarding the questionnaire on whether they use Cashless Transactions. In that, the highest respondents to the



questionnaire from respondents who earn 10,000-20,000 responded yes and the highest respondents from the group who earn 21,000-30,000 group responded no. This states that respondents who earn high income are in fear of using the cashless transactions. The respondents of different Education qualifications expressed their views regarding the questionnaire about whether if proper awareness was given will it be accessible by everyone, the highest number of respondents to the questionnaire who completed and studied school education responded Disagree that proper awareness and training don't ensure the cashless transaction. This states that the respondents have said that cashless transactions should be powered by knowledge which can't be done by awareness. The respondents from the different age categories have expressed their views regarding the questionnaire on why they refuse to use Cashless transactions. In that, the highest respondents from the age group of 31-40 have responded they don't use due to the less trust in Digital transactions the highest responses from the group 31-40 years have responded. This states that the respondents Below 40 are not using cashless transactions compared to respondents from another group. The respondents from different gender groups expressed their views regarding the questionnaire on the efficiency of public policy in promoting and regulating a cashless society. In that, the highest respondents to the questionnaire from the male gender responded as 1 out of 5 and the highest respondents from the female gender group responded as 3 out of 5. This states that male respondents view the ineffective policies compared to the female respondents who are in favor of the promotion policies. The respondents from different localities have expressed their views regarding the questionnaire determining whether economic development is necessary for sustainable development. In this the p-value is described as 14.87. This states there is no. From the secondary data, we can get to know about the factors which affect the use of cashless transactions which are listed as Computer literacy, Data Security, Insecure, privacy violations by hackers, and insecure

Infrastructure of applications that are managed by private and government enterprises which has the main reason as there are no proper legislation actions under developing

## **CONCLUSION**

India is a developing country in various sectors both financial and infrastructure of those sectors if there is a proper development in the system of payment there will be a high increase in the income, and trade activities of the country this also draws the attention of different international financial institutions and If there is the proper development of the infrastructure of the Indian payment system and internet option with an increase in the computer literacy rate there will be an increase in the use of cashless payment applications by everyone in the country. To research this paper's topic—the difficulties Indian residents confront as their country moves toward a cashless economy—we spoke with students, academics, and businesspeople both from urban and rural locations. To eradicate corruption and black money from the country, the Indian government has placed a lot of emphasis on going cashless. To that end, several initiatives and campaigns have been created to inform and inspire citizens. Additionally, several digital payment options were launched to make cashless transactions simple and environmentally friendly. Despite the government's efforts, just 17% of people regularly do cashless transactions. Privacy and security concerns affect a large portion of the population. For two-thirds of the population, the difficulty is the absence of infrastructure. Indians struggle with several issues, including a dearth of education and awareness about the cashless economy.

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