RESPONSE TOWARDS CASHLESS ECONOMY: A STUDY IN KUMBAKONAM RETAIL MARKET

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Abstract—*A Cashless economy is a situation in which all the financial transactions are made by digital means rather than physical currencies. In India, most of the transactions are made through cash. So, our Indian Prime Minister Narendra Modi had taken a Digital India Initiative. The objective of the study is to find the response towards cashless economy in Kumbakonam retail market. Primary data were collected using questionnaire from the 250 respondents.150 retailers and 100 customers are chosen in Kumbakonam retail market. The samples are selected on simple random sampling method. Primary data collected were analyzed using statistical tools such as Chi square, Correlation and Percentage analysis with the help of SPSS Package. The results indicate that the majority of them are already aware of the policy and majority agree that the policy will help to fight against corruption/money laundering and reduce the risk of carrying cash and can also foster economic growth. Major problems that can hinder the implementation of the policy are limited point of sales and illiteracy. Based on the findings some recommendations made are the government should adopt a different strategy to educate the non-literate people about the cashless economy.*

Keywords—*Cashless Economy, Digital India, Economic Growth, Physical Currencies, Retail Market.*

INTRODUCTION

India is a country where people are living in an economy consist of monetary system built by currency notes and coins. Circulation of the currency notes is far higher than other large economies. In India, too much of transactions are made through cash. Less than 5% of total payments happen through electronically. But in countries like Sweden and United States, cash transactions take place only for 3% and 7% of the total transactions respectively.

A Cashless economy is a situation in which all the financial transactions are made by digital currencies rather than physical currencies. Cashless India means the cashless transaction. In 2012, former Prime Minister Manmohan Singh brought this to reduce the corruption in India. Later the steps taken by the Indian Prime Minister Narendra Modi Digital India Initiative and also the 2016 demonetisation to remove the black money for improving the cashless transaction.

The basic requirement for making the Cashless transaction is to have a smart phone with network connection. Prime Minister Narendra Modi asked the people to consider mobile phone as a wallet and bank.

After demonetisation the country is moving towards the cashless economy. To encourage the move towards cashless transaction the government has come up with a special discounts and freebies on digital transactions. There is no need for standing and waiting in queues, no need for interacting with bank staff and thus the customers get satisfied. A cashless economy can reduce the instances of tax avoidance, black money, corruption, money laundering, makes the life easier and stimulate economic growth.

REVIEW OF LITERATURE

(Salihu Shakirat.A, Mustapha Kassim, Ajayi Ireti. H Binitie Amaka. P, 2013) This journal describes about the impact of the Information Technology in cashless society in Nigeria. This paper tells about the deployment of Information Technology in banking industry. This gives an overview about how Information Technology is used in Nigerian banks. It uses three variables for relating the Information Technology. First variable deals with how the people adopting innovative technologies. Second one deals with utilization of that technology. Third one is the impact of adopting the

Information Technology devices on cashless economy in banking sector.

(B.M. Saini, 2016) This journal describes about how the demonetisation is going to change the economy into cashless society. It has been started for Cashless India on 15th Aug. 2014 when Prime Minister announced opening of Jandhan accounts on affordable price for poor and unbanked areas under financial inclusion. For the same process, lastly on 8th Nov. at 8.00 p.m, Prime Minister announced that from 9th Nov. 2016, old notes of denomination of Rs.500/ and Rs.1000/- will not be in use except some lifesaving services for time being. So many additions and modifications are made in this process. This result will come if we are moving towards cashless transactions from which expenses like printing, preserving, security can be minimised.

(Sushma Patil, 2014) This journal describes about the current study presents an overview of the development of banking in the plastic cards usage trends since these have been introduced in Indian banking sector. Technological revolution in financial sector has undergone a tremendous change. The Number of innovative products for making payment has developed after the privatization and globalization. Customers have showed their preference over the usage of the plastic money generally over a period of time in the banking process. Various other types of plastic cards provided by banks in India are ATM cards, Smart cards.

(Malte Krueger, Franz Seitz, 2012) This journal tells about the cash and cashless payment instruments in Germany. After a development in a national and international context, a critical literature overview on cost and on the importance of payments media for different countries is compiled. For criticising these studies, independent and largely "demand-based" approach is done on the economic significance or cost of cash and cashless payments instruments. It can be interpreted as an addition to the supply-based cost studies which have predominated till now. It accounts for approximately 2% to 2.5% of GDP.

(P.V.C.Okoye, Raymond Ezejiofor, 2013) This journal is motivated by the seeming inadequacy of Nigeria in adopting and implementing the cashless economy policy. The problem is defined by Nigeria's backdrop level of development both technologically and educationally. The objective of the study is to examine its significant benefits and essential elements, and to check the extent to which it can enhance the growth of financial stability in the country.

STATEMENT OF THE PROBLEM

In this paper, we tried to figure out the awareness and response of the retailer and the people in Kumbakonam retail market about the benefits and problems associated with the cashless economy.

OBJECTIVES OF THE STUDY

- To assess the response towards cashless transaction system and how far they are adopted to this economy.
- To know the importance of the cashless transaction system.
- To identify the risk associated with the cashless transaction system.
- To know the factors that are promoting cashless that is promoting cashless transaction system.

SCOPE OF THE STUDY

The research was undertaken to gather information from the respondent to know exactly how many people are aware of cashless economy and their response towards this cashless policy and the study is restricted within Kumbakonam retail market.

RESEARCH METHODOLOGY

Research Design

This research is mainly based on the survey research. It is based on the questionnaire which was conducted to study the response towards cashless economy. The questionnaires were distributed to 250 respondents in Kumbakonam retail market.

Sources of data

Primary data:

Primary data were collected with the help of standard questionnaire. For this purpose, retailers and customers in Kumbakonam retail market were met to collect primary data.

Secondary data:

The secondary data were collected with the help of online sources and journals, ProQuest, Scopus websites.

Data collection methods

The data were collected by using a structured questionnaire, which contains demographic characteristics of the respondents, benefits of cashless economy and problems of cashless economy.

Statistical Tools Used

The primary data were analysed using percentage analysis, Chi square and Correlation with the help of SPSS v16.0 package.

Limitations of the study

- The study is limited to the perceptions of Kumbakonam retail market retailers and the customers.
- The perception of the retailers and customers is limited to the time period of (March 2017 – April 2017).
- As the study was conducted only in Kumbakonam retail market, the finding cannot be generalized for overall retail market.

DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

Table 1: Demographic profile of the Respondents

Factors	Category	No. of Respondents	Percentage
Gender	Male	175	70.00%
	Female	75	30.00%
Age	15-25	50	20.00%
	25-35	100	40.00%
	35-45	75	30.00%
	45-55	25	10.00%
Occupation	Homemaker	24	9.60%
	Student	51	20.40%
	Self Employed	150	60.00%
	Employed	25	10.00%
Monthly income	10000-20000	50	20.00%
	20000-30000	75	30.00%
	30000-40000	25	10.00%
	40000-50000	50	20.00%
	Above 50000	50	20.00%

Source: Primary data

From the above table, it is inferred that majority of the respondents 70% are male and the remaining 30% of the respondents are female. The majority of the respondents fall into the age group of 25-35 years with 40%, 30% of the respondents are 35-45 years and 20% are 15-25 years another 10% are 45-55 years. The maximum number of respondents are self-employed that counts to 60%, 20.40% respondents are Student, 10% respondents are employed and 9.60% respondents are homemaker. About 30% respondents falls in the income group of 20000-30000, 20% respondents fall in the income group of 10000-20000, 20% respondents fall in the income group of 40000-50000, 20% respondents fall in the income group of above 50000, 10% respondents fall in the income group of 30000-40000.

CHI SQUARE TEST

H0a: There is no significant association between the awareness of cashless economy and removes the burden of carrying huge amount of money.

H1a: There is a significant association between the awareness of cashless economy and removes the burden of carrying huge amount of money.

Table 2: Association between awareness of cashless economy and removes the burden of carrying huge amount of money

	Value	*df*	*Asymp. Sig. (2-sided)*
Pearson Chi-Square	10.178[a]	3	0.017
Likelihood Ratio	12.653	3	0.005
Linear-by-Linear Association	2.722	1	0.099
N of Valid Cases	250		

Source: Primary data (at 5% level of significance)

From the above table, it is inferred that the Pearson Chi square value is 0.017 which is less than 0.05 so H0 is rejected and H1 is accepted, hence it is clear that there is a significant association between the awareness of cashless economy and removes the burden of carrying huge amount of money.

CORRELATION ANALYSIS

H0b: There is no significant correlation between prevention of money laundering and stimulation of economic growth.

H1b: There is a significant correlation between prevention of money laundering and stimulation of economic growth.

Table 3: Correlation between prevention of money laundering and stimulation of economic growth

Particulars		*Prevent money laundering*	*Stimulate economic growth*
Prevent money laundering	Pearson Correlation	1	0.442[**]
	Sig. (2-tailed)		0.000
	N	250	250
Stimulate economic growth	Pearson Correlation	0.442[**]	1
	Sig. (2-tailed)	0.000	
	N	250	250
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data (at 5% level of significance)

From the above table, it is inferred that there is a significant correlation between prevention of money laundering and stimulation of economic growth, since the p-value less than .05. If you look at the Pearson Correlation value of 0.442, which shows the moderate relationship between prevention of money laundering and stimulation of economic growth.

Reject Null hypothesis i.e. there is a significant relationship between prevention of money laundering and stimulation of economic growth.

FINDINGS

The most important contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash. So, the transactions can be settled electronically and there is a less need to move around with cash therefore theft and robbery can be reduced. By adopting the cashless economy policy, the growth of financial stability can be enhanced in the country.

RECOMMENDATIONS

- There is the need to intensify the awareness campaign for both existing and potential customers about the cashless system so that everybody will be able to know before its introduction.

- More PoS and ATM should be deployed that it is not sufficiently available to reduce long queue at this location.

- The cashless banking policy must ensure affordable service charges to the beneficiary of the system.

- The government should ensure the telecommunication service providers for delivering efficient service to their customers as it has great impact on cashless policy.

CONCLUSION

A Cashless economy is a situation in which all the financial transactions are made by digital means rather than physical currencies. After demonetisation the country is moving towards the cashless economy. To encourage the move towards cashless transaction the government has come up with a special discounts and freebies on digital transactions. From the study, it is observed that much has already been aware of cashless economy and that a sizeable proportion of the people are actually awaiting the introduction of the cashless economy. The result revealed that the cashless economy has a positive impact on prevention of money laundering and stimulation of economic growth.

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