

## **CASHLESS INDIA – MEANS TO GO CASHLESS**

**Dr. Prerna**

Department-Deptt. of Commerce

Name of organization-DAV College, Pehowa

### **Abstract:**

Cashless transaction is that transaction in which currency notes are not used rather transaction is made through digital means. Digital means are encouraged to control the black money which is their in the economy. On 8<sup>th</sup> November, 2016 prime minister banned rs 500 and rs1000 currency notes to control the black money. For achieving this purpose a number of means of cashless transactions are introduced which one can use as per his/ her requirement and convenience. If you are well versed with technology and having smartphone or laptop or a computer than u can easily make transactions through cashless means. This paper is about various means available to make cashless transactions. These means are safe to use and no risk of loss of currency notes left when you are making transactions through cashless means.

**Keywords:-** *cashless, black money, digital means, technology.*

### **Digital India**

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy.

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### **CASHLESS TRANSACTIONS IN INDIA**

A cashless society is one in which transactions are not conducted through currency notes rather through digital means. In cashless India, government of India initiates the day to day transactions through digital modes. Government has taken steps to promote society which do transactions related with money through digital means. A number of cashless means are there to be used in day to day life are discussed as under.

### **Means of cashless payments:**

As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

#### **1) BANKING CARDS (DEBIT / CREDIT / CASH / TRAVEL / OTHERS)**

Cards offered by banks provide consumers more convenience, security and control than any other method of payment. Credit cards, debit cards offers quite flexibility. For secure payments these cards provide two factor authentication e.g. PIN and OTP. Some examples of card payment systems are RuPay, Visa, MasterCard. Payment through cards provide people with the power to purchase items in stores, through mail-order catalogues on the Internet, and over the telephone. These cards save both customers and merchants' time and money, and therefore provides ease of transaction. This facility is provided across the country by 751 banks and is interoperable.

#### **Cost of Transaction:**

1. No cost to customer for merchant transactions.
2. For ATM transaction annual fees and limits on banks discretion.
3. Charges paid by merchant is 0.50% to 2.25% .

#### **2) UNSTRUCTURED SUPPLEMENTARY SERVICE DATA (USSD)**

\*99# is an innovative payment service which works on Unstructured Supplementary Service Data (USSD) channel. By using USSD mobile banking transactions can be made without the internet connection. USSD is visualized to provide banking services to those areas which lacks bank. USSD has been launched through \*99# to provide banking services to all over the country. Services offered are balance enquiry, interbank account to account fund transfer, mini statement, funds transfer using IFSC and account number along with other services USSD can be used for Rs. 1 To Rs. 5000 per day subject to a maximum of Rs. 50000 per annum. As per information list of banks providing USSD services are 51 as on 31.11.2016.

#### **Cost of Transaction:**

1. No cost is charged by system
2. Rs. 0.50 will be charged to customer for each transaction which will be added to his mobile bill.

#### **3) UNIFIED PAYMENTS INTERFACE (UPI)**

In this system a single mobile application is powered to handle multiple bank accounts, merging many banking features, merchant payments and seamless fund routing into one hood. Different

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banks provide their own UPI application for WINDOWS, Android and iOS mobile platforms. One lakh rupees per transaction can be done.

**Cost of Transaction:**

1. Normally no cost is charged
2. Data charges are paid by the customer

**4) MOBILE WALLETS**

To carry cash in digital format mobile wallet is best option. One can link its debit card or credit card information in its mobile phone to mobile wallet application or one can transfer money online to its mobile wallet. Many banks have their e-wallets and many private companies e.g. Freecharge, Paytm, Mobikwik, Airtel Money, mRuppee, Jio Money, SBI Buddy, itz Cash, Citrus Pay etc.

**Cost of Transaction:**

1. @ 0.5%-2.5% of fixed fee is charged to customer for remittances to bank a/c
2. Data charges may be charged.

**5) BANKS PRE-PAID CARDS**

**All banks are providing their customers with pre paid cards. To get a pre paid card one has to provide its full information to open new account and than he/she has to apply for e-wallet/ pre-paid Card and after that a pin number is provided to the customer. One can load money by using its internet banking or through the branch. All banks provide this facility. Activation time of card varies from 1-2 days and for wallets activation 5-7 minutes. A smart phone and internet connection is required. A limit on funds transfer is there i.e. Rs. 1,00,000 for users.**

**Cost of Transaction:**

1. Fixed service charges plus per transaction fee can be charged from the customer.
2. Amount loading into wallets is free.
3. A fees 0.50% to 2.50 % is charged from the merchant .

**6) INTERNET BANKING**

Most popular form of banking nowadays is internet banking. It is also known as e-banking, online banking or virtual banking. Internet banking is used to conduct a number of financial transactions.

**Different types of Internet financial transactions are discussed as below:**

**1) National Electronic Fund Transfer (NEFT)**

Across the country NEFT is a common method to transfer funds from one account to other bank account. Most popular nowadays due to easiness to operate. To transfer funds using NEFT you should need a bank account and than you can easily transfer funds using NEFT form easily available in banks. This service is free of cost. If you do not have bank account than also you can transfer funds through NEFT by paying cash in bank? Maximum limit to transfer funds is Rs 50,000 per transaction.

**2) Real Time Gross Settlement (RTGS)**

One of the other commonly used methods is RTGS. It stands for Real Time Gross Settlement. Under this system all transactions are individually settled on gross basis. RTGS method is meant for transactions of huge amount. Maximum amount to transfer is Rs 2,00,000 without any charges by the bank. But if you want to transfer a bigger amount than this than minimum service charges plus service tax is charged by the bank.

**7) MOBILE BANKING**

Nowadays banks provide financial services through mobile applications also. Very easy to use and operate. What you need is a smartphone with internet connection. Each bank has its own individual banking mobile application.

**Advantages of Cashless transactions:**

To accomplish the mission of Digital India, Government is initiating a lot of cashless means to transact and to lure the public government is providing number of discounts and concessions. So cashless transactions are advantageous to the nation.

**1) Convenience:**

To conduct cashless transactions is an easy task and moreover it is safe also. Now you need not to carry you cards with you or even no need to stand in queue in ATM's

**2) Tracking of transaction:**

Spending currency notes directly keeps no record and you will not always be able to recall where you have spent your money. But when you transact through cashless means record generates automatically and you can track all your transactions.

**3) Lower Risk:**

Risk of loss becomes lower with cashless means. That means if anyone lost its debit or credit card than he/she can easily get its card blocked from the bank easily.

**4) Small gains**

Cashless transactions fetch small gains to us. We can easily make payments without worrying about the loose money to pay as we can make exact amount with card.

**5) Service tax:**

Due to digitization government has waive the service tax of 15% on digital transactions up to Rs. 2,000.

**6) Rail tickets:**

Railways announced 0.5% discount on monthly and seasonal suburban railway tickets from 1 January 2017. Online rail ticket buyers get up to Rs. 10 lakh free accident insurance too

**DRAWBACKS OF Cashless TRANSACTIONS**

**1) Risk of theft of identity**

The main drawback of cashless transaction is that one remains in fear of loss of its identity. One can easily fall into the phishing traps in spite of the fact that how well educated you are. Worst part is this there is no rigid legal process to deal with this type of fraud.

**2) Loss of phone:**

For making cashless transactions you have to depend on your phone. But what if you lost your phone. It not only makes you worried about your loss of identity which is there in your phone moreover what one will do without currency notes and also without phone.

**3) Difficult for people not familiar with technology:**

Cashless transactions are possible only when people are well versed with internet technology and having smart phones or laptops or computers with them. Still most of the people are unaware about the use of technology and even don't have internet connections which makes it difficult to do cashless transactions.

**4) Overspending**

Cashless transactions are easy to make for those who are well versed with technology. A debit card, Credit cards makes it simple to conduct a transaction. Due to this easiness one can indulge into overspending as you need not to carry currency notes and transaction can be made effective through the use of cards. It becomes difficult to control overspending when you have cards with

you.

**Conclusion:**

Cashless transactions are the requirement of time. To control the black money cashless transactions are the only solution. There the many options to go cashless like mobile wallets, debit cards, credit cards, online banking and many more. These means are time saving as one has not to stand in long queues in banks. One can make exact amount of payment without worrying about the loose money. Loss of theft of currency notes is no longer if you make cashless transactions. But using cashless means one need to be fully aware about the technology and one need to have internet connection also. So cashless India will be a movement on the path of growth of the country and we should support this initiative of the government.

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