

## SIGNIFICANCE OF CASHLESS ECONOMY AND GROWTH OF DIGITAL INDIA IN COVID-19 PANDEMIC

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### Abstract

*Cashless economy is the term that everyone uses to describe the situation where the flow of cash does not exist within the economy. All the transactions take place through electronic channels or given the name digital transactions. Going **cashless** eases, one's life. It also helps formalize the transactions. Further, it helps to curb corruption. And also, the flow of black money results in an increase in **economic growth**. The cashless Economy in India has been amplified with the Indian Government's initiative of Digital India. This is a flagship program with a vision to transform India into a digitally empowered society and knowledge economy. The data was collected through a structured questionnaire and with the help of books, journals, reports, etc., The study illustrates the complete shift of consumer behavior from cash to a cashless economy in the pandemic and its direct influence the rate of such a shift toward digital transactions in India.*

**Keywords:** *Cashless Economy, Digital India, Electronic Channels, Economic Growth, Digital Payments, Corruption.*

## 1. INTRODUCTION

Cashless economy means an economic system where digital transactions like net banking, mobile banking, digital wallets, payment through debit cards and credit cards are used to replace the traditional method of payments made via cash or coins.

Printing notes and coins are not really cost-effective and this where the cashless economy will be helpful. With the majority adopting this method of payment, a huge amount of money can be saved. Indian economy is mostly physical cash transaction-driven while many initiatives have been taken by the Indian government in recent years to bring a cashless economy in India.

Most people in India prefer to make a cash transaction than using the digital payment method. To encourage a cashless economy in India, many offers and discounts are offered to consumers if they make transactions through the digital method.

Now, in the situation of global coronavirus pandemic Covid 19. The people of all statures got to use the cash-less economic transactions. Many of us from the events of Lockdowns, started to use the cashless transactions because of the fear of virus and the lockdown period prevailing that restricted people to use banks and to maintain the social distance at all places.

Additionally, in the event of a complete lockdown, many of us were unable to withdraw money ATMs because of the shortage of currency and spread of virus through ATM machines, Due to this problem, many digital transactions platforms were introduced to the people that made their transactions easier. we started using UPI and other digital payment options to purchase goods. And further, we understood the importance of these digital payment methods, less became the usage of paper money. The same thing is happening with everyone around the world. People were interested in the Internet banking, Mobile banking and many other digital payment platforms.

In regards to digital payments not all the people were benefited during the pandemic, people from various rural and remote area were completely unaware and inefficient to operate the digital platforms. They had to face problems and difficulties in using cash for transactions and leaving their house during the pandemic which had affected them greatly.

## 1.1 OBJECTIVES

- To evaluate the growth of cashless economy in Covid-19
- To find difficulties and challenges faced by Indian population for adoption of cashless economy.
- To discuss the usage of cashless digital transaction among the people.
- To discuss the digital awareness on people of India.

## 1.2 SCOPE OF THE STUDY

The scope of the study is to analyze the effects and challenges in the cashless economy for the people of India. The effect of digital transactions on the rural people in the pandemic. This study will also enlighten the awareness that was created on Digital India with the people. It concentrates more on the pros and cons faced by the people in India during the process of Digital India conversion.

## 1.3 REVIEW OF LITERATURE

This study as concentrated on electronic transaction of money. The term cashless economy does not mean a complete no cash economy it means the we use a electronic method through online to make payments.

- 1) **Kartik Aggarwal, Sushant Malik, Dharmesh K. Mishra, Dipen Paul report on Moving from Cash to Cashless Economy: Toward Digital India (2021).** In India, every business, even street vendors, or any citizen, whether urban or rural, have started accepting e-payments, encouraging people to enjoy the advantages and benefits to effectuate transactions the cashless way faster than earlier. Compared to past years there is significant growth in the number of smartphone users; Internet penetration has increased very much in every area, which increasingly leads to the adoption of digital payment. Much development can be seen day-by-day toward new infrastructure and technology, bringing India to a new reality.
- 2) According to **CA Kiran N. Gajjar report of STUDY OF CASHLESS ECONOMY OF INDIA (2019)** It can be said that cashless economy is the need of the hour. It has become not only important but necessary for the country to go cashless for the systematic development in the economy. Parity between cash and digital money is probably impossible to achieve, but there are means of getting closer to it by creating an incentive structure for that switch, and that involves making cash more expensive than cashless, and better enforcement of digital economy.

- 3) **Dr. Budheshwar Prasad Singhraul and Yogita Satish Garwal report of CASHLESS ECONOMY – CHALLENGES AND OPPORTUNITIES IN INDIA (2018).** This study shows that India in terms of using digital payment methods is still very poor in comparison to other developed countries in the world. As many countries are already turned up with their electronic payment system, India is in its initial stage and most of the population are dependent on cash-based transaction because of unavailability of proper internet connectivity, lack of awareness and knowledge of financial transaction, charges on card payments and un operational bank accounts.

#### **1.4 RESEARCH METHODOLOGY**

This study is a descriptive and analytical research methodology. Data are collected from primary and secondary sources.

##### **Primary data**

The primary data is collected through a structured questionnaire, with a sample size of 100 which includes both literate and illiterate people since they have given opinion on cashless economy and digital India.

##### **Secondary data**

Secondary data was gathered from various sources from books, reports, journals, published papers.

## 2. Research Analysis

### 2.1 Data Analysis and Interpretation

➤ People’s awareness on digital India and cashless economy

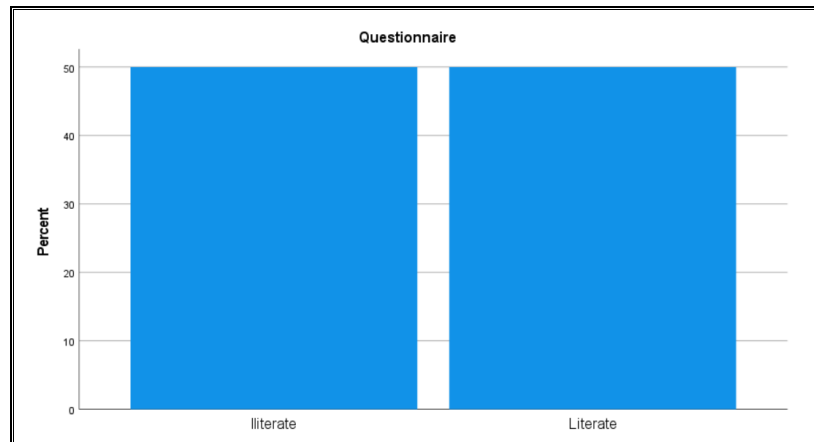


Table 1.1

**Inference:** The questionnaire was collected from 100 of Literate and Illiterate respondents and the data was analyzed to check the respondent’s awareness on digital India and the cashless economy.

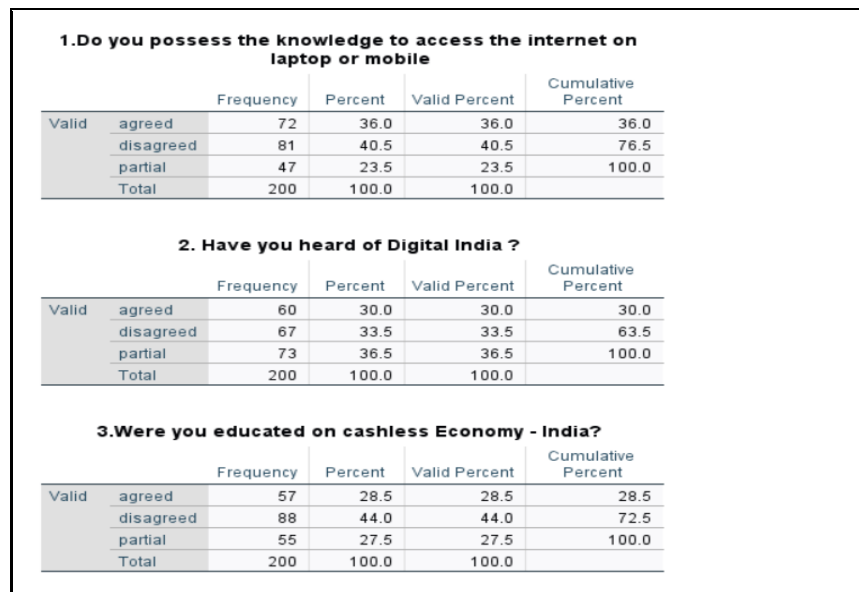
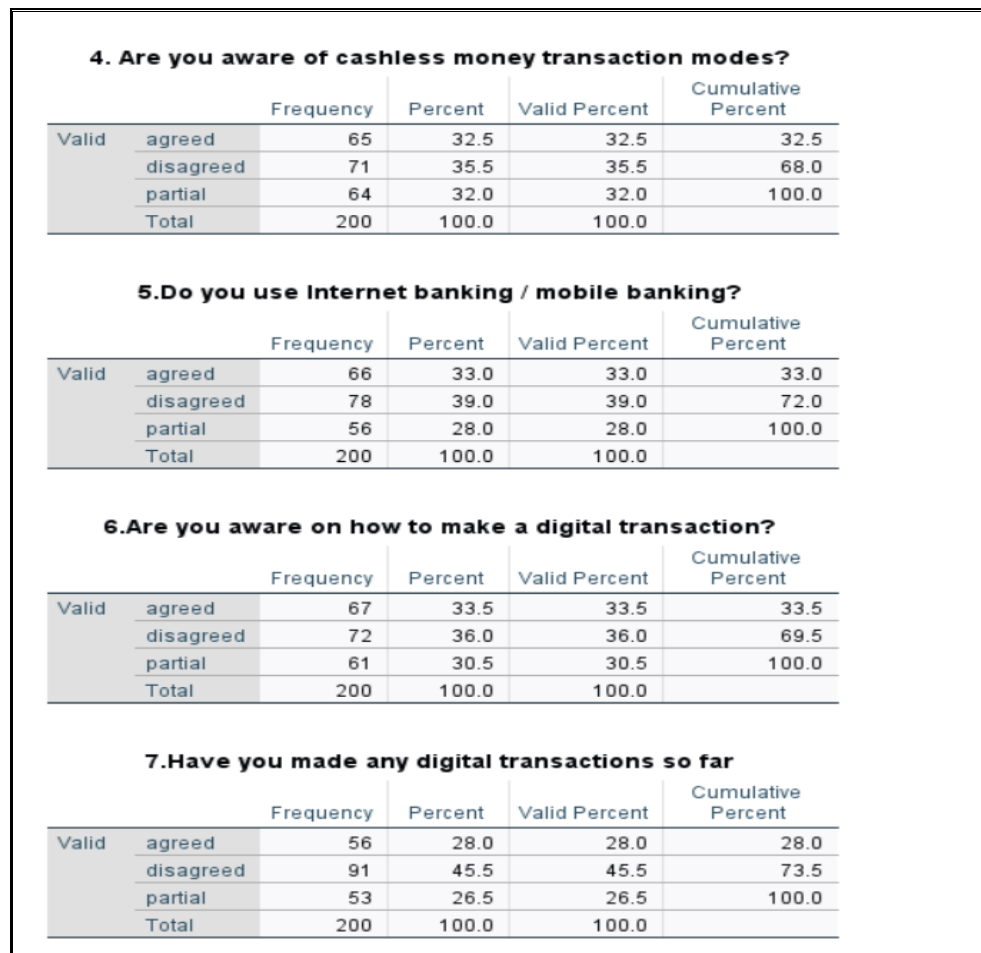


Fig 1.1

**Inference:**

1. Not many people have or gain the knowledge about using the internet, the analysis states that 40.5% of the respondents disagree to have gained any knowledge on the usage of Internet.
2. The respondents have disagreed to have heard less about the digital India, but statistically the concept of digital India have created a nearly an awareness among the people because the difference between it, is only 3%. Hence people have heard about digital India.
3. The respondents do not have the knowledge about the cashless economy, many people are not aware of the process to use the cashless transaction. The 44% respondents have disagreed to not have been educated on cashless economy.

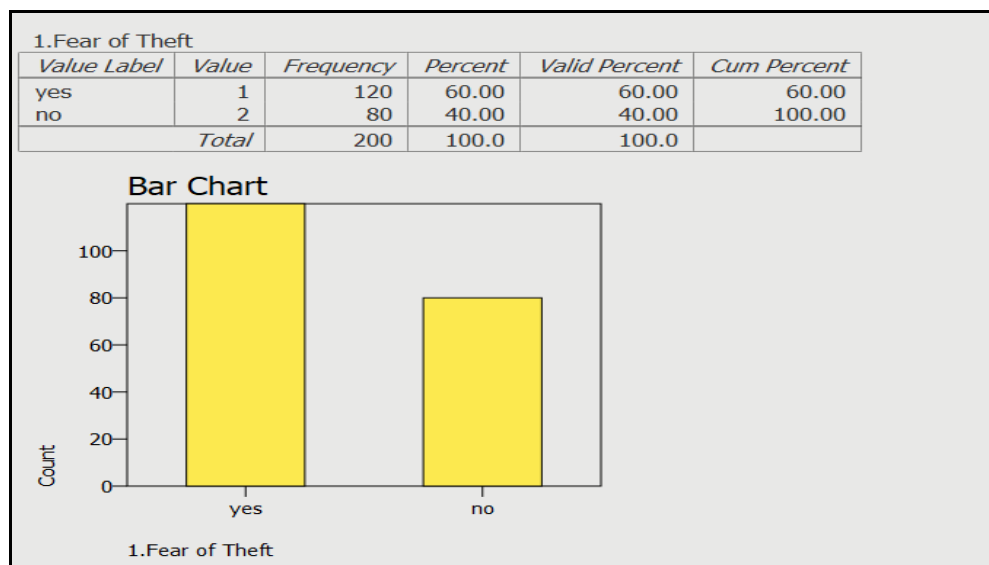


**Fig 1.2**

**Inferences:**

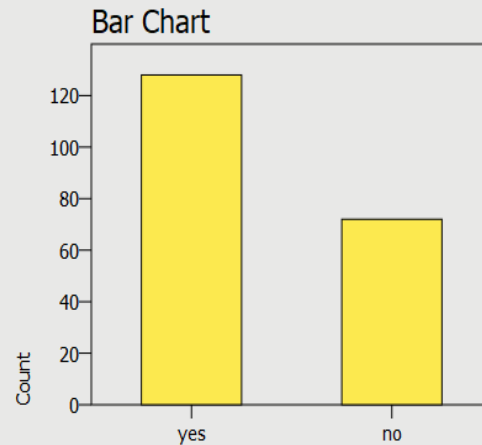
4. The statistics states that the people do not know the modes of cashless transactions be it mobile banking or the payment modes like Gpay, Phonepe or using amazon pay etc.,
5. Many people do not use the Internet banking or the mobile banking for their cashless transactions which means people do till prefer to transact with cashes.
6. The data states that 36% of the people do not know to make a digital transaction without using cash. Hence having heard about Digital India, people are still unaware on how to use make a cashless transaction.
7. The last statistical data have proved that around 45.5% of people have not made any digital transactions yet and they prefer to use cash for their transactions.

➤ **The difficulties faced by the people in adopting the cashless economy.**



2. Difficulty in understanding the popping messages and instructions.

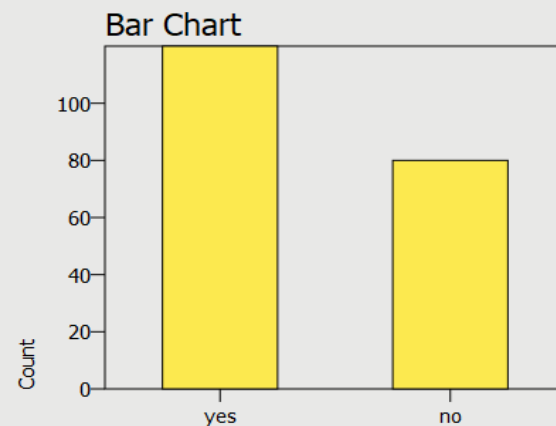
Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
yes	1	128	64.00	64.00	64.00
no	2	72	36.00	36.00	100.00
<i>Total</i>		200	100.0	100.0	



2. Difficulty in understanding the popping messages and instructions

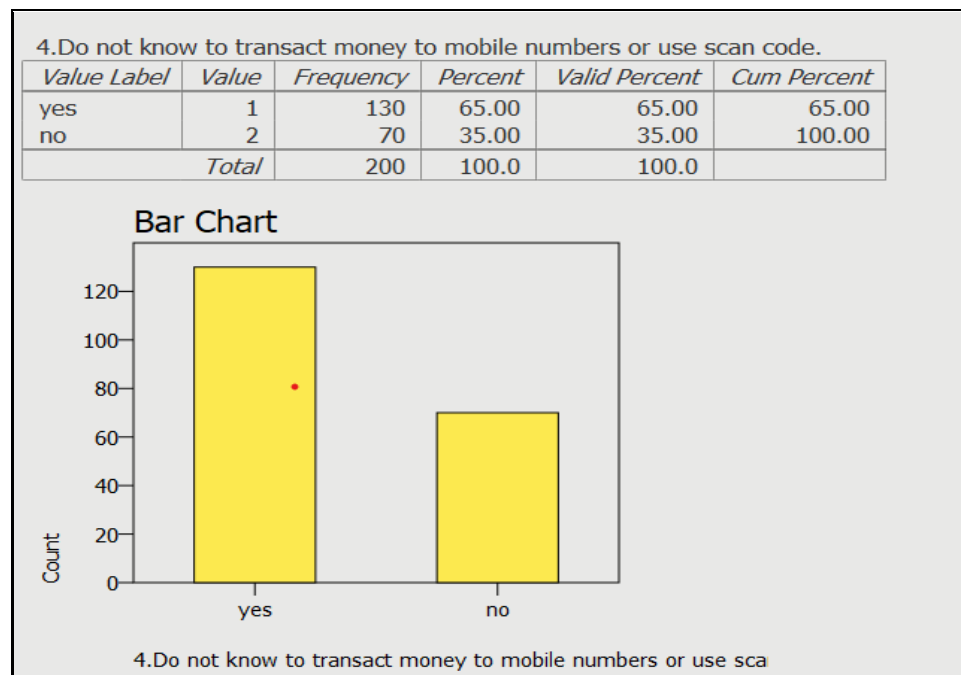
3. Difficulty in contacting the customer care in times of emergency

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
yes	1	120	60.00	60.00	60.00
no	2	80	40.00	40.00	100.00
<i>Total</i>		200	100.0	100.0	



3. Difficulty in contacting the customer care in times of emergency





**Fig 1.4**

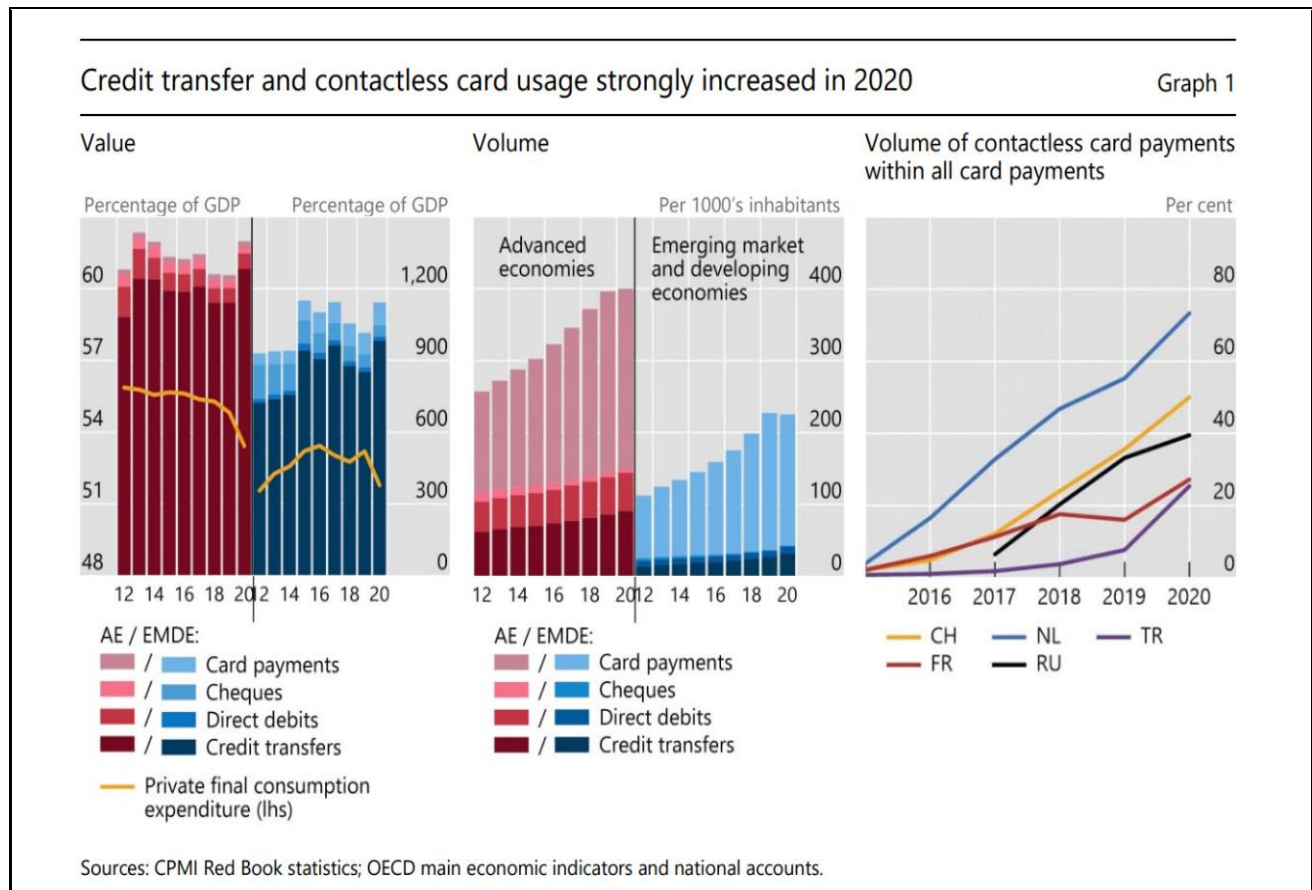
**Inferences:**

In Fig.1.3, it states that the biggest difficulty and challenge for the people is the fear of theft and they do not understand the pop-up messages. Hence many people have fear to use the online transactions. Similarly looking into Fig.1.4 the people do not know to actually use the

apps to transact money or scan the code. Moreover, they do not know to call the customer care to enquire or report a complain.

➤ **Usage of Cashless Digital Economy among people.**

The non-cash payment has created a greater impact on the people during the Covid-19. People have started to initiate their payments through Internet banking, mobile banking apps and automated transfer. As a result, the growth in total credit transfer usage was so strong that the share of non-cash payments in total GDP sharply increased across the globe as shown in **Graph 1.1**.



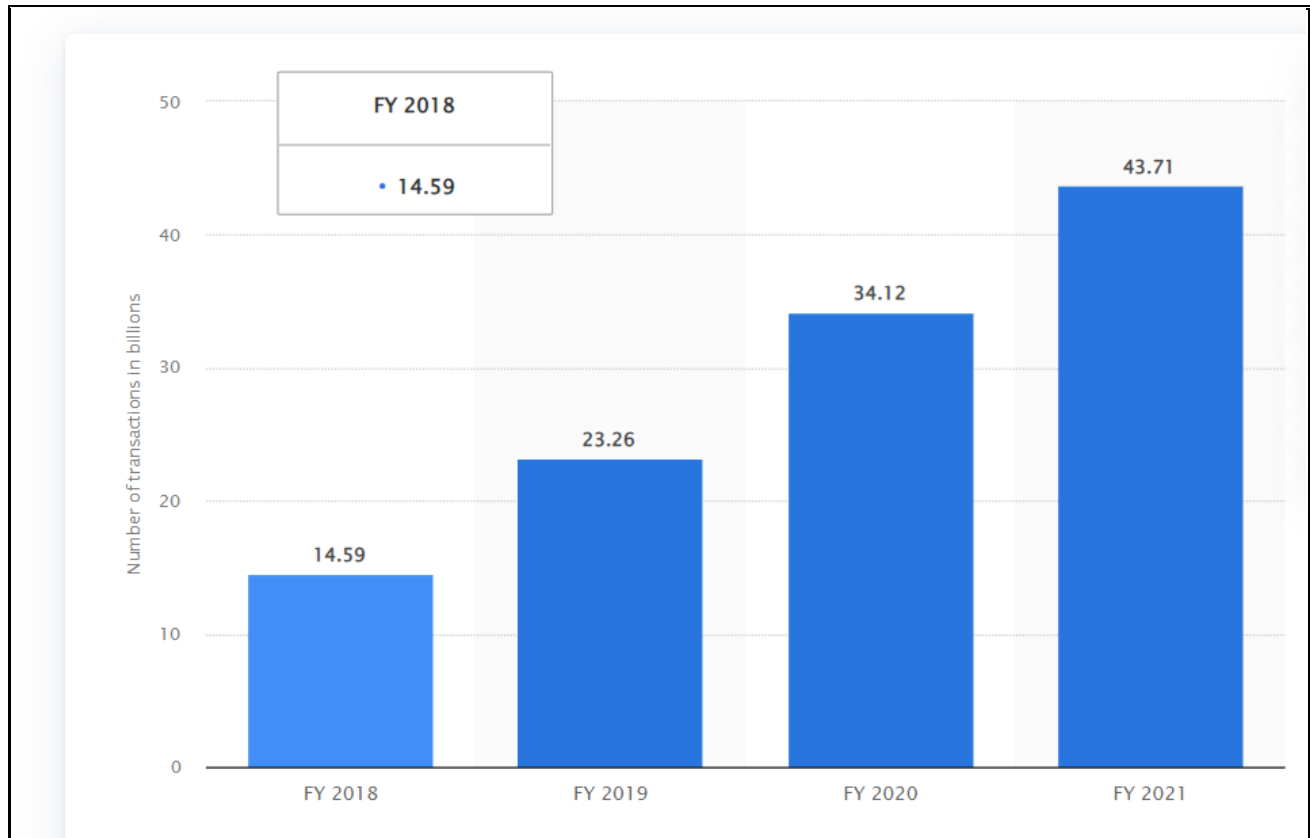
**Graph 1.1**

### COVID-19 impact on use of digital payments in India

According to the results of a survey among Indians on the impact of the coronavirus (COVID-19) and its consequent lockdown, a majority of respondents reported no change in their use of digital payments. However, in reference to Graph 1.2, the usage of digital payments in India have widely

increased in the past financial year from 2018 to 2021. The statistics states that the total number of people in (billions) is 43.71% in the year 2021 are in use of digital payments.

**Total number of digital payments across India from financial year 2018 to 2021(in billions)**



**Graph 1.2**

India made 7,422 crore digital payments in FY22 at 33% growth. A total of 7,422 crore digital payment transactions were recorded during this period, up from 5,554 crore transactions seen in FY 2020-21, said the Ministry of Electronics and IT. The volume of digital payments in India has increased by 33% year-on-year (YoY) during the financial year (FY) 2021-2022. A total of 7,422 crore digital payment transactions were recorded during this period, up from 5,554 crore transactions seen in FY 2020-21.

### 3. Findings and Suggestion

In the findings of the study shows that the people of India have widely started using digital payments during the Covid-19 to avoid the cash transactions and engaging in the public places during the spread of virus. In such cases, people have had many difficulties in adjusting and adapting to the online digital payments. People have started to use credit cards, debit card, mobile -banking and also the UPI – Payment apps. When discussing about online digital, many people are not aware of using the different modes of online payments and very few people are aware of all the transaction methods. The pandemic has increased the number of digital payments in order to avoid the public interactions and cash transaction. In times of such cases, it is very important that people learn and also gain knowledge to start using their online payment transactions.

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