

## Cashless Transactions in Rural India: A Study of Rural Area of Gurugram City

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### ABSTRACT

*After demonetization in India, Cashless Transaction is a widely emerging concept in the Indian economy. Cashless concept makes a change in the shopping pattern and spending pattern of Urban and Rural population both. This paper studied the status of cashless transaction in rural area of Gurugram city. The demonetization was introduced in November 2016 by Narendra Modi. After this the survey research was adopted with schedule as data collection instrument for finding the cashless transactions status in rural areas. Responses from the respondents show that very few respondents used the cashless transaction mode in rural areas of Gurugram city of Haryana State. The usage of cheque and debit cards or credit cards has considerably increased. Other non-Cash services like*

*USSD, Gift card and UPI apps have not yet made any significant process.*

**Keywords:** Cashless Economy, Cashless Transaction, Gurugram

### INTRODUCTION

Cashless economy is not the complete absence of cash transactions. It is an economic system in which transactions are not done predominantly in exchange for actual cash. It is not also an economic system where goods and services are exchanged for goods and services like in the barter system. It is an economic setting in which goods and services are bought and paid through electronic media (Okoye and Ezajiofor, 2013).

This is not the first time this has happened in India. Earlier, Rs.1,000 and Rs.10, 000/- banknotes which were in circulation, were demonetized in January 1946, primarily to control unaccounted money. The higher

denomination banknotes in Rs.1,000/- , Rs.5,000/- and Rs.10,000/- were reintroduced in the year 1954 and again demonetized in January 1978. Again the demonetization of Rs.500 and Rs.1000 currency notes by the Prime minister of India, with effect from 9th November 2016 has primary aim of curbing black money. Anti- money laundering, eradicating counterfeit notes and so on. Apart from these primary aims the demonetization process boosts up using e-transactions among Indians (Saini, 2015). The studies revealed the status of cashless transaction in rural Gurugram.

## REVIEW OF LITERATURE

**Das and Agarwal, (2010)** studied the cashless payment system in India. They suggested that the cash payment is an expensive proposition to the government. The nation must step towards the cashless payment system which reduced the track transactions, currency management cost, eliminates tax avoidance, fraud etc. Moreover, it widens and encourages financial inclusion and integrates the parallel economy to the main stream.

**Akhalumeh and Ohioka, (2011)** observed some challenges with the introduction of cashless policy system. Their findings show

that 34.0% of the respondents cited problem of internet fraud, 15.5% cited problem of limited POS/ATM, 19.6% cited problem of illiteracy and 30.9% stayed neutral means the respondent not been sure of problem been expected or experienced. While in some quarters there was fear of unemployment, some believe it may create more jobs especially when companies manufacturing POS machine are cited in Nigeria.

**Ovat (2012)** examines the cashless policy of the Central Bank of Nigeria. The paper analyzes the policy objectives and its attendant benefits and challenges. He suggested that policy should periodically reviewed to iron out grey areas; embarking on intensive awareness campaign and sensitization of the citizenry by the CBN; putting adequate security mechanisms in place to forestall fraudulent practices; making the public power supply work efficiently; and exempting cash lodgments and public holidays from cash management charges.

**Omotunde et al (2013)** in their article, provides brief discussion about impact of cashless economy in Nigeria and focused on the three major categories by which Nigerians can be divided – traders, students

and civil servants. They concluded that the impact will be felt in modernization of Nigeria payment system, reduction in the cost of banking services as well as reduction in high security and safety risks. They also assumed that the introduction of cashless policy in Nigeria will help to reduce the amount of bills and notes circulating in the economy. This should reduce handling operation cost incurred on conventional money, as well as reduction in cash related crimes. It also helps to provide easy access to banking services for Nigerians.

**Madasu (2015)** have assessed and report the progress made by the RBI in moving towards the 'Cashless' economy. The data relating to the different regions like Emerging Asia, CEMEA, Mature Asia Pacific and North America has been analyzed. Form period 2004-05 to 2014-15 data, he revealed many interesting facts such as India does not find place in the top 16 Non-Cash Markets whereas China has moved into the top Non-Cash Markets, the usage of debit cards at ATMs has considerably increased in-comparison with credit cards and Non-Cash services like 'Immediate Payment Services' or M-Wallet have not yet made any significant process. He also revealed that the benefit of moving

towards the cashless economy would be more visible for 'emerging economies'.

## RESEARCH METHODOLOGY

### Objective of Research

- To study the status of cashless transaction in rural area of Gurugram city.

### Data Source and Type

The study was mainly based on primary data. The required data had collected from the people of rural and semi urban area of Gurugram city and the secondary data are collected from Research papers, government and non-government websites, books.

### Sample Size and Sampling Technique

In Gurugram, there were 250 villages out of which 5 rural villages are selected for the present study, out of 5 villages 20 respondents from each village were selected. In this study, the data of 100 samples were used to analyzed the result. Convenience sampling (Non-probability sampling) technique was used for the study.

### Data Collection and tools for analysis

For analyzing the collected data frequency and percentage was be used to fulfill the research objectives. Therefore, data collected through the schedule were analyzed statistically by using the Software

Package for Social Science (SPSS).

Percentage is used to analyzed data.

#### Limitation of the study

Research was based on small sample size and was limited to rural area of Gurugram city only.

#### Findings of the study

Data involved respondents from different age groups. The table below shows the classification of the location, age groups, gender, educational qualification, occupation and monthly income of the respondents.

**Table 1.1- Profile of the Respondents**

Particulars	Category	Frequency	Percentage
Location	Semi-Urban	30	30
	Rural	70	70
Age	Below 20 Years	6	6
	21-30 Years	30	30
	31-40 years	20	20
	Above 40 Years	44	44
Gender	Male	68	68
	Female	32	32
Educational Qualification	Illiterate	7	7
	Up to Matric	35	35
	Sr. Secondary	25	25
	Graduate	20	20
	Post Graduate	8	8
	Professional	5	5
Occupation	Farmer	18	18
	Wage-Earner	9	9
	Govt. Employee	15	15
	Private Employee	33	33
	Businessman	25	25
Monthly Income	Up to Rs.10,000	18	18
	Rs.10,000-Rs.20,000	25	25
	Rs.20,000-Rs.30,000	31	31
	Above Rs.30,000	36	36

Source: Field Survey

Above table 1.1 shows that majority of the respondents (70 percent) belongs to rural area, in location wise distribution of respondents and 68 percent are male, in

gender wise distribution of respondents. Maximum of 44 percent of the respondents fall in the category of above 40 years of age group. The majority of 35 percent of the

respondents are up to matric school education and maximum of 33 percent of the respondents are private employee. Monthly Income of the respondents is a factor which directly affects the cash and cashless

payment which they made. It is found that a maximum of 36 percent of the respondents are in the income group of Above Rs.30,000.

**Table 1.2- Modes of Cashless Payment provided by Dealer**

Options available for Cashless payment	Frequency	Total	Percentage
Cheque	49	100	49
Demand Draft	16	100	16
Online Transfer- NEFT or RTGS	27	100	27
Credit Card or Debit Card/ATM	37	100	37
E-Wallets	15	100	15
Mobile Wallets	20	100	20
UPI apps	6	100	6
Gift Card	6	100	6
Aadhaar Enabled Payment System	10	100	10
USSD	3	100	3
Point of Sale (POS)/Card Swipe Machine	27	100	27

Source: Field Survey

From the above table 1.2, the researcher has taken some cashless payment option provided by the dealers in rural area. Out of 100 respondents, 49 percent of the respondents says that cheque facility is provided by dealers, 16 percent provided Demand draft facility, 27 percent provide Online Transfer-NEFT or RTGS, 37 percent provide Credit Card and Debit Card facility, 15 percent provide E-Wallets facility, 20

percent provide Mobile wallets facility, 6 percent provide UPI apps facility, again 6 percent provide Gift Card facility, 10 percent provide AEPS facility, 3 percent provide USSD facility and 27 percent provide Point of scale/ Card Swipe Machine facility by dealers. Large number of respondents says that dealers mainly provide cheque facility for making the payment in rural area.

**Table 1.3- Mode of cashless payment used for payment**

Options used for Payment	Frequency	Total	Percentage
Cash	85	100	85
Cheque	52	100	52
Demand Draft	10	100	10
Online Transfer- NEFT or RTGS	14	100	14
Credit Card or Debit Card/ATM	42	100	42
E-Wallets	8	100	8
Mobile Wallets	11	100	11
UPI apps	3	100	3
Gift Card	2	100	2
AEPS(Aadhaar Enabled Payment System)	7	100	7
USSD	1	100	1
Point of Sale (POS)/Card Swipe Machine	20	100	20

Source: Field Survey

It is evident from the table that out of 100 respondent, overwhelming majority of respondents 85 opted cash make payment , followed by percent made through Cheque, 10 percent made through Demand Draft, 14 percent made through Online transfer-NEFT or RTGS, 42 percent made through Credit Card and Debit Card, 8 percent made through E-Wallets, 11 percent made through Mobile wallets, 3 percent made through UPI apps, 2 percent made through Gift Card, 7 percent made through AEPS,1 percent made through USSD and 20 percent made through Point of scale/ Card Swipe Machine.

Majority of respondents in making the payment of consumer durable goods in cashless economy is through cash. USSD, AEPS and UPI apps are those cashless option which are least used by consumers in rural areas. People in rural areas are less aware of cashless option available to them. There is the need to intensify the public enlightenment programme about the cashless system so that everybody will be acquainted with the system. Since there is a high rate of illiteracy, and all people must aware of various cashless option , the government should design special

enlightenment programmes for non-literates, using probably signs and symbols to educate this segment on how to operate the cashless system.

### FINDINGS AND SUGGESTIONS

Day by day the growth of the cashless transaction system is reaching new heights. People living in rural area tend to move to cashless transactions. It is right to say that the cashless system is not only a requirement but also a need for the rural people and society as well. But on the other hand, the risk of cyber-crime is very much higher because all the cashless transactions are done over internet. There is the need to intensify the public enlightenment programme about the cashless system by organizing seminars and workshops for rural people. Women Groups and Civil Society groups must be involved in the campaign to educate the masses on the benefits of cashless society. At least the use of local dialect should be adopted during practical sessions, so that not-literate or less literate rural peoples understand all concepts of cashless policy and e-payment instruments or modes available for transaction or exchange mediation.

There are charges for online transfer from bank to bank and from PayTM to bank.

There should be zero charges on cashless transfers. Government should intervene and may be compensate to banks, e-wallets companies, and some other way. More and more subsidies must be returned back to bank a/c only, just like done for LPG. Government can also actively improve as well as promote wallet like SBI buddy. They can remain most generous to local vendors.

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