



Commerce

## **DREAM OF CASHLESS INDIA: BENEFITS & CHALLENGES**

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### **Abstract**

Cashless society is the concept where transactions involving money take place through digital mode and where there is no or very little use of hard cash. This research paper discusses the efforts of Government of India in promoting cashless transactions. Considering all these efforts, move towards digital India is no longer seems to remain just a dream. All over India steps are being taken to make this dream come true and the benefits that it will provide in long run are worth making these hard efforts. All these benefits have been discussed and the hurdles in path to the success of this programme have also been highlighted.

**Keywords:** Cashless Society; Digital India; Online; Digitalization.

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### **1. Introduction**

In a cash dominant country like India, going cashless is a challenging task. Due to lack of cyber security, poverty and illiteracy in India, it is highly difficult to make dream of digital India come true. Still efforts are being made in this direction. In spite of all the doubts in mind, people have started giving cashless transactions a try because of the flexibility it provides in making transactions. Sitting in America one can send money to his/her old parents in India, one can buy a beautiful gift for your sister on Raksha Bandhan and send directly to her hostel, going out of town and afraid of carrying large amount of cash is no longer a problem, one can carry a debit or credit card or even mobile phone is also now enough to solve the purpose and many other things have become easier because of going digital or cashless. Even in many transactions involving digital mode of payment makes eligible for cashback also. All this is being done because importance and benefits of going digital are being realized. Moreover, seeing all these benefits of cashless transactions.

## 2. Methodology

Data about the scheme of digital India and steps taken to achieve success in this scheme has been collected. Various benefits of scheme and problems in implementing this scheme have been mentioned. The source of data is secondary and much more can be done to make this scheme a huge success.

## 3. Objectives

- 1) To understand what is the concept of digital India.
- 2) To illustrate the steps taken by the Government to fulfill the dream to digital India.
- 3) To analyze various benefits citizens are going to derive by digitalizing Indian economy.
- 4) To find out challenges being faced in achieving the goal of digital India and how these challenges can be overcome.

## 4. Initiatives by the Government

Indian government is also taking steps to promote digital transactions. Even one of the objectives of the very bold step of demonetization was the dream of digital India and to make this dream come true and to promote digital transactions, on 8 December, 2016<sup>1</sup>our Finance Minister Shri Arun Jaitley announced some benefits that will be given on using digital mode of transactions:<sup>2</sup>

- 1) On purchase of petrol through credit /debit card, e-wallets or mobile wallet, one will get discount of 0.75%.
- 2) In villages having population less than 10,000, Central government will extend financial support through NABARD by providing 2 POS devices each to such villages.
- 3) Regional Rural Banks (RRBs) and Cooperative Banks will issue Rupay Kisan Card to kisan credit card holders.
- 4) If general or life insurance policy is bought or premium is paid online via PSUs website, 10% and 8% discount is allowed.
- 5) On transactions of upto Rs. 2000 through credit or debit card service tax is exempt
- 6) On online purchase of railway tickets accidental insurance cover of upto Rs. 10,00,000 shall be given.
- 7) Paying toll tax at toll plazas on National Highways through RFID card / Fast Tags attracts discount of 10%.
- 8) Monthly rent by Public sector banks for POS terminal /micro ATMs/mobile POS shall not exceed Rs. 100 per month.
- 9) Transactions charges associated with digital payment shall not pass on to the customer and shall be borne by Central government departments and PSUs.
- 10) With effect from January 1, 0.5% discount on monthly and seasonal suburban railway tickets purchased through digital mode.
- 11) If services like catering, accommodation, retiring rooms etc. are purchased through digital mode, the passenger will get discount of 5%.

Various other projects of government which have been launched or are in process are as follows:

- 1) In order to minimize use of physical documents between agencies, Digital Locker System has been launched. This will be done through registered repositories to ensure authenticity of the digitally transferred documents. This has made residents digitally empowered and has also made e-signing of documents possible. By keeping documents in this form their authenticity remains ensured and fraud of fake documents can be avoided. By using this locker residents can have access to their documents anytime and anywhere. Moreover, safety and security of documents is also ensured.<sup>5</sup>
- 2) To aid the mission of Swachh Bharat Abhiyan, Swachh Bharat Mission mobile app has been launched. This application has been designed by Ministry of Drinking water and Sanitation in collaboration with NIC. Using this application, people who have received benefits of toilet facility under the mission, can upload photographs. When picture is clicked and uploaded using this application, date, time, latitude and longitude of location is uploaded automatically on central server of the mission.<sup>6</sup>
- 3) In order to make online signature on documents using Aadhaar authentication, e-sign framework has been designed. The safety of data and prevention of harsh collusion and vulnerability is ensured by SHA-256 algorithm. Moreover Aadhaar based signing of documents has been declared valid by IT Act, 2000.
- 4) Online registration in hospitals, payment of fees, appointment in hospitals, getting diagnostic reports and checking availability of blood online etc has now become possible online through online registration system of e-Hospital application.
- 5) Now application form for all scholarships provided by Government of India, its verification, sanction and disbursement can be done online through common portal named National Scholarship Portal. Aim of the initiative is to disburse scholarships in time and to reduce chances of duplication. This step has increased transparency in process of giving scholarships by the Government.<sup>8</sup>
- 6) Department of Electronics and Information Technology (DeITY) is planning to digitalize large number of records in country under Digitize India Platform.
- 7) A high speed digital highway for connecting 2.5 lakh Gram Panchayats has been launched by Government of India. It has been named Bharat Net.
- 8) To manage services like voice, multimedia/ video etc BSNL has started Next Generation Network.
- 9) Wi-Fi hotspots have been deployed all over the country by BSNL. This will provide better access to people in place where they could not access internet earlier.
- 10) Mobile application named mygov.in has been launched which allows citizens of India to present their views on various policies of Government and also let citizens help in its proper implementation.<sup>4</sup>
- 11) Government of India has launched Broadband Highways which has three components- Rural broadband for all, Urban broadband for all, National Information Infrastructure. As a result Villages of India will be connected through broadband.

## 5. Benefits of Digitization

Benefits that make it necessary to go digital are as follows:-<sup>3</sup>

- 1) Tax evasion due to unaccounted cash transactions can be avoided.

- 2) Sky high prices of real estate are because maximum transactions in this sector involve cash transactions and if all these transactions are routed through digital mode, prices of real estate will fall tremendously.
- 3) Corruption will fall because of transparency of digital transactions.
- 4) Digitalization of transactions will affect terrorism adversely as terrorist will not be left with cash to buy arms and ammunition.
- 5) Amount spent by RBI on printing currency is quite high. By going digital this amount can be reduced and can be used in some other productive project for welfare of nation.
- 6) Problem created by fake notes can be avoided if dealing in hard cash is reduced.
- 7) While taking currency notes we also take germs which get stick on it while it passes from various hands.
- 8) Risk of theft while carrying large cash can also be avoided.

## 6. Challenges

Though this list of benefits of digitalization is not exhaustive yet there are number of problems being faced while implementing the policy of turning India into a digital economy. The problems being faced are as follows:-

- 1) Most of the people in India are unaware of benefits of transaction through digital mode.
- 2) Lack of proper infrastructure in form of internet connections, ATM machines, POS machines etc
- 3) People don't know how to use their debit or credit cards, mobile wallets etc. well in e-commerce transactions.
- 4) Big business men who have their interest in promoting cash transactions hinder the promotion of digitalization of Indian economy.
- 5) Large part of Indian population does not even have accounts in bank.
- 6) People are still afraid of fraud due to lack of cyber security.
- 7) New schemes for promoting cashless transactions are not advertised properly.

## 7. Conclusion

In today's fast growing economy no one has time to wait for days or hours to transmit a message or to stand in queues to withdraw money to pay their bills. Even ladies today are going out to earn and do not even have time to buy grocery. In face of this situation going digital is need of the hour which cannot be avoided. Though many steps have been taken to facilitate digitalization of India and many schemes have been launched but all this is not enough as the goal is very important to achieve and needs huge attention.

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