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## **A Scenario of Digitalization and Cashless after Demonetization in India (2016): a systematic literature review**

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### **ABSTRACT**

The Prime Minister of India launched digital India on 1 July 2015 which motto was “POWER TO EMPOWER” and also demonetized of INR 500 and INR 1000 on 8 November, 2016. The main reason behind the demonetization was against the ills of corruption. But both the decision somehow gave some shed of cashless economy. It is very significant to focus on how the economy will effect after the decision of demonetization. This concept was defined and discussed by many researchers about its strength, weakness, opportunities, threats, benefits etc...This paper highlights the key points and provide a systematic literature review about the digitalization & cashless economy and scope of the future research regarding the cashless and E-transaction.

**KEYWORDS:** Cashless, E- transaction, Demonetization, Digital India, Economy.

### **INTRODUCTION**

On 8 November, 2016 the honorable Prime Minister (Narender Modi) announced the demonetization of INR 500 and INR 1000. For the common man of India, Cashless economy defined as the absence of cash at the time of the financial transaction and made through digital modes such as credit card, debit card, electronic fund between the interested parties. Demonetization means the old money notes were withdrawn by RBI (Reserve Bank of India) as an official mode of payment. The reasons behind the big decision were as mentioned: To overcome and handle the black money in the economy, due to less circulation of money in the economy .Most of the people of the country put their money in terms of cash to themselves only and unable to circulate in the economy but after the decision people have to put their money in



their bank account. It has seemed that a huge collection of amount was collected by the bank in just 22 days. Moreover the funds with terror group through which terrorist activities initiated has some chance to be stopped. So, this move might be very helpful for the economy and will make economy cashless.

### **OBJECTIVES**

- To understand the concept and systematic literature review of digitalization & cashless economy in India.
- To find out the future research scope on digitalization & cashless in India.

### **LITERATURE REVIEW**

**Kaur (January 2017)** focused on the contribution of demonetization and also evaluate the current position of E- payment system. The evaluation was done through the secondary sources such as books, journals, articles, magazines, and relevant websites. The study found that people adopted cashless transaction day by day due to globalization and widening of banking sectors, concluded that the future transaction will be held through electronic (cashless) transaction system. This will be the need of India people if system looks up to the world economy.

**Chaudhari (March 2017)** explored the major factor which was significant for cashless system and also suggested the unique ideas for the growth of cashless system. A sample of 200 was taken for the collection of data of the Nagpur city and employed percentage, chi-square, ANOVA for the analysis. The study found that no significant difference found between male and female for the use of cashless transaction and there was no fear of technology in people minds. The study further recommended that for making the cashless transaction possible in India government has to make available free Wi-Fi wherever possible and provide various benefits or offers on the cashless transactions.

**Garg and Panchal (April 2017)** explored the behaviour of common man on initialization of the implementation of cashless economy in Delhi region. A structured questionnaire was prepared. 100 respondents were taken for the collection of data and analyzed by percentage method. After



analysis the study revealed that most of the public were in favor of demonetization decision and understands that will help in elimination of black money, corruption, terrorism but major threat or problem which occurred were cybercrime and illegal and trust issues. In order to overcome this problem the study recommended that awareness program, implementation of rules and regulation, financial literacy program should be adopted by the government for the smooth running of cashless system.

**Panch (April 2017)** identified the numerous advantages related to electronic transaction. The study thoroughly reviewed all the concepts and benefitted variable and concluded that electronic payment system reduces people travel time, corruption, record of each and every transaction, safe but not confidential. The trust issues in the innovative things of people always reflected to the product same as here. The author suggested that the awareness programs might tackle these sorts of issues.

**Shendge et al. (April 2017)** determined how significant the cashless transaction and its major impact in India. The study explored this through secondary data such as websites, books, journals, newspaper. The study thoroughly explained the concept of cashless policy and its process that how people went through the following steps in order to do electronic transaction. Avoidance of window dressing, fully accountable, tracking facility, reduction of fear of stolen, stoppage of illegal transaction, easy and quick to use were the key points of the cashless transaction. The study highlighted the major impacts such as increase in revenue of government through tax collection, less corruption in education & recruitment system, more use of e-payment so its cost will reduce. Hence, more and more people afford to avail the services of digital India. The study concluded on the positive note that transparency prevails in the country through cashless system which is very important for the growth of an economy.

**Mahima (May 2017)** expressed the strength, weakness, opportunities, threats of cashless economy in India after the decision in 2016 of demonetization through the secondary sources such as newspaper, magazines, articles, journals. The study found that as strength, cashless economy will definitely collapse the black money and the benefits of JAM schemes will reach to each and every people of a country but as weakness the study indicated that due to E-illiteracy,



electricity, lack of infrastructure in India there might be problem that people cannot able to avail the service of digital mode. As opportunity the study hinted about the elimination of black money, proper tax payment, no to corruption and stoppage of terrorism activity but as threat the issues which were highlighted such as privacy, cybercrime, viruses to software etc. The study concluded that India government took various step before the implementation of decision like JAM, Digitalization and recommended that an empirical analysis should be done regarding the above mentioned points.

**Rajak (November 2017)** critically determined the history, current scenario and growth of cashless system and focused on challenges in the path of digitalization in India. The details of introducing of debit card, credit card, point of sale, tele banking, internet banking, mobile banking and others platform were clearly mentioned in the study and also gave some shed on the numerical data of the above mentioned platforms after the demonetization. The use of RTGS (Real time gross settlement), NEFT (National electronic fund transfer), mobile wallets, mobile applications were increased so rapidly and hence these steps taken towards the economy as a cashless economy. The study indicated various challenges for the lower and middle income group such as lack of access internet services, high charges of per transaction, lack of point of sale, lack of awareness and e-illiteracy. He further added that Government should take various measures regarding these challenges.

**Mahor (December 2017)** explored the perception of the select factor (social influence, facilitaining condition, risk, information technology, security & privacy) towards the cash and cashless payments of the customer. Data were collected form 100 customer of the Bhopal region and analyzed by regression and EFA tools. The finding of the study indicated that social influence was direct related with both cash and cashless payments where as risk and security & privacy were directly related to cash payments. Facilitating condition and information technology were indirectly related to cash payments. The study recommended that future researchers will carried forward this research to large sample of the population in India.

**Metri and jindappa (2017)** realized the opinion of the people who used smart phone and also identified the difficulties in cashless payment in rural area of India. The study came to the



conclusion by studying various journals, newspaper, magazines that cash was still in use as various merchants, kirana stores were quite comfortable in dealing with cash payments. The major difficulty found that point of sale terminal means was a big issue for rural area due to lack of access of literacy and infrastructure. In order to make India cashless, government has to take various measures regarding the above mentioned issues.

### **SCOPE FOR THE FUTURE RESEARCH**

It has seemed that after demonetization various researchers make out the analysis of the economy through secondary sources. So it's a high time for the empirical research (primary study) on the below mentioned points such as- Whether the people of India especially rural people ready for the adoption of cashless transaction. The factor which affect the most for the adoption of digitalization& cashless transaction. List out the hurdles which are facing by the people if they adopt so and especially the activities which might get procured after taking the demonetization step by the Prime Minister.

### **CONCLUSION**

No doubt government had taken various step one by another for the growth of economy. For instance adoption of JAM, digital India, demonetization, cashless so that people of the country will not face problem of the lack of bank accounts, access of internet, knowledge about various modes of e- transaction. From the above discussed studies, it is concluded that there are various activities which might get procured like black money in the economy, reduction of corruption especially in education system, transparency in transaction, proper tax collection, less terrorist activity. But it has seemed that major hurdle come out after the demonetization that government has no cause and prone for the people who have not bank account. Government has to take various measures in order to overcome the hurdles like e-illiteracy, access of internet especially in rural areas and yes, definitely steps taken by the government for cashless transaction will favors the economy for sure.



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