



Peer Reviewed Referred and
UGC Listed Journal
(Journal No. 47100)



**AN INTERNATIONAL MULTIDISCIPLINARY
HALF YEARLY RESEARCH JOURNAL
ISSN 2279-0489**

Volume-VI, Issue-II
February - July - 2018

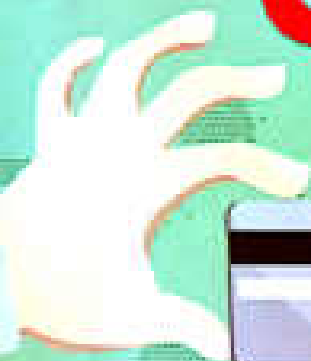


PART - III

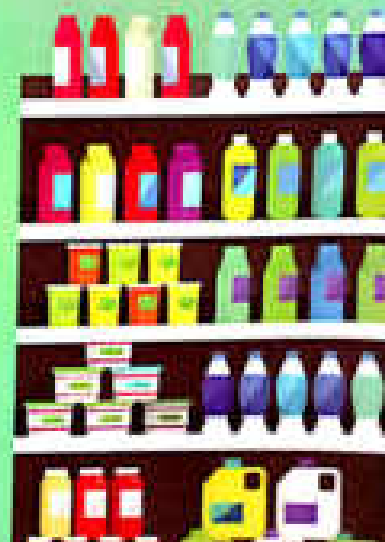


GENIUS

IMPACT FACTOR / INDEXING
2015 - 4.248 www.ajanta.com



**Ajanta
Prakashan**





CONTENTS OF PART - III



Sr. No.	Name & Author Name	Page No.
1	India moving towards Cashless Economy: Importance and Benefits of Digital Payment System Priti Mane Chandrashekhar Tathe Dr. Waykar Vivek Bhagwan	1-7
2	A Study of Impact of Digital Payment System in India Dr. S. D. Talekar Bharat Nayabrao Pimple	8-13
3	Impact of Digital Payment System on Social Life Ashwini S. Deshpande	14-18
4	Impact of Digital Payment System on Indian Cashless Economy Dr. Parturkar M. S.	19-22
5	Growth of Digital Payments System in India Dr. S. S. Muley Mr. Virendra R. Surase	23-27
6	Cashless Transaction: Challenges and Remedies Dr. U. Y. Memon	28-35
7	Challenges in Cashless Transaction and Its Remedies Varunraj Chandrashekhar Kalse Niwarti Manohar Gajbhare	36-39
8	Demonetization and Digital Payment System Memon Sobel Mohd Yusuf	40-44
9	Digital Economy Manoj K. Mishra Dr. Shivprasad V. Dongare	45-50
10	Challenges of Digital Payment System in India Dr. R. B. Lahane Mrs. Anuradha Phadnis	51-59
11	Digital Payment System: Advantages and Difficulties Dr V. B. Pathan	60-64
12	Digital Payment System: An Overview Prof. Durdana Siddiqui	65-68

1. India moving towards Cashless Economy: Importance and Benefits of Digital Payment System

Priti Mane

Assistant Professor, MGM Institute of Management, Aurangabad, Maharashtra, INDIA.

Chandrashekhar Tathe

Assistant Professor, MGM Institute of Management, Aurangabad, Maharashtra, INDIA.

Dr. Waykar Vivek Bhagwan

R. B. Attal College, Georia, Beed.

Abstract

The government on 8th November announced that INR 500 and INR1000 notes will cease to be legal tender with immediate effect. The move is aimed at controlling black money, fake currency circulation and terror financing India has amongst the highest levels of currency in circulation at 13% of GDP. The main aim of this move is to make India a "cashless economy" and for creating awareness amongst common man, the government has introduced the Digital India programme to understand the various payments methods and how one can use digital payment method to transfer their money from one party to another party. This programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of the professed role of Digital India. The present paper highlights the various digital payments methods and their usage and benefits.

Keywords - Cash less economy, digital payment methods

Abbreviations - Unstructured Supplementary Service Data (USSD), Aadhar Enabled Payment System (AEPS), Unified Payments Interface (UPI)

Introduction

After the cancellation of the legal tender character of old Rs.500 and Rs.1, 000 notes, there has been a surge in the digital transactions through use of credit/debit cards and mobile phone applications/e-wallets etc. for creating awareness government has introduced the programme which is called as "Digital India Power to Empower" this programme is a flagship of the Government of India with a vision to transform India into a digitally empowered society and

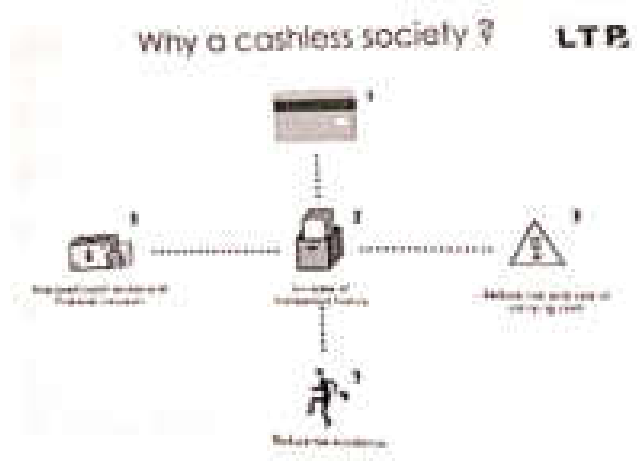
knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. Now we can say that our India is steering towards the journey of cashless transaction. The movement has been taken by the government to curb corruption, counterfeiting, the use of high denomination notes for terrorist activities, and especially the accumulation of "black money" generated by income that has not been declared to the tax authorities.

Definition

What is cash less economy?

A cashless society describes an economic state whereby financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties.⁽¹⁾

The RBI and the Government are making several efforts to reduce the use of cash in the economy by promoting the digital/payment devices including prepaid instruments and cash. RBI's effort to encourage this new variety of payment and settlement facilities aims to achieve the goal of a 'less cash' society. Here, the term less cash society and cashless transaction economy indicate the same thing of reducing cash transactions and settlement rather doing transactions digitally.⁽²⁾



Research Objectives

- To understand the concept of cashless economy
- To understand the various digital payment methods and their importance.

Research Methodology

Source of Data

The present study is based on secondary data which was collected using websites, articles, Research report.

Data Collection

The data was collected using newspaper articles and opinion of experts.

Literature Review

Demonetization: Impact on the Economy Tax Research Team the argument posited in favour of demonetization is that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility. Therefore, it is imperative to evaluate the short run and medium-term impacts that such a shock is expected to have on the economy. Further, the impact of such a move would vary depending on the extent to which the government decides to remonetise. This paper elucidates the impact of such a move on the availability of credit, spending, and level of activity and government finances.⁽¹⁵⁾

Dr. Partap Singh, Virender Singh Impact of demonetization on Indian economy India has amongst the highest level of currencies in circulation at 12.1% of GDP. Cash on hand is an estimated at around 3.2% of household assets, higher than investment in equities, or roughly around \$ 220 billion. Of this cash, 87% is in the form of Rs 500 and Rs 1,000 notes or roughly Rs 14 lakh crore (\$190 billion). A significant portion of the household cash on hand is generated by economic transactions that are not reported to tax authorities or generated through corruption. Scrapping the higher denomination money would either result in these being brought into the system or the money just disappearing.⁽¹⁶⁾

Benefits of Cashless economy⁽¹⁷⁾

- Reduced instances of tax avoidance because it is financial institutions based economy where transaction trails are left.
- It will curb generation of black money
- Will reduce real estate prices because of curbs on black money as most of black money is invested in Real estate prices which inflates the prices of Real estate markets
- In Financial year 2015, RBI spent Rs 27 billion on just the activity of currency issuance and management. **This could be avoided if we become cashless society.**
- It will pave way for universal availability of banking services to all as no physical infrastructure is needed other than digital.
- There will be greater efficiency in welfare programmes as money is wired directly into the accounts of recipients. Thus once money is transferred directly into a beneficiary's

bank account, the entire process becomes transparent. Payments can be easily traced and collected, and corruption will automatically drop, so people will no longer have to pay to collect what is rightfully theirs.

- There will be efficiency gains as transaction costs across the economy should also come down.
- 1 in 7 notes are supposed to be fake, which has a huge negative impact on economy, by going cashless, that can be avoided.
- In a cashless economy there will be no problem of soiled notes or counterfeit currency
- Reduced costs of operating ATMs.

Speed and satisfaction of operations for customers, no delays and queues, no interactions with bank staff required

Types of digital payments methods ^[4]

1. Banking Cards (Debit / Credit / Cash / Travel / Others)

Banking cards offer consumers more security, convenience, and control than any other payment method. The wide variety of cards available – including credit, debit and prepaid – offers enormous flexibility, as well. These cards provide 2 factor authentications for secure payments e.g secure PIN and OTP. RuPay, Visa, MasterCard are some of the example of card payment systems. Payment cards give people the power to purchase items in stores, on the Internet, through mail-order catalogues and over the telephone. They save both customers and merchants' time and money, and thus enable them for ease of transaction.

2. Unstructured Supplementary Service Data (USSD)

The innovative payment service *99# works on Unstructured Supplementary Service Data (USSD) channel. This service allows mobile banking transactions using basic feature mobile phone, there is no need to have mobile internet data facility for using USSD based mobile banking. It is envisioned to provide financial deepening and inclusion of under banked society in the mainstream banking services. Key services offered under *99# service include, interbank account to account fund transfer, balance enquiry, mini statement besides host of other services.

3. Aadhar Enabled Payment System (AEPS)

AEPS is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhar authentication. Key services offered under (AEPS) Balance Enquiry, Cash

Withdrawal, and Cash Deposit, Aadhar to Aadhar funds transfer, Payment Transactions (C2B, C2G Transactions)

4. Unified Payments Interface (UPI)

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s). Key services offered under (UPI) Balance Enquiry, Transaction History, Send / Pay Money, Collect Money, Add bank account, Change / Set MPIN, Notifications, A/c Management.

5. Mobile Wallets

A mobile wallet is a way to carry cash in digital format. You can link your credit card or debit card information in mobile device to mobile wallet application or you can transfer money online to mobile wallet. Instead of using your physical plastic card to make purchases, you can pay with your Smartphone, tablet, or smart watch. An individual's account is required to be linked to the digital wallet to load money in it. Most banks have their e-wallets and some private companies. e.g. Paytm, Freecharge, Mobikwik, Oxigen, mRuppee, Airtel Money, Jio Money, SBI Buddy, itz Cash, Citrus Pay, Vodafone M-Pesa, Axis Bank Lime, ICICI Pockets, SpeedPay etc.

6. Banks Pre-paid Cards

A card issued by a financial institution that is preloaded with funds and is used like a normal credit card. A prepaid credit card works in the opposite way of a normal credit card, because instead of buying something with borrowed funds (through credit), you buy things with funds that have already been paid. Key services offered under Balance Enquiry, Passbook/ Transaction history, Add money, Accept Money; Pay money, Manage Profile, Notifications.

7. Point of Sale

A point of sale (PoS) is the place where sales are made. On a macro level, a PoS may be a mall, a market or a city. On a micro level, retailers consider PoS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase.

Internet Banking

Internet banking, also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.

Different types of online financial transactions are:

i. National Electronic Fund Transfer (NEFT)

National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating one-to-one funds transfer. Under this Scheme, individuals, firms and corporates can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme.

ii. Real Time Gross Settlement (RTGS)

RTGS is defined as the continuous (real-time) settlement of funds transfers individually on an order by order basis (without netting). 'Real Time' means the processing of instructions at the time they are received rather than at some later time; 'Gross Settlement' means the settlement of funds transfer instructions occurs individually (on an instruction by instruction basis). Considering that the funds settlement takes place in the books of the Reserve Bank of India, the payments are final and irrevocable. The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is 2 lakh.

iii. Electronic Clearing System (ECS)

ECS is an alternative method for effecting payment transactions in respect of the utility-bill-payments such as telephone bills, electricity bills, insurance premia, card payments and loan repayments, etc

iv. Immediate Payment Service (IMPS)

IMPS offer an instant, 24X7, interbank electronic fund transfer service through mobile phones. IMPS is an emphatic tool to transfer money instantly within banks across India through mobile, internet and ATM which is not only safe but also economical both in financial and non-financial perspectives.

1. Mobile Banking : Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct different types of financial transactions remotely using a mobile device such as a mobile phone or tablet. It uses software, usually called an app, provided by the banks or financial institution for the purpose. Each Bank provides its own mobile banking App for Android, Windows and iOS mobile platform(s).

2. **Micro ATMs** : Micro ATM meant to be a device that is used by a million Business Correspondents (BC) to deliver basic banking services. The platform will enable Business Correspondents (who could be a local kirana shop owner and will act as 'micro ATM') to conduct instant transactions. The basic transaction types, to be supported by micro ATM, are Deposit, Withdrawal, Fund transfer and Balance enquiry

Conclusion

After this study it indicates that the electronic system of payment has a great implication in cashless economy. Number of digital payment system is available for conducting financial transaction. it is very easy and convenience to digital purchase, and again it helps to keep a track on a spending pattern of an individual.

References

- 1) https://www.google.co.in/?gws_rd=ssl#q=cashless+economy+meaning&#
- 2) <http://www.indianeconomy.net/spclclassroom/248/what-is-mean-by-cashless-transaction-economy/#sthash.niS4RHMi.dpuf>
- 3) <http://www.civildaily.com/story/cashless-society/>
- 4) <http://cashlessindia.gov.in/>
- 5) Working Paper No. 182, National Institute of Public Finance and Policy New Delhi
Demonetization: Impact on the Economy Tax
- 6) Dr. Partap Singh1, Virender Singh Impact of demonetization on Indian economy
International journal of science technology management Vol.No.5, Issue No.12, and
December 2016.
- 7) www.businesstoday.in/current/economy-politics/here-are-the-top-cashless-countries-in-the-world/story/241430.html