

# Critical Analysis of Cash Less Management Models for Cash less Economy

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**Abstract** - The currency dominated economy transmitting in to cashless economy, for this mobile wallet, plastic money, net banking and digital transactions used as a modes of cashless economy. All the cashless transactions comprises of the closed, semi closed and open for the transactions .The central government as well as state government along with the cabinet also had taken various measures to pay the wages in cashless form. It is suggested that operationalization of opened bank accounts, impose taxes on ATM withdrawals, rebates for electronic payments, create a faith in financial system, consideration of various modes of payment, concentrate on restrictive practices, efforts to be taken for convert urban areas in to rural areas, urban areas in to cashless areas, enables an awareness of cashless economy, reduce the corruption, mandatory of PAN number , promote mobile banking, enable swapping machines by the small shopkeepers, develop the web site in local languages and look after the issue of street vendors

**Key Words:** *Cashless Economy, Swapping Machines, Modes of Payment, Mobile Banking, Website in local languages.*

## I. INTRODUCTION

Introduction of cashless economy is a way to increase the growth of an economy. It is used to control the black money, transparency in transactions , record of all the transactions , increase in efficiency of transactions , but these are all possible only in the developed areas but not in the rural areas . According to Pappu B. Metri & Doddayallappa Jindappa 2017 opined that in rural India it is not possible to implement the E-transactions, due to illiteracy, usage of Bit coin, Apple Pay and pay pal. [14]. Garg (2017) introduction of cash less economy helps to improve the economy of India and it is possible to develop a wallet and any one of an instruments of bank transfer or credit cards. [4]. Roth, 2010 said that developed countries adopt the electronic payments instead of paper payment. [18]. Moses-Ashike, 2011, Marco and Bandiera 2004 argue that cashless economy useful for maintain effective fiscal and monetary policy to maintain the stability of the financial system. [11]. Alvares, Cliford 2009 focused on the curtailing of the fake notes.

Abhani Dhara K ( 2017) favored the cashless transactions. [1] Ayash Yousufshab(2017) focused on cash less economy and demonetization [2].Dr. Neetu Kumari, Jhanvikhanna (2017)

emphasized on money laundering and curtail of black money [3] Girish (2016) emphasized on the various sectors to have agrowth [5]. Hasan et al (2012) mentioned about the various activities of an economy. [6] K Veera Kumar(2017) explained the demographical factors of an individual related with demonetization and cashless economy [7] Liao and Handa (2010) opined that electronic payments replaced the cash and cheese base payment[8] Mieseigha and ogbodo(2013) was possible to reduce the fraud[10] Lokesh Uke (2017) opined that in the long run positively influence on the economy[12] . Ms. E. Kamatchi Muthulakshmi (2017) opined that demonetization useful to curtail the black money, real estate, hawala scam and fake currency and leads to the cashless economy. [13] Park (2012) opined that cashless economy is possible to curtail the corruption. [15] Oyewole et al (2013) focused on electronic based payments. [16] Olalekan S. Akinola(2012) emphasized on various e-payments[17] Sheetal Thomas & G. Krishnamurthi (2017) emphasized on the schemes like PDS [19]

## II. OBJECTIVES OF THE STUDY

The study carried with the following objectives

1. To examine the functioning of various cashless modes.

2. To examine the impact of cashless society on the future of India.
3. Elucidates the various measures taken by the central government as well as state government to implement the cashless economy.
4. To examine the role of cabinet to pay the salaries in cashless.
5. To offer an appropriate suggestions to implement the cashless economy.

### III. METHODOLOGY

**Data Collection:** The data collected through the structured

questionnaire and applied the five point likert scale .

**Selection of the Sample:** 250 respondents selected to seek the responses on various advantages of the cashless economy.

**Techniques:** The descriptive statistics applied to infer the results, mean, standard deviation etc.

**Sampling Technique:** The convenient sampling technique applied to selection of the sample.

**Research Model:**  $SSCT = a + b * BMPB$

SSCT= Safety and Security of the Cashless Transactions

BMPM= Bring more People in to the Banking System.

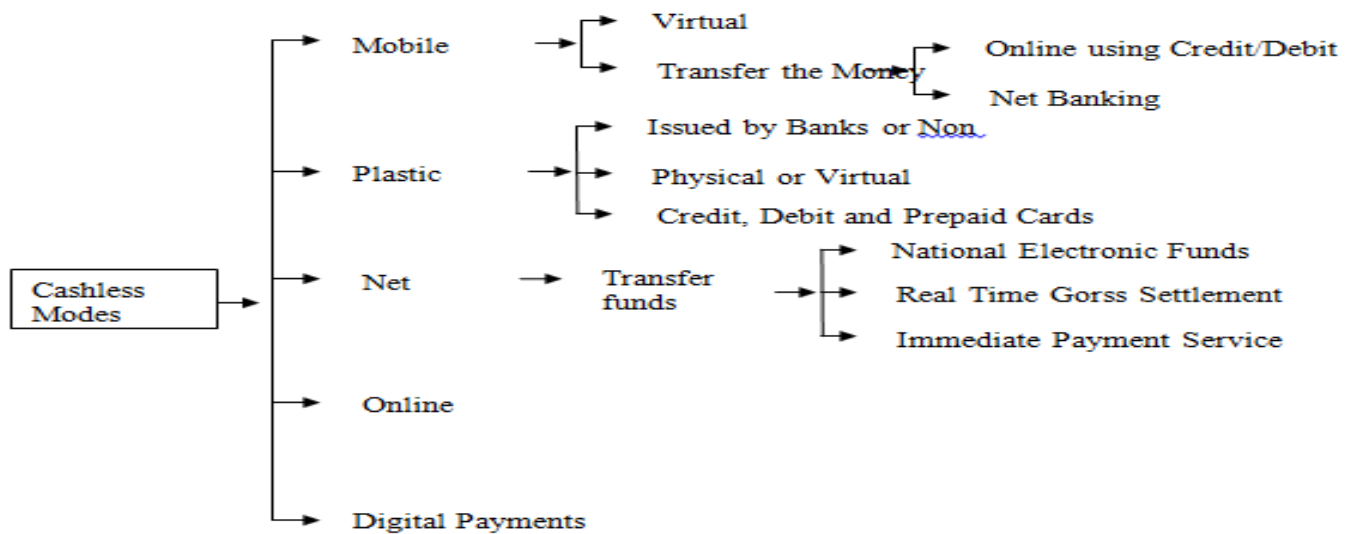
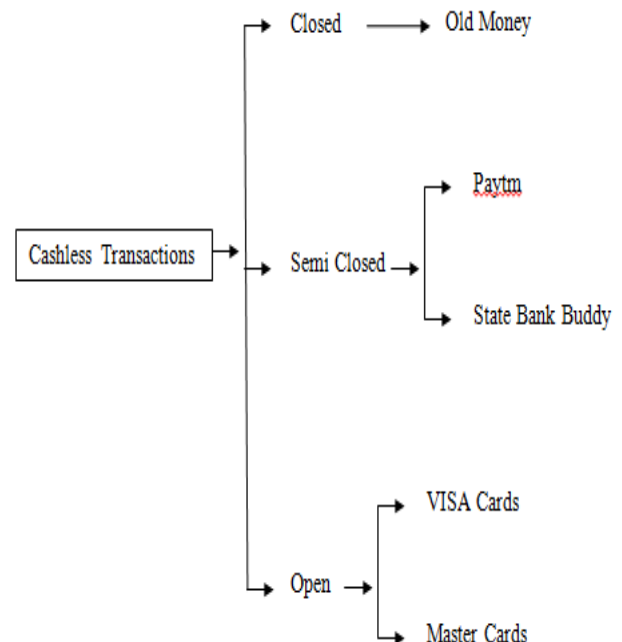


Figure 1: Schematic Representation of the Cashless Modes

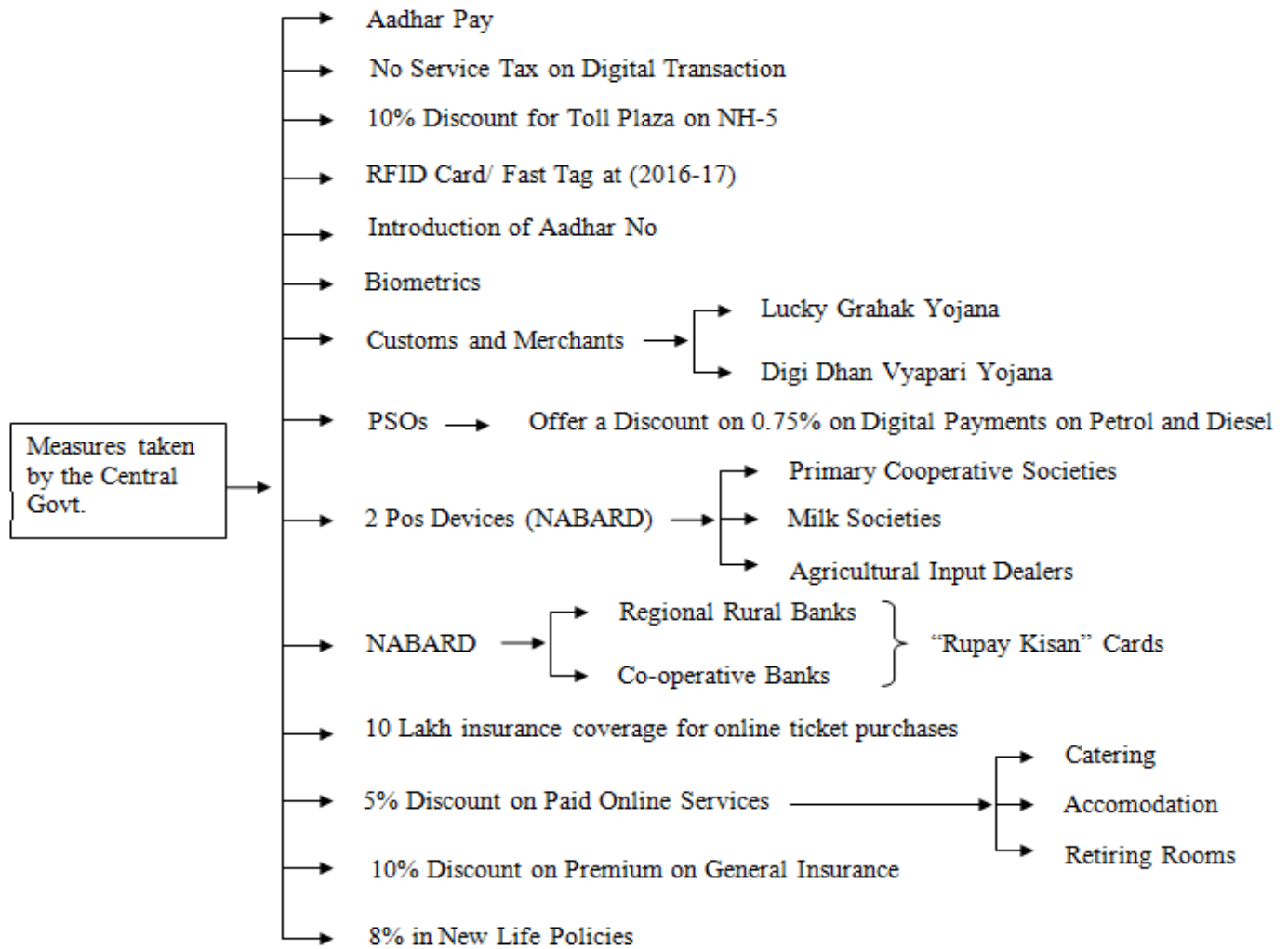
**Analysis :** The above figure suggests us the various cashless modes i.e., Mobile Wallet, Paytm are India leading mobile wallet startup-mom and pop shops branded retail outlets and petrol pumps. The plastic money issued by the banks or non banks in the form of physical or virtual through credit, debit and prepaid cards. Besides that the modes of cashless comprises of the Net Banking, Online Wallets and Digital Payments.

### Figure 2: Cashless Society – The Future of India

**Analysis :** The above figure depicts the various cashless transactions in the future, in line with India. The Ola money represents from the closed, Paytm and State Bank buddy hailed from the Semi closed, and the VISA card as well as Master Cards represented from the Open.



Source : Self



**Figure 3: Schematic Model by the Central Government through the Various Measures to Formation of the Ca**

The above figure narrates the measures taken by the Central Govt. to promote the cashless economy in India. It introduced the two schemes, namely Lucky Grahak Yojana and Digi Dhan Vyapari Yojana under the customs and merchants. It allows the 0.75% discount on Digital Payment on Petrol and diesel for the public sector units. It also offered 2 Pos devices via NABARD for the Primary Cooperative Societies, Milk Societies and the Agricultural Input Dealers. The Rupay Kisan cards introduced for the digital transactions at Pos Machines, Micro ATMs and ATMs through the Regional Rural Banks and Co-operative Banks with the help of the NABARD. The Central Govt. also promotes the payments through the Aadhar Card, 10 percent discount for Toll Plaza on NH-5, RFI card or Fast Target (2016-17), Biometrics, No service tax on digital transactions. It offers 10 Lakh insurance coverage for online ticket purchases, 5 percent discount on paid online service through catering accommodation and retiring rooms, allowed 10 percent discount of premium on the general insurance policies, 8 percent in New Life policies. The merchant should not required to pay more than `100 per month as monthly rental for Pos terminals / Micro ATMs / Mobile Pos.

The following measures have been taken by the various governments to promote the cashless economy. Lanura was the first village in the State of Jammu and Kashmir to promote the cashless transactions on Dec 18<sup>th</sup>, 2016. The Rajasthan Board of Secondary Education introduced the syllabus on demonetization and cashless economy in economics in the 12<sup>th</sup> class. The HDFC Bank educate the employees in the State of Lucknow. Akodara which is a digital village in Gujarat adopted the cashless transactions varied from the 10` to 500` done through SMS. The state of Haryana promotes the cashless transactions through e-wallets, USSD, UPI and Aadhar through 5` as a token of appreciation. The four panchayats in Jharkand adopted the Cashless transactions. The GTDC (Goa Tourism Development Corporation) promotes the 100 percent cashless transactions. Farmers have been training regarding cashless transactions in Madhya Pradesh. The AP purse promoted by the 13 mobile banking, 10 mobile wallets. It is promoted through the Marpu Nestam friend for change. The Telangana promotes the E-wallet enterprise in collaboration with ICICI Bank. The Kerala adopted through the speak on street vendors Act.

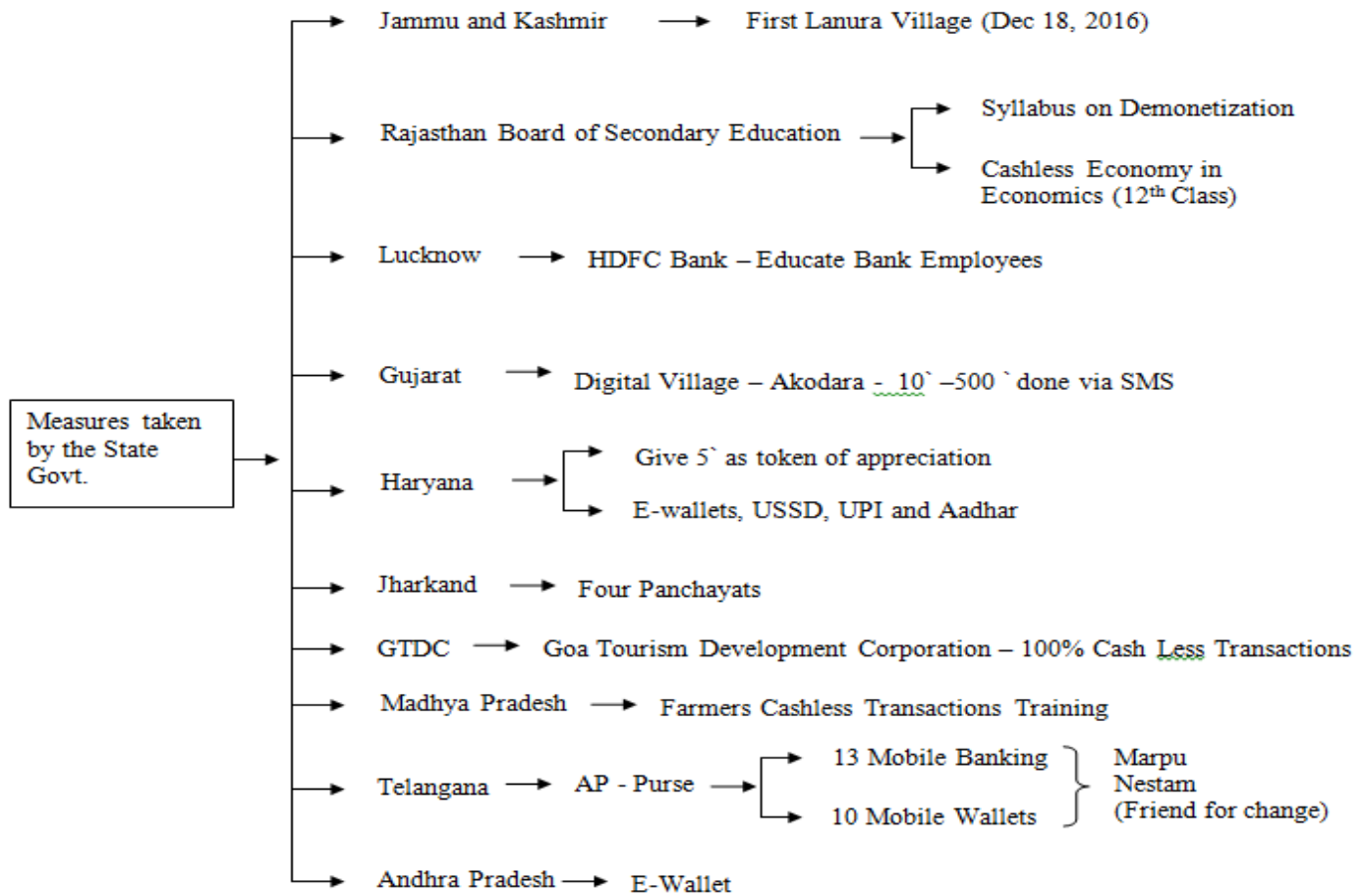


Figure 4: Schematic Model by the State Government through the Various Measures for Cashless Transactions

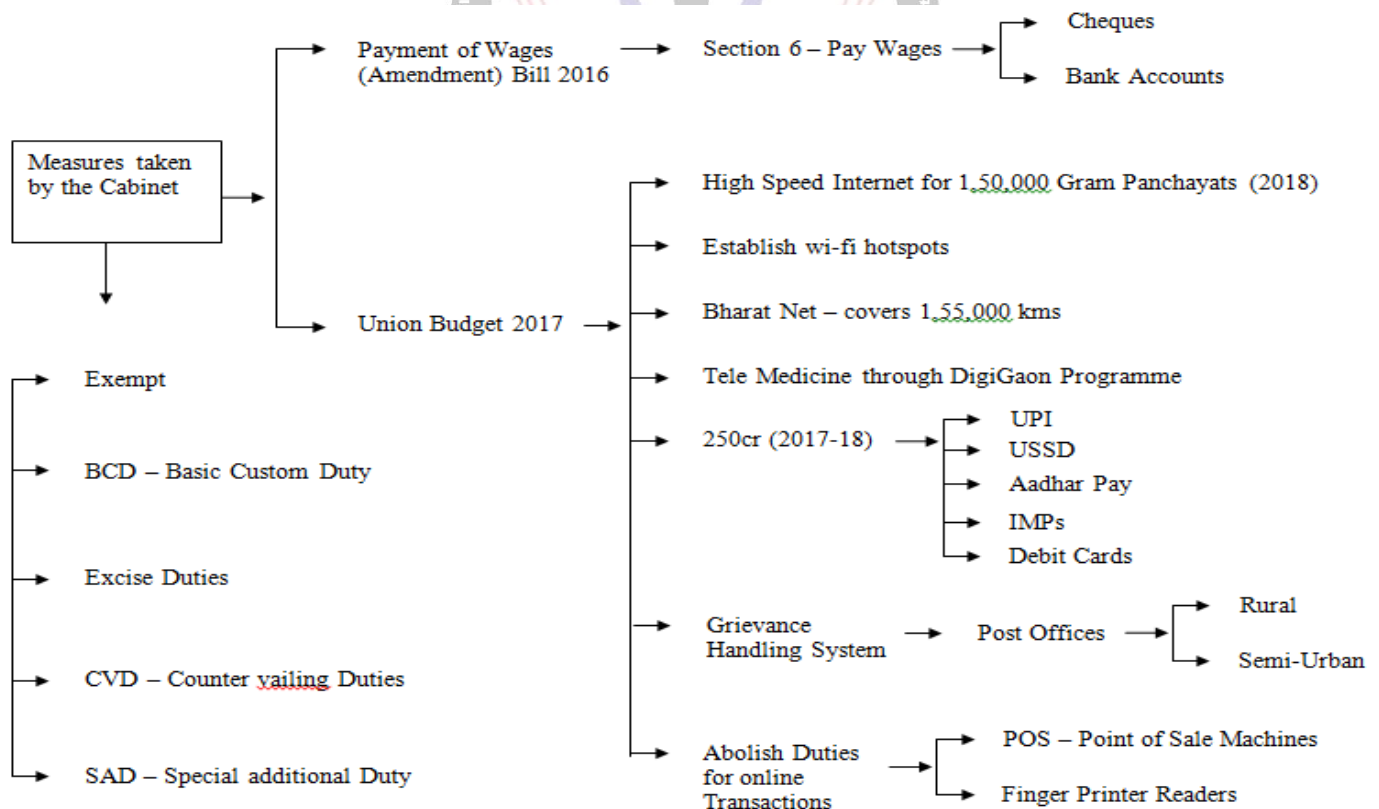


Figure 5: Figure The Role of Cabinet Clears Ordinance to Make Salaries Cashless Form

The above flow chart depicts that the role of cabinet clears ordinance to make salaries cashless. The BHIM – Bharat Interface for Money, the common platform for making quick payments using the Unified Payments Interface (UPI) integrated with Aadhar enabled payment System. The cabinet introduced the payment of wages (Amendment) bill 2016 to pay the wages for an employees through the cheques and the bank accounts. The Union Budget for the year 2017 promotes the high speed internet for 1,10,000 grampanchayats (2018), establish the wi-fi hotspots, promotes the Bharat Net comes about to the 1,55,000 kms, introduce the concept of telemedicine to supply the medicines through the DigiGaon programme. The government allotted 2500 crores for the year 2017-18 for promotion of cashless transactions through UPI, USSD, Aadhar Pay, IMPS and Debit cards. It is also generated grievance handling system to resolve the issues of online transactions through the post offices for rural and semi urban areas. It is also promoted that abolish the duties for online transactions interms of POS – Point of Sale machines and the Finger Printer Readers. It is exempted for BCD – Basic Custom Duties, Excise duties, CVD – Counter Vailing Duties, SAD – Special additional Duty.

#### IV. ANALYSIS OF THE RESULTS

In this section the researcher analyze the various advantages of the cashless economy and tested the variation in the safety and security of the cash less transactions through bring the more people in to the Banking System.

**Table 1: Variables Entered / Removed**

Model	Variables Entered	Variables Removed	Method
1	Bring more people in to the banking system <sup>b</sup>	.	Enter

a. Dependent Variable : Ensure the Safety and Security of the Cash Less Transactions , b. All Requested Variables Entered

**Analysis :** The above table explain the variable entered / removed and the variable bring more people in to the banking system was considered as an independent variables.

**Table 2: Test of Variation in the Safety and Security of the Cash Less Transactions through bring the more people in to the Banking System.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 <sup>a</sup>	.524	.522	.85879

a. Predictors: (Constant), Bring more People in to the Banking System.

**Analysis:** The table shows that the correlation coefficient was the 0.724 and coefficient of determination was the 0.524 and 52.40 percentage of the variation in the safety and security of the cashless transactions was explained through the bring the more people in to the banking system and the adjusted R Square was 0.524 and the std error of the estimate was the 0.85879 indicated that the proposed model was fit the regression and came to concluded that about fifty percentage of the variation in the safety and security of the cashless transactions was influenced by the bring the more people in to the banking system.

**Table 3: Test of Fit for Regression Analysis**

Model	Particulars	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	201.001	1	201.001 .738	272.538	.000 <sup>b</sup>
	Residual	182.903	248			
	Total	383.904	249			

a. Dependent Variable: Ensure the safety and security of the cash less transactions

b. Predictors: (Constant), Bring more people in to the banking system

**Analysis:** The above table shows that the value of the sum of squares of the regression was much more than the sum of the squares of the residual value at df was 249 and the value of F was 272.538 and the significance value was 0.000 and indicated that proposed model was fit for the regression value.



**Table 4: Test of Response towards Ensure the Safety and Security of the Cash Less Transactions**

		Unstandardized Coefficients		Standardized Coefficients		
Model	Particulars	B	Std. Error	Beta	t	Sig.
1	(Constant)	.987	.183		5.392	.000
	Bring more people in to the banking system	.876	.053	.724	16.509	.000

**Analysis:** The above table explains the bring the more people in to the banking system useful to ensure the safety and security of the cashless transactions and indicated that standardized coefficients was 0.724 and it indicated that majority of the variation in ensure the safety and security of the cashless transactions was influenced by the bring more people in to the banking system.

### Suggestions to Promote the Cashless Economy:

**Table 5: Descriptive Statistics- Suggestions to Promote the Cashless Economy**

Particulars	Mean	Std. Deviation	Analysis N
Open bank accounts ensure they are operationalized	3.8720	1.24169	250
Eradication of government fees on credit card transactions	3.1240	.88530	250
Increase in taxes on ATM Withdrawals	3.8720	1.24169	250
Tax rebates for consumers and merchants who adopt the electronic payments	3.8720	1.24169	250
Provide safe and secure electronic payments infrastructure	3.2920	1.02515	250
Create a culture of saving and faith in financial system among the rural poor.	3.8720	1.24169	250
RBI has to look after the issues of various modes of payments and velocity of money.	3.8720	1.24169	250
Regulators need to keep a sharp eye on any potential restrictive practices	3.8720	1.24169	250
Efforts must be made to convert urban areas as cashless areas.	3.8720	1.24169	250
Create awareness in rural and poor people	3.8720	1.24169	250
Unable to customize with the equipments of mobile phone, credit cards and net banking etc.	3.1240	.88530	250
Financial corruption and parallel economy can be controlled.	3.8720	1.24169	250
No cash transactions at govt offices leads to reduce the corruption	3.8720	1.24169	250
Govt is bringing the Rupay Card to every account holder through its financial inclusion schemes.	3.1240	.88530	250
PAN Number mandatory for large transactions	3.8720	1.24169	250
Bring more people in to the banking system	3.2920	1.02515	250
Promote the mobile banking	3.8720	1.24169	250
Ensure the safety and security of the cash less transactions	3.8720	1.24169	250
Increase the internet speed	3.8720	1.24169	250
Create more employment	3.8720	1.24169	250
Provide electronic swapping machines to small shopkeepers	3.8720	1.24169	250
Spread awareness on modern online services in simple language	3.8720	1.24169	250
Facilitate the websites in simple local languages.	3.8720	1.24169	250
Requires capacity building like resource development, technology development for secure transactions.	3.8720	1.24169	250
Many people earn their wages on daily basis	3.8720	1.24169	250
Legal and organizational framework development	3.8720	1.24169	250
Required to look after the issues of street vendors	3.8720	1.24169	250
Requires more awareness, social modeling more transparency requires to build trust among people.	3.2920	1.02515	250

**Analysis:** The above table depicts that operationalization of opened bank accounts, impose taxes on ATM withdrawals, rebates for electronic payments, create a faith in financial system, consideration of various modes of payment, concentrate on restrictive practices, efforts to be taken for convert urban areas in to rural areas, urban areas in to cashless areas, enables an awareness of cashless economy, reduce the corruption, mandatory of PAN number, promote mobile banking, enable swapping machines by the small shopkeepers, develop web site in local languages, look after the issue of street vendors were considered as a first order suggestions. The second order suggestions comprises of the facilitate electronic payment infrastructure, customize with the mobile phones, credit cards and net banking, implementation of the RUPay card, use PAN number, increase the internet speed and bring more people in to the banking system and third level suggestions comprises of the build a trust amongst the people, eradication of government fees on credit card transactions and unable to customize with the equipment's of mobile phone, credit cards and net banking etc.

## V. FINDINGS OF THE STUDY

1. The study found that the central as well as state government had taken appropriate measures to have a cashless economy.
2. It was identified that there are several digital instruments to transact the transactions in cashless.
3. There was a possibility to implement cashless economy, but certain issues have to look after constantly for successful economy.
4. It was also identified that 52.4 per centage of the variation in the safety and security of the cash less transactions was possible through bring the more people in to the banking System.

## VI. CONCLUSION

Hence, it can be concluded that cashless management models helpful to adopt the cashless transactions and these are more appropriate in this widely expanded service sector and the government more focus on the various cash management models and strategies for cashless transactions. It is possible to operate the cashless economy with due concern to the financial literacy of the people, particularly in the rural areas and accessibility of the information technology infrastructure. It is more useful to the operationalization of opened bank accounts, convert urban areas in to rural areas, urban areas in to cashless areas, reduce the corruption, promote mobile banking, enable swapping machines by the small shopkeepers, develop web site in local languages, look after the issue of street vendors, facilitate electronic payment infrastructure, customize with the mobile phones, credit cards and net banking, increase the internet speed and bring more people in to the banking system and third level suggestions

comprises of the build a trust amongst the people, eradication of government fees on credit card transactions and unable to customize with the equipment's of mobile phone, credit cards and net banking etc. Hence, it can be concluded that require to bring the more people in to the banking system for safety and security of the cashless transactions.

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