



A STUDY OF CASHLESS SYSTEM AND CASHLESS SOCIETY: ITS ADVANTAGES AND DISADVANTAGES

Ravi Parmar

Independent Scholar, M.Com, NET

ABSTRACT Indian economy's dependence on cash is desirable for a variety of reasons. India has one of the highest cash to gross domestic product ratios in the world, and lubricating economic activity with paper has costs. According to a 2014 study by Tufts University, The Cost Of Cash In India, cash operations cost the Reserve Bank of India (RBI) and commercial banks about Rs21,000 crore annually. Also, a shift away from cash will make it more difficult for tax evaders to hide their income, a substantial benefit in a country that is fiscally constrained.

KEYWORDS :Cashless Economy, Cashless Society, advantages, Disadvantages

CASHLESS ECONOMY

Economic development in all areas is one of the most important priorities of the Government. In this section, you get information about various government policies and initiatives in this regard. How In India, Make in India has enhanced the manufacturing industry, what is all about India, various inflation control measures taken by the government and their impacts, how do we achieve the current GDP growth rate, FDI Growth, financial inclusion ... this section is all this more.

CASHLESS SOCIETY

The Cashless Society describes an economic situation in which financial transactions are not made by money in physical notes or coins, but through the transfer of digital information (usually the electronic representation of money) among the transaction parties is done. On the basis of Bescker and other methods of exchange, cashless society exists, and cashless transactions have also been made possible using digital currencies like bitcoins. However, in this article, legal tender (money) is present, it has been recorded, cash has been replaced by its digital counterpart, where on one side, and in the meaning of a move towards implication "cashless society". The word is focused and focused, and is exchanged only in electronic digital form

Such a concept has been widely discussed, especially since the rapid use of digital methods of recording, managing and exchanging access to commerce, investment and daily life in many parts of the world is increasingly used, and the transactions which will be historically cash-rich are often held electronically. Some countries now limit the transaction and transaction values, for which non-electronic payments can be legally used.

During 1990, the trend of using non-cash transactions and settlement began in daily life, when electronic banking became popular, with the 2010 digital payment methods widely widespread in many countries, such as middlemen with paypal, apple, NFC payment by contractual and electronic card or smart phone, and digital powered by companies like Electronic Bill and Banking Olet system, all of these are in widespread use. Until the cash of 2010, actively disgusted in certain types of transactions, which was historically very common to pay with the tender, and the amount of large cash is something to be treated with suspicion In situations, its versatility and ease of money laundering financing of terrorism, and actively prohibited by some suppliers and retailers, expression of "cash war" As the case. In the UK, it is now informed by 2016 that 1 in 7 people no longer take cash or use it.

It has been described as highly controversial and sometimes "frightening" or "scary" move, and as a concept related to negative interest rates, banking transactions tax and global taxation regime, with such widespread impact to the society, such progress will be both potentially useful and potentially socially dangerous. In the context of global negative inflation and quantitative easing and central control of currency supply, it can be very useful for central governments and economies. Although the loss of cash also transfers full control of the information about the personal use of transactions, interest and money to the state and third party providers, as the person is not able to control his money in an external system Maybe and control. Many countries have controlled, restricted or restricted private digital currencies, such as Bitcoin, that it is believed that for the global economy and in the

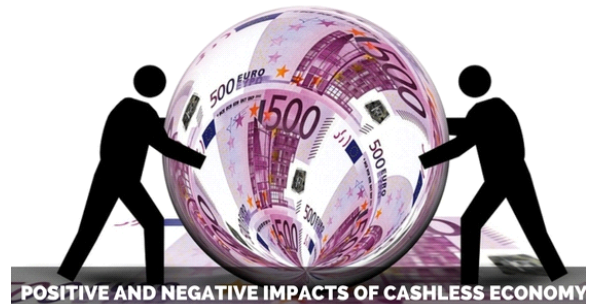
fight against crime and terrorism, many dangers have been raised on "dangerous" unexpected consequences. This would mean that negative interest rates can be fully implemented, and the money can be controlled in very detail. For example, some types of money may be set to "expiration" and if they are not spent in a specific way or at specific time, or may be useless to gradually devalue it is personal savings and personal income And also gives information about the transaction, which is capable of reaching any party to the record - either legitimate (police and tax related) or not (access to hackers and related data and The person who is the person), and thus, it provides population monitoring facility. It also means that the groups, individuals and causes can be deprived of cash by the simple advantage of preventing access to cashless transactions.

Estimated share of payments done by non-cash methods

Singapore	61
Netherlands	60
France	59
Sweden	59
Canada	57
Belgium	56
United Kingdom	52
USA	45
Australia	35
Germany	33
India	2

Source: Banks for International Statements

The drastic digitalization over the past few years has indeed affected almost every sphere of our lives. One of the most recent effects has been the move towards a cashless economy in India. Starting with the note ban in November 2016 due to the sudden withdrawal of the notes of Rs.500 and Rs.1000 denominations from the economy overnight, the Indian economy is going cashless. In other words, least paper transactions will be involved, substituted by more digital transactions with the help of internet banking, digital wallets, Point-of-Sale machines, credit and debit cards, etc. These are having multiple implications on the economy with the following advantages and disadvantages.



ADVANTAGES OF CASHLESS ECONOMY

- A cashless economy will allow less tension of tackling a wallet full

of notes along with us, which is not at all safe in a world full of anti-socials. We can rather use our mobile as a one-stop solution for all kinds of transactions such as bill payments, fees payments, funds transfer, recharge, etc.

- It will ensure a 'black-money free India' or rather the so-called 'parallel economy' where people bypass the banks to gather money in their closets at home without coming under the purview of tax will suffer a setback.
- Crime rates have already started diminishing due to cash ban as most of the terrorist activities are funded with black money that has bore the brunt of this. In addition to this, other crimes such as burglary, extortion, bank robbery, etc. are also declining.
- One of the biggest advantages is the increase in the span of the income tax. Due to least involvement of cash, transactions have to be done through banks where proper KYC verifications will be done prior to banking transactions and hence, it will be easier for the Government to monitor and mend the income tax evasion by the unscrupulous persons. This will, in turn, enhance the revenue received by the Government.

DISADVANTAGES OF CASHLESS ECONOMY

- The cashless economy will see a hike in the hacking of the personal information over the internet such as credit and debit card numbers, PINs, passwords and other sensitive information due to an increase of digital transactions. In short, cyber crimes will escalate like anything if proper internet security measures are not taken.
- The poor section of India who is in majority and is scarcely covered under conventional banking system will suffer a lot, as they are solely dependent on cash for their daily wages.
- Sectors such as real estate, retail, restaurants, cement and other MSMEs, where huge cash transactions are involved are going to be affected terribly.
- Inadequate internet infiltration, low internet speeds, limited smartphone and broadband penetration, very less PoS machines are the roadblocks towards achieving full digitalization that is here the main substitute for cash transactions.
- Funds will always be in control of the third party such as Government, banks, payment interfaces, etc. which lead to extreme uncertainty.

REFERENCES

1. Bank of England 1990 Bank of England Quarterly Bulletin 30(August):352-361. London: The Bank of England.
2. Bierman, Jr., H., L.T. Johnson, and D.S. Peterson 1991 Hedge Accounting: An Exploratory Study of the Underlying Issues . Research Report. Norwalk, Conn.: Financial Accounting Foundation.
3. Caves, R.E. 1982 Multinational Enterprise and Economic Analysis. New York: Cambridge University Press.
4. 1994 at International Banking and Financial Market Developments. Basle, Switzerland: Bank for International Settlements.