

Trader's Perception towards Demonetization and Cashless on Indian Economy: (A Case Study with Reference to Ajmer District in Rajasthan)

*** Dr. Rishi Kant Mittal**

Abstract

The demonetization measures have had significant and immediate impact on the state of the Indian economy. Through the demonetization activity the cash transactions impacted by a decrease in liquidity, alternative payment methods such as e-wallets, online transactions using e-banking, debit and credit card usage have increased significantly. This will increase usage of such payment systems and enable a shift towards an efficient cashless infrastructure. Through the cashless transactions the concealed cash transactions are hereby removed from the traditional cash based transactions and also it will promote all the economic activities are to be transparent nature.

This paper is taken up to examine the perception of trader's in rural areas of Ajmer District in Rajasthan towards a Demonetization and Cashless economy in India lacking good infrastructure facilities. This study also examines the cashless economic system, so as to assess its feasibility in India with regards to timelessness, preparedness and adequacy against the backdrop of our level of development both technologically and educationally. A null hypothesis has been constructed and for this purpose questionnaire was distributed to 200 traders but only respondent are 50 traders in the study area. So, that this study is based on selected 50 traders only. Trader's perception analysed on the basis of Analysis of Variance (ANOVA). It shows that there is a significant difference ($p < 0.001$, HS) merchant perception towards cashless Indian economy. The findings of the study are based on analysis of trader's perception. Thus, Null hypothesis has to be rejected. It is inferred that there is a significant relation among various components to create cashless society.

Keywords: Traders, Cashless Economy, Indian Economy, Mobile Banking.

Introduction

The Indian Government moves towards a cashless environment after the massive stake of demonetization. In India, where people use a lot of cash in everyday life which is 95 percent cash 85 percent of the transaction are not in electronic forms. According to World Bank Development report 2013, electronic payments can save over one per cent of India's gross domestic product (GDP). The Cash may still be 'king' at times, but compared with electronic payments, cash payments are inefficient, According to the multi-lateral agency; the rising use of payment by electronic medium can help to save 1.6 per cent of India's GDP. "Cash can carry significant handling and transportation costs and the risks of theft, loss, and counterfeiting. Change and motivate the people to money-free transactions from cash transaction. In a growing global economic environment, many world countries are successfully implementing cashless electronic methods. At present, India has begun to show its pace in electronic method. The Government of India aim to promote and pace of cashless transactions among the people and various sectors of Indian economy.

The cash less transaction means to buy or sell the products and services by using electronic forms instead of paper currency and excluding the cash based transaction from the all the marketing activities. Concealed cash transactions are hereby removed from the traditional cash based

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transactions and also it will promote all the economic activities are to be transparent nature. The state supervision and monitoring the all types of cashless transactions are also possible and easy through the cashless transactions.

Relationship between Demonetization and Cashless Transaction

Is it a way out of cash crunch? If so, it is good for the people and the country's economy. However, as the government takes the path of moving its people towards a cashless economy, there are many challenges that lie ahead. The government has been pushing for a cashless economy to overcome the prevailing cash crunch. NITI Aayog CEO Amitabh Kant recently announced what he called a 'Christmas gift to the nation', a bonanza of cash rewards to promote digital or cashless transactions as the government pitches a cashless economy after demonetisation. Under this scheme a total ` 340 crore will be given away in prizes for both customers and merchants through lucky draws.

The schemes would cover small transactions between ` 50 and ` 3,000. The objective is to encourage all sections of society to make digital payments. It is estimated that only five per cent Indians make digital payments, while the rest use cash. However, the unavailability of cash has led an increasing number of people towards digital payments or cashless mode. In a country like India where a majority of people do business in cash, it looks difficult if not impossible to achieve the dream of cashless economy. A World Bank report says that bank account penetration in India increased from 35 per cent to 53 per cent between 2011 and 2014. But the country also suffers from high dormancy rates, meaning there is no or less activity in these accounts.

The Government has implemented a major change in Economic environment by Demonetizing high value of currency notes ` 500 and ` 1000 denomination on 8th November, 2016. Demonetization is a sudden stop in terms of currency availability; it created a situation of currency jams on consumption, investment, production, employment etc. Now days the World Bank report further says that the dormancy rate in India is quite high at 43 per cent. Only 39 per cent of all account holders in India own a debit or ATM card. In India, a mere 15 per cent of adults reported using an account to make or receive payments.

Yes, there are challenges to implement and transform into a digital economy in a diverse country like India. The government will have to use all its machinery to provide support and technology, so that the digital platform can both be functional and safe throughout India uninterrupted.

The RBI figures for February, 2018 show that banks had issued around 79.72 crore debit cards and 5.59 crore credit cards to customers after deducting withdrawn or cancelled cards. We can easily assume that these cards have primarily been issued in urban areas. Millions of people still don't have a bank account, access to PoS sale points, internet or infrastructure to understand and use online payment methods etc. So, we need a large scale penetration of digital services and PoS terminals to facilitate digital transactions in rural areas.

The new initiative taken by government is Aadhaar Payment App. It is an App for making cashless transactions through your multiple bank accounts without using the internet facility. The unique 12-digit number, which carries your identity, is required for payments at the retailers who accept payments through the Aadhaar card. Each transaction will be authenticated by the fingerprint of the customer. Transactions can be made through Aadhaar-linked bank accounts (AEBA) only. Customers don't need debit card or credit card for Aadhaar payments. Retailers can login from their Aadhaar number using the fingerprint scanner. Once the app is validated, they can use it to take payments.

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Review of Literature

Daru, Mahesh U., (2017), For his study of Cashless India: dream of future India analysed that the concept of a cashless economy to be true in India, the centre, the state as well as the local governments have to work a lot to ensure that: First, every person is financially included in the mainstream. Second, there has to be the availability of the option of paying with cashless methods at the grass root level. Third, there is a need to ensure the safety and security of the cashless transactions. The idea of cashless economy itself is great but all these problems and potential threats have to be taken into account.

Kumari, Deepika, (2017), in her studies of Cashless Transaction: Methods, Applications and Challenges concluded that the as the demonetization applied by government of India, Government trying to aware its people for cashless transaction by various kinds of advertisement method but still a large number of people are awaiting for the introduction of cashless transaction. This paper is a study of cashless transaction its different methods, advantages and challenges. This paper will help to understand the basic of the cashless transaction.

Saini, B.M., (2018), in his studies of 'Demonetization – Metamorphosis for Cashless India, conclude that cashless transaction will lead to e –transactions. There has been a drastic improvement in electronic transactions which may boost cybercrime, so we make people aware of ways to keep credit, debit cards safe and to train them to teach the measures to keep our transactions hassle free. We need a specially trained cyber police, forensic labs with state of the art evidence gathering tools, public prosecutors who understand technology and cyber courts to punish cyber criminals. Hope India will be in line of developed countries in the days to come.

Patil, Vaibhav Shahaji and Mishra, Jyoti, (2018), study to find out advantages and disadvantages of making India a cashless economy India is lagging far behind many developed countries like Belgium, France, Canada, USA, UK, Saudi Arab etc in implementing cashless transactions. Government should ensure first availability and quality of telecom network in all parts of country. Financial institutes or intermediaries like banks and related service providers will have to constantly invest in technology in order to improve security and ease of transaction. People as a customer will only shift when it's easier, certain and safe to make cashless transactions. Government should adopt strategy of incentivize cashless transactions and discourage cash payments. It is observed that rural people are not aware or educated enough to use cashless digital facility.

Objectives of the Study

- (i) To understand traders' awareness about the cashless society.
- (ii) To know the expectations of the traders' towards Cashless economy after demonetization.
- (iii) To understand perception towards Cashless transaction in Indian economy.
- (iv) To analyzed the awareness and usage of cashless transaction by merchants' after Demonetization.

Research Methodology

This case study of Rural Areas of Ajmer District in Rajasthan was descriptive and analytical in nature. The study mainly depends upon the primary data. However, some secondary sources of data were consulted for the purpose of gathering background information supporting the study. Relevant primary data were collected using the combination quantitative (sample survey). Primary data were collected through questionnaire method. A Questionnaire was administered to 50 traders in the study area. Appropriate and relevant statistical tools and techniques will be used such as Descriptive statistics (Mean and S.D.), Analysis of Variance (ANOVA).

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Hypothesis of the Study

An F statistic is a value you get when you run an ANOVA test or a regression analysis to find out if the means between two populations are significantly different. It's similar to a t-statistics from a t-test. In this situation, reject the null hypothesis when your p value is smaller than your **alpha level**. You should not reject the null hypothesis, if your critical f value is smaller than your F Value, unless you also have a small p-value. In this case study our null hypothesis is:

H₀: There is a no significant relationship among various components to create cashless economy.

Limitations of the Study

- (i) The study is limited to the rural areas of Ajmer District in Rajasthan so, the generalization of conclusion of the study may not be universally applicable.
- (ii) Biers of Researcher as well as Respondents are also limitation of this study.
- (iii) The statistical techniques have their own limitation. They also apply this study.
- (iv) The respondents are not aware about cashless transaction and most of the customers have not replied properly.

Analysis and Interpretation of Primary Data

Tools used for the study is shown in the table:

Table: Criteria used for the Research Study

Class	0-25	25-50	50-75	75-100
Perception of the Trader's	Strongly Disagree	Disagree	Agree	Strongly Agree

Table 1: Responses on Acceptability of Cashless Economy

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	83.0	3.32±0.5886
Disagree	01	2.0		
Agree	32	64.0		
Strongly Agree	16	32.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

It is found that only 2% of the respondents strongly disagree 2% of them disagree with the acceptability of cashless transactions, more than 90% accept the cash cashless transactions i.e. 64% of them agree, 32% of them strongly agree that Respondent opines that they agree cashless economy.

Table 2: Respondents Responses on Usefulness of Cashless Transaction for the Business

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	81.5	3.26±0.5996
Disagree	05	10.0		
Agree	30	60.0		
Strongly Agree	14	28.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

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This table reveals the respondent's opinion on its usefulness to business and it is inferred that 2% of the respondents strongly disagree, 10% of them disagree, 60% of them agree, 28% of them strongly agree that Respondent opines that cashless transaction is good for the business.

Table 3: Respondents Responses on Safeness of Cashless Transaction

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	80.0	3.20±0.6388
Disagree	05	10.0		
Agree	28	56.0		
Strongly Agree	16	32.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

On safeness of cashless transactions only 2% of the respondents either strongly disagree, 10% of them disagree, 56% of them agree, 32% of them strongly agree that Respondent opines that cashless transaction safe

Table 4: Respondents Opines Cash Transactions is better than Cashless Transactions

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	04	8.0	66.0	2.62±0.7796
Disagree	16	32.0		
Agree	25	50.0		
Strongly Agree	05	10.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

This table shows opinion of Respondents cash transaction is better than cashless transaction only 8% of the respondents strongly disagree, 32% of them disagree, 50% of them agree, 10% of them strongly agree that Respondent opines cash transaction is better than cashless transaction.

Table 5: Respondents Opinion on Safeness of Core Banking Services (Mobile Banking, Internet Banking and Online Banking)

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	76.5	3.06±0.6824
Disagree	07	14.0		
Agree	30	60.0		
Strongly Agree	12	24.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

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Only 2% and 14% of the respondents either strongly disagree and disagree with usefulness of e-banking services but more than 80% of them either strongly agree or agree i.e. 60% of them agree and 24% of them strongly agree that Mobiles banking, internet banking, online banking is safe.

Table 6: Respondents Opines that Indian Banking Technology enough for Cashless Transactions

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	07	14.0	62.0	2.48±0.8862
Disagree	18	36.0		
Agree	19	38.0		
Strongly Agree	06	12.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

This table shows the adequacy of Indian banking technology to cater to the requirements of cashless transactions in India. Nearly 50 percent of respondent's view that Indian banking technology is not strong enough to meet the needs of cashless transaction and only 50% have positive view on this. 14% of the respondents strongly disagree, 36 % of them disagree, 38% of them agree, 12% of them strongly agree that respondent opines that Indian banking technology enough for cashless transaction.

Table 7: Respondents Opinion on Safety of Cashless Transaction after Demonetization

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	05	10.0	74.5	2.98±0.5887
Disagree	15	30.0		
Agree	18	36.0		
Strongly Agree	12	24.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

Nearby 40 percent respondents disagree with this i.e. 10% of the respondents strongly disagree, 30% of them disagree, 36% of them agree, 24% of them strongly agree that respondent opines that cashless transaction is safe after demonetization.

Table 8: Respondents Opinion on Prime Ministers Vision towards Cashless Economy is Good

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	02	4.0	88.0	3.52±0.7887
Disagree	04	8.0		
Agree	12	24.0		
Strongly Agree	32	64.0		
Total	50	100		

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Source: Computed and Compiled from Primary Data and Information.

It is revealed that only 4% of the respondents strongly disagree, 8% of them disagree with goodness of Prime Ministers Vision towards cashless economy. 24% of them agree, 64% of them strongly agree that present prime ministers dream towards cashless economy is good.

Table 9: Respondents Opines that to Create Cashless Society Requires Up-gradation of Banking Technology

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	75.0	3.00±0.6701
Disagree	10	20.0		
Agree	28	56.0		
Strongly Agree	11	22.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

Only 2% of the respondents strongly disagree and 20% of them disagree with idea of up grading of banking technology – a pre requisite to create cashless society and majority support the idea of up grading of banking technology – a pre requisite to create cashless society i.e. 56% of them agree, 22% of them strongly agree that Respondent opines that to create cash less society requires up gradation of banking technology.

Table 10: Respondents Opinion as to Demonetization is the Stepping Stone to Create Cashless Society

Respondents Opinion	Frequency	Percentage	% Mean	Mean and S.D.
Strongly Disagree	01	2.0	79.0	3.16±0.6503
Disagree	04	8.0		
Agree	31	62.0		
Strongly Agree	14	28.0		
Total	50	100		

Source: Computed and Compiled from Primary Data and Information.

Only 2% of the respondents strongly disagree and 8% of them disagree with the notion of demonetization is the stepping stone to create cashless society. Where 90 percent respondents agree with the notion of demonetization is the stepping stone to create cashless society. i.e. 62% of them agree and 28% of them strongly agree that demonetization is the stepping stone to create cashless society.

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Table 11: Analysis of Variance (ANOVA)

	Source of Variation	Sum of Square	d.f.	Mean Square	F	Sig.
Respondents Responses on Usefulness of Cashless Transaction for the Business	Between Groups	2.395	3	0.798	1.869	0.148
	Within Groups	19.625	46	0.427		
	Total	22.020	49			
Respondents Responses on Safeness of Cashless Transaction	Between Groups	3.094	3	1.031	2.802	0.050
	Within Groups	16.906	46	0.368		
	Total	20.000	49			
Respondents Opines Cash Transactions is better than Cashless Transactions	Between Groups	2.374	3	0.791	1.327	0.277
	Within Groups	27.406	46	0.596		
	Total	29.780	49			
Respondents Opinion on Safeness of Core Banking Services (Mobile Banking, Internet Banking and Online Banking)	Between Groups	1.195	3	0.398	0.847	0.475
	Within Groups	21.625	46	0.470		
	Total	22.820	49			
Respondents Opines that Indian Banking Technology enough for Cashless Transactions	Between Groups	2.543	3	0.848	1.086	0.365
	Within Groups	35.938	46	0.781		
	Total	38.481	49			
Respondents Opinion on Safety of Cashless Transaction after Demonetization	Between Groups	1.355	3	0.452	1.329	0.276
	Within Groups	15.625	46	0.340		
	Total	16.980	49			
Respondents Opinion on Prime Ministers Vision towards Cashless Economy is Good	Between Groups	1.761	3	0.587	0.941	0.429
	Within Groups	28.719	46	0.624		
	Total	30.480	49			
Respondents Opines that to Create Cashless Society Requires Up-gradation of Banking Technology	Between Groups	2.281	3	0.760	1.772	0.165
	Within Groups	19.719	46	0.429		
	Total	22.000	49			
Respondents Opinion as to Demonetization is the Stepping Stone to Create Cashless Society	Between Groups	3.095	3	1.032	2.695	0.057
	Within Groups	17.625	46	0.383		
	Total	20.720	49			

Source: Computed and Compiled from Primary Data and Information.

Analysis of Variance (ANOVA) shows that there is a significant difference ($p < 0.001$, HS) in perception among traders in the various components of cashless society in this case study. The overall

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percentage denotes positive perception towards cashless society.

Suggestions

- (i) Government must officially disclose especially in rural areas all information of demonetization so as to gain information to common man as to what will be more advantages if Cash less transactions are being utilized.
- (ii) Government should provide Better infrastructure like high speed broad band connectivity in rural areas.
- (iii) Better banking facility provided by nationalized banks.
- (iv) To provide awareness to small retailers about cashless transactions.
- (v) Government should offer digital incentives to merchants and consumers, so that cashless transactions boost Indian economy.

Conclusion

It is agreed that the cashless system will be helpful in the fight against corruption and money laundering. The most important issue of financial illiteracy should be addressed through financial literacy and creating awareness among the people. From the field survey, observation and the findings of the study it appears that much has already been done on the issue of awareness on cashless economy and that a sizeable portion of the people are mentally ready for adoption of modern online technology driven facilities for their day today transactions leading to use of less cash in the economy. It also appears that many people actually agree with the government on the usefulness of the cashless economy. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash. Since most transactions will now be settled electronically, people will have less need to move around with cash and therefore, loss of cash, theft and armed robbery will drastically reduce. Trader's perception analysed on the basis of Analysis of Variance (ANOVA). It shows that there is a significant difference ($p < 0.001$, HS) traders perception towards cashless Indian economy. Thus, Null hypothesis has to be rejected. It is inferred that there is a significant relation among various components to create cashless society.

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