

Demonetization Impact on Cashless Transaction

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Abstract: Money is thought of as the lifeblood of every economy. When the barter system failed to satisfy mankind's insatiable wants, money was created. Cash prevents "the two desires coincidentally. Through demonetization, its position as a legal tender monetary unit. On 8th In the late evening of November 2016 in India, the Prime Minister accompanied the announcement of the demonetization with effect from November 9, 2016, Rs. 500 and Rs. 1000 Cash is not accepted except for certain vital services. A cashless economy is one where all transactions are carried out electronically or using cards. In a cashless economy, actual currency is hardly ever used. The Cashless Economy has several advantages. The quantity of cash that people must carry will undoubtedly decline as credit card use increases. It lowers the risk and expenses related to that. Demonetization aims to eradicate black money, money used by terrorists and Naxalites, counterfeit money, and illegal currency from the economy. By demonetization, the government took its initial move in the destruction of illicit funds and the introduction of transparency in the economy.

Keywords: Cashless economy, corruption, Black money, India, Digital Payments.

1. INTRODUCTION

The demonetization of the 500 and 1000 rupee notes was announced by Prime Minister Narendra Modi in his historic address on November 8, 2016. As of 12:01 a.m., they were no longer recognized as legal money, and fresh 500 and 2000 rupee notes were introduced. You will be sent bills from the Mahatma Gandhi New Series in exchange for the prior notes. People have until December 30, 2016, to exchange the notes they now own.

Following demonetization initiatives, the majority of Indians switched to using electronic payments for their transactions. Digital payment methods are being adopted by everyone, including neighborhood vegetable vendors and small retailers. India is gradually transitioning to a cashless economy.

2. HISTORY OF DEMONETIZATION

Although Demonetization has a long history in India dating back to various rulers who ruled this nation, the

most recent and significant instances of India's demonetization includes:

1. On January 12, 1946, the denominations of the Rs. 10,000, Rs. 5,000, and Rs. valid money
2. In 1954, new notes worth 10,000, 5,000, and 1,000 rupees entered circulation.
3. On January 16, 1978, Janata Party leader Morarji Desai demonetized bank notes of 10,000, 5,000, and 1,000 rupees. Keep in mind that the time's finance minister was H.M.Patel.
4. In October 1987, the RBI introduced new Rs. 500 banknotes to the market.
5. In November, RBI introduced new Rs. 1000 banknotes to the market.
6. On May 19, RBI announced a 2000 banknotes ban, people have exchanged 2000 notes till 30 September.

3. CASHLESS TRANSACTIONS

Cashless transactions aim to decrease the economy's reliance on physical currency. RBI and the government are working to promote this new range of settlement and payment options for achieving the cashless society. Reduced use of cash in the economy is the goal of cashless transactions. Increase the transparency of financial transactions, which reduces the amount of unaccounted money or funds. Digital transactions offer greater accountability, scalability, and transparency.

The majority of transactions in a cashless society will be made using digital tools like e-banking, debit and credit cards, digital wallets, etc.

4. REVIEW LITERATURE

Since demonetization in 2016, the use of digital payment applications has grown in our nation by 440 percent. The use of digital payment methods has increased via well-known channels including NEFT, Mobile Banking, BHIM, Internet Banking, Banking

Cards, and Mobile Wallets, according to the Reserve Bank of India (RBI) and the National Payments Corporation of India (NPCI).

An examination of RBI's spending in India found that mobile banking transactions increased by 175 percent and the total amount transacted by 366 percent over the previous year. The daily volume of Rupay transactions at point of sale has increased thrice, reaching 10 lakhs, compared to the usual transaction count. In the aftermath of demonetization, the Indian transactions increased by 133% in 2017, according to Balaji et al. (2017) 63 Volume 04, Issue 03, Version I. Fifteen thousand individuals in India began utilizing cards, and seven million transactions per day on paytm totaled 120 crores (mainly debit cards).

Demonetization caused a doubling of the growth rate of debit card use.

The majority of Indians have begun to use electronic payment methods. (2017, Asian journal of banking and finance research) The local vegetable seller and the mom-and-pop shop down the street are both taking advantage of the convenience of online payment systems. The transition to a cashless economy is happening gradually in India. When everyone uses their credit cards or other digital payment methods, we say the economy is cashless. There is very little tangible money in circulation in a cashless economy.

5. RESEARCH OBJECTIVES

1. Learn about the history and current state of a cashless economy.
2. To analyze demonetization, the first step towards a cashless economy in India.
3. Effects of demonetization on non-cash transactions.

6. METHODOLOGY

The primary data form the bulk of the study's foundation. Primary data was gathered using the surveying technique. Data were gathered using a questionnaire. The questionnaire was created using the researchers' prior experience and their review of the relevant literature. There are eight questions on the questionnaire, four of which are about the profile of respondents. The technique of stratified random sampling is used for choosing participants for the sample. The sample size is 90.

7. ANALYSIS AND DISCUSSION OF RESULT

TABLE 1. Gender of Respondents

| S. No | Gender | Number of Respondents | Percentage |
|-------|--------|-----------------------|------------|
| 1 | Male | 66 | 73% |
| 2 | Female | 24 | 24% |
| Total | | | 100% |

TABLE 2. Experience with online Transaction

| S. No | Opinion | Number of Respondents | Percentage |
|-------|---------|-----------------------|------------|
| 1 | Yes | 78 | 87% |
| 2 | No | 12 | 13% |
| Total | | | 100% |

TABLE 3. Cashless transactions safe or not

| S. No | Opinion | Number of Respondents | Percentage |
|-------|---------|-----------------------|------------|
| 1 | Yes | 79 | 88% |
| 2 | No | 11 | 12% |
| Total | | | 100% |

Out of 90 respondents surveyed, 73 percent are male and 24 percent respondents are female.

The data in the above table indicates that 87 percent of respondents have experienced and 13 percent of respondents could not experience cashless payments in India.

The data in the above table indicates that 88 percent of respondents strongly agree that cashless payment is safe and 12 percent of respondents strongly disagree that security in transactions is the main concern in cashless payments.

TABLE 4. Which mode is more preferable for cashless transactions

| S. No | Opinion | Number of Respondents | Percentage |
|-------|-------------|-----------------------|------------|
| 1 | QR code | 66 | 73% |
| 2 | ATM | 13 | 14% |
| 3 | Credit card | 6 | 7% |
| 4 | Debit card | 5 | 5% |
| Total | | | 100% |

The data in the above table indicates that, 73 percent of respondents use QR Code for cashless payment, 14 percent of respondents use ATM, 7 percent of respondents use credit card and 5 percent of respondents use Debit card for cashless transaction.

TABLE 5. For what reason you generally doing cashless transactions

| S. No | Opinion | Number of Respondents | Percentage |
|-------|----------------------|-----------------------|------------|
| 1 | Time saving | 70 | 78% |
| 2 | Convenient | 6 | 7% |
| 3 | Less stress | 5 | 5% |
| 4 | To do work speedlily | 9 | 10% |
| Total | | | 100% |

The data in the above table indicates that 78 percent of respondents strongly agree cashless payment is time saving, 7 percent of respondents agree cashless payment is convenient, 5 percent of respondents are agree cashless payment is less and 10 percent of respondents agree cashless payment is do work speedily transaction.

TABLE 6. Why do you do online transaction.

| S. No | Opinion | Number of Respondents | Percentage |
|-------|----------------|-----------------------|------------|
| 1 | E-ticket | 5 | 5% |
| 2 | Buying | 17 | 19% |
| 3 | Net Banking | 11 | 12% |
| 4 | Online payment | 58 | 64% |
| Total | | | 100% |

TABLE 7. How you find doing cashless transactions

| Sr. No. | Opinion | Number of Respondents | Percentage |
|---------|-----------|-----------------------|------------|
| 1 | Very easy | 46 | 51% |
| 2 | Easy | 34 | 38% |
| 3 | Moderate | 9 | 10% |
| 4 | Difficult | 1 | 1% |
| Total | | | 100% |

The data in the above table indicates that, 51 percent of respondents strongly agree cashless transaction is very easy, 38 percent of respondents agree cashless transaction is easy 5.64 percent of respondents are neutral, 10 percent of respondents agree for moderate and 1 percent of respondents strongly agree about cashless transactions is difficult.

TABLE 8. How often you doing cashless transactions

| S. No | Opinion | Number of Respondents | Percentage |
|-------|---------|-----------------------|------------|
|-------|---------|-----------------------|------------|

| | | | |
|-------|----------|----|------|
| 1 | Daily | 35 | 39% |
| 2 | In week | 27 | 30% |
| 3 | In month | 28 | 31% |
| 4 | None | - | - |
| Total | | | 100% |

The data in the above table indicates that 39 percent of respondent daily use cashless transaction, 30 percent use in week, 31 percent of respondents use in month cashless transactions.

8. CONCLUSIONS

Demonetization hastened the transition away from paper money and toward digital payment systems, greatly increasing the prevalence of cashless transactions. Digital payment systems, mobile wallets, and internet banking become more well-known and used as a result. In spite of the short-term upheaval it produced, the ripple effect encouraged a more open, efficient, and inclusive financial system, which in turn increased the usage of digital transactions in many parts of the economy.

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