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## INDIAN CASHLESS ECONOMY: PROSPECTUS AND CHALLENGES

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### ABSTRACT

India is determined by the use of cash; Less than 5% of all payments are electronic; On the other hand, the finance ministers talked about the idea of making India a moneyless society in order to curb the flow of black money in the budget speech of the budget. Non-financial partnerships are defined as financial situations in which banks do not represent financial transactions with money in the form of notes or physical currencies, but rather transfer of digital information between the transaction parties. Although society is generally spoken for without cash, most countries are increasing their money supply. India is dominated by small retailers. Excessive use of digital payments will save billions of rupees for the Indian economy, as it will help reduce cash costs, according to a report by payment company Visa Inc., which promotes cashless transactions. There are different ways to pay in a company with less money. The goal of this study is to challenge and leverage the cashless economy and focus on different ways of digital payment. There is no black money or cash in India.

**KEY WORDS:** digital information , digital payments , cashless economy.

### INTRODUCTION

The transformation of the cashless economy is an international problem and many countries have already become cashless economies. A cashless economy is one where financial transactions are not done in the form of currency notes, coins or physical cash. This barter of cashless transactions occurs in the age and other methods of exchanging food crops or other goods. However, new concepts of cashless transactions in cashless economies are made with the help of digital currencies where legal tender (money) is exchanged and recorded only in electronic form. Many of the challenges and opportunities are related to the impact of digital transactions. The Indian population where 98 per cent of the total financial transactions are done through cash, most of the cash transactions in the country are small exchanges for goods or services.



Accessing the poses terminals is not enough. Millions still do not have a bank account, no internet network and no connection is good, lack of knowledge to use online payment methods. These are some of the challenges that need to be addressed in the unused markets in the country, especially in small cities, rural areas and urban India, and people have promised to adopt digitalization in their payment system. The big task before the Government of India and their policy makers is to transform their society into a cashless economy or a low

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cash economy, with India's rapidly growing population. With the introduction of cashless transactions, the Government of India is moving towards a cashless economy. In the last quarter of 2014 (G1A International Forum) was the fastest growing Indian economy in the world. India also topped the World Bank for the first time in view of the growth rate of the World Bank for the first time in 2015-16. The growth of the Indian economy has been positive in the future. India has already introduced some payment methods, such as wet money and Paytm accounts, to pay the rent through internet banking. This action has been implemented with the aim of preventing the transfer of black money in the country and its related issues. India is moving towards a cashless economy but it can be a long process year after year for the entire cashless economy or low cash economy.

#### **CASHLESS ECONOMY BENEFITS:**

1. The type of tax avoidance is reduced because it is a financial institution based economy where the transaction is pending.
2. This will prevent the creation of black money
3. Real estate prices will fall because with the restriction on black money, most of the black money is invested in real estate prices, which increases real estate market prices.
4. In FY 2017, RBI spent 29 billion on currency issuance and management activities alone.

#### **CHALLENGES IN CASHLESS ECONOMY OF INDIA:**

1. Internet connection availability and financial education
2. However, bank accounts have been opened through JanadhanYojana, most of which do not work. Unless people operate bank accounts, a cashless economy is not possible.
3. There is also a great interest in not going to the economy without cash.
4. India is dominated by small retailers. They do not have the resources to invest in electronic payment infrastructure.
5. Consumer discretion also sometimes acts as a barrier. Even for those who have a credit card, the benefits of cashless transactions are not clear. Cash, on the other hand, is a disconnected way of dealing with about 5% of credit card users. It is widely believed that cash flow helps you negotiate more.
6. Visa Inc.'s payment company reports that the improved use of digital payments will save the Indian economy billions of rupees because it will help reduce cash costs. : Five-Year Approach This report discusses the challenge of transitioning India to lower cash participation over the next five years and to reduce cash expenditures: A roadmap of reducing% to% is described.

#### **DIGITAL PAYMENT METHOD:**

Digital India Program is a symbolic program of the Government of India with a view to transforming the society of India and the economy of knowledge through digital power. 'Faceless, paperless, without cash is a professor of Digital India', There are many forms of digital payment available to promote cashless transactions and transform India into a less cash-strapped society. These are the modes...

1. ASHAR Enabled Payment System (AEPS)
2. Mobile Banking
3. Internet Banking
4. Bank Pre-Paid Card
5. UPI
6. USSD
7. Banking Cards
8. Micro ATM

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**AEPS:**

AEPS is a bank led model that allows online interoperable financial transactions on POS (Point of Sale / Micro ATMs) through Aadhaar authentication through Aadhaar representative (BC) / any bank's bank friend.

**Mobile Banking:**

Mobile banking is a service provided by a bank or other financial institution that allows your customers to remotely conduct various types of financial transactions using a mobile device such as a mobile phone or tablet. It uses software commonly known as App provided by a bank or financial institution for this purpose. Each bank offers its own mobile banking application for Android, Windows and iOS mobile platforms.

**Internet Banking:**

Internet banking, also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers to operate a bank or other financial institution through a range of financial transactions through the financial institution's website. The types are National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Electronic Clearing System (ECS) and Immediate Payment System (IMPS).

**Banking Cards:**

Plastic card issued by a bank with a magnetic stripe containing a identification code readable by a credit card machine. Bank Cards are used for bank transactions through electronic commerce (including magnetic stripe or internet readers) and ATMs. There are many types of cards available, including credit, debit and prepaid, as well as great flexibility. These cards provide two-factor authentication for secure payments e.g. Examples of card payment systems are Secure PIN and OTP, Rs, Visa, Master Card. Payment cards give people the power to buy goods in stores, through mail-order catalogues, and via telephone. They save time and money for both customers and merchants, thus reducing the likelihood of a transaction.

**Unified Payment Interface (UPI):**

Unified Payments Interface (UPI) is a system that powers multiple mobile accounts into one mobile application (of any participating bank), merging multiple banking features, seamless fund routing and merchant payments into one hood. It also meets the "peer to peer" archive request, which can be scheduled and served according to requirements and convenience. Each bank provides its own UPI app for Android, Windows and iOS mobile platforms.

**Unstructured Supplementary Service Data (USSD):**

The innovative payment service operates on the Unstructured Supplementary Service Data (USSD) channel. Basic feature this service allows mobile banking transactions using mobile phones, USSD based mobile banking does not have to have mobile internet data facility to use. It is conceived for financial inclusion and inclusion within the bank in mainstream banking services.

**Micro ATM:**

Micro ATMs are a tool that millions of business representatives (BCs) use to provide basic banking services. Platform representatives (who may be local grocery store owners and act as "micro ATMs") will enable the platform to conduct instant transactions.

**CONCLUSION:**

Cashless society establishes a cashless economy, so financial transactions are not done in the form of money in the form of notes or physical coins, but the transfer of digital information (usually electronic

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representation of money) is done by the parties in the transaction, to enrich India's cashless economy with this vision and mission and vision of becoming a digitally enabled company in the country and through various cashless transaction modes. As part of the Indian digital program, digital modes like credit card / debit, mobile portfolios, prepaid bank cards, UPI, AEPS, USSD, internet banking, etc., won currency in the near future without cash. That will be beneficial and the Indian economy will grow at 7.6% in the financial year.

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