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Impact of Cashless Economy in SME and MSME in Delhi/NCR (A Case Study on Gautam Buddh Nagar)

Abstract

This research paper studied the impact of cashless economy in India. The study was conducted in Delhi NCR region and data was collected with the help of survey method. A sample size of 200 people was selected and out of which 115 people responded towards the survey method. Collected Data was analysed using various methods. The research paper also shows that cashless economy will help in eliminating corruption, increasing employment opportunities, reduce the chances of cash related robbery and increasing more foreign investors in India. Major problems and challenges that can hinder the introduction of cashless economy in India are internet fraud, additional knowledge, and computer literacy and cyber crimes.

Keywords: Economy, Internet, Technologies, Industrial Development, SME, MSME.

Introduction

Cashless economy is an economy that highly depends on cards or digital transactions for making payments or doing transactions. In cashless economy the flow of physical cash is close to minimum.

In other words, A cashless economy is an economy in which all transactions are conducted through electronic channels like debit card, credit card, real time gross settlement (RTGS), national electronic funds transfer (NEFT) and immediate payment service (IMPS) etc. In other words, cashless economy may be defined as an economy in which mostly plastic or digital money is used and minimal cash or money is used in paper form. In cash less economy, people use minimum cash and use electronic channels for making payments.

According to the website of cashless India, the digital India programme is a flagship programme of the government of India with a vision to transform India in to a digitally empowered society. The government of India started its process of cashless economy with the announcement of demonetization in November 2018. Digital transactions are better in so many ways. Digital transactions are more convenient and can be helpful in to check corruption and tax evasion.

Review of Literature

(Preeti Garg and Manvi Panchal, 2017) Studied the views of people on introduction of cashless economy in India. The study was conducted in Delhi NCR region. Their study shows that cashless economy will help in curbing black money, counterfeit's fake currency, fighting against terrorism, reduce cash related robbery, helps in improving economic growth of our country.

(P.V.C.Okoye and Raymond Ezejiolor, 2013) Examined the significant benefits and essentials elements to check the extent to which cashless economy can enhance the growth of financial stability in the country. Based on their findings some recommendations are made that the government should adopt a different strategy to educate the non – literate Nigerians about the cashless economy and a framework should be worked out to provide cyber security in Nigeria.

(Emmanuel Oheneba-Acqua and Benjamin Dey , 2018) found that adoption of one type of cashless economy will affect another type of cashless payment in the short run. The impact of adopting cashless economy on economic growth can only be significantly observed in long run. Hence, any policy that promotes cashless payment will not affect the economic immediately.



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(Oginni Simon Oyewole, El-Maude, Jibreel Gamb, Mohammed Abba and Michael Ezekiel Onuh, 2013) in their paper explored relationship between e-payment system and economic growth as means of reviewing current transition to cashless economy in Nigeria. They found that there is significant positive relationship between e - payment system and economic growth while other e payment channels contribute negatively.

Objectives of the Study

1. To study the benefits of cashless economy in SME and MSME space in India.
2. To study the challenges of cashless economy in SME and MSME space in India.

Research Methodology

The study was conducted to obtain the data on the impact of cashless economy in SME and MSME space in India and to know how cashless economy is beneficial and what are the challenges of cashless economy in India. The study was conducted to know the benefits and challenges of cashless economy. A sample size of 200 was selected using simple sampling procedure out of which 115 people responded back.

Sources of Data

Both primary and secondary data is used as a part of the study. Primary data is collected by using questionnaire. Secondary data were collected from various books, website, journals and research projects.

Target Population and Sample Size

The target population of the current research is people living in Delhi NCR, India who are aware about cashless economy. The sample size of 200 people was selected and out of which 115 respondents responded back.

Sampling and Data Collection Procedure

Non probability and convenience sampling method was utilized in this study.

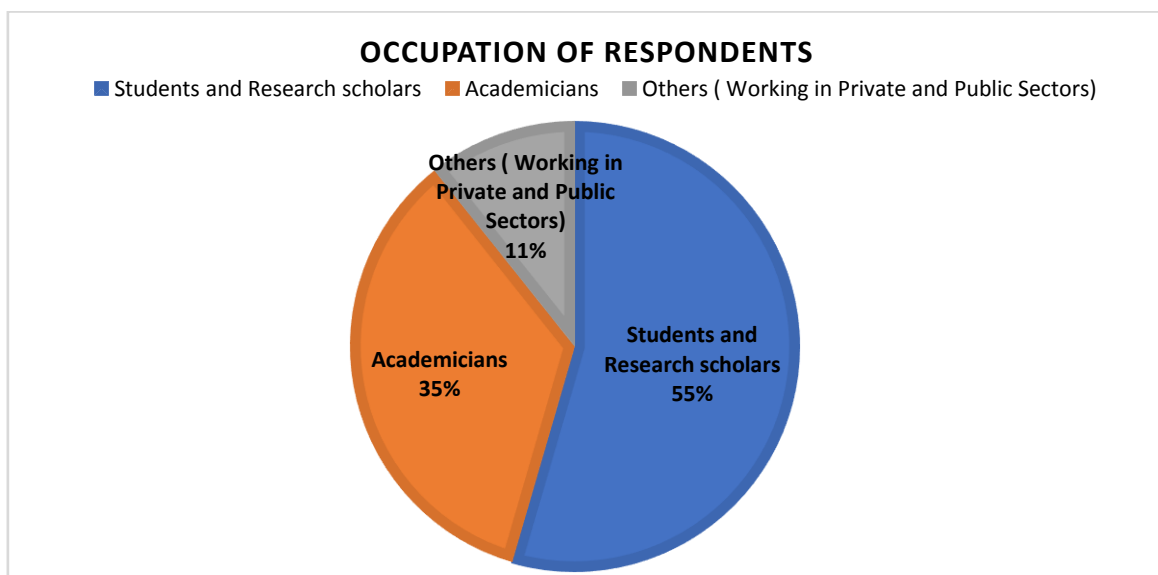
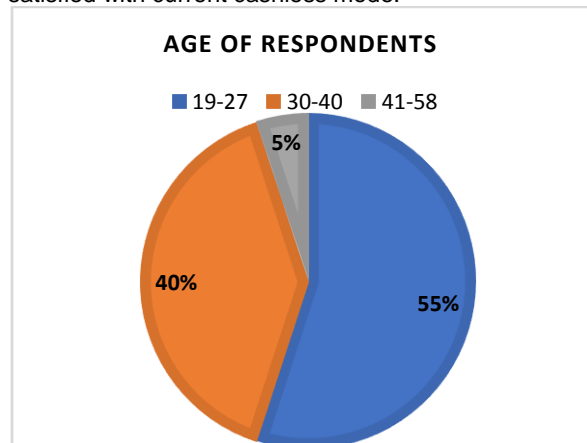
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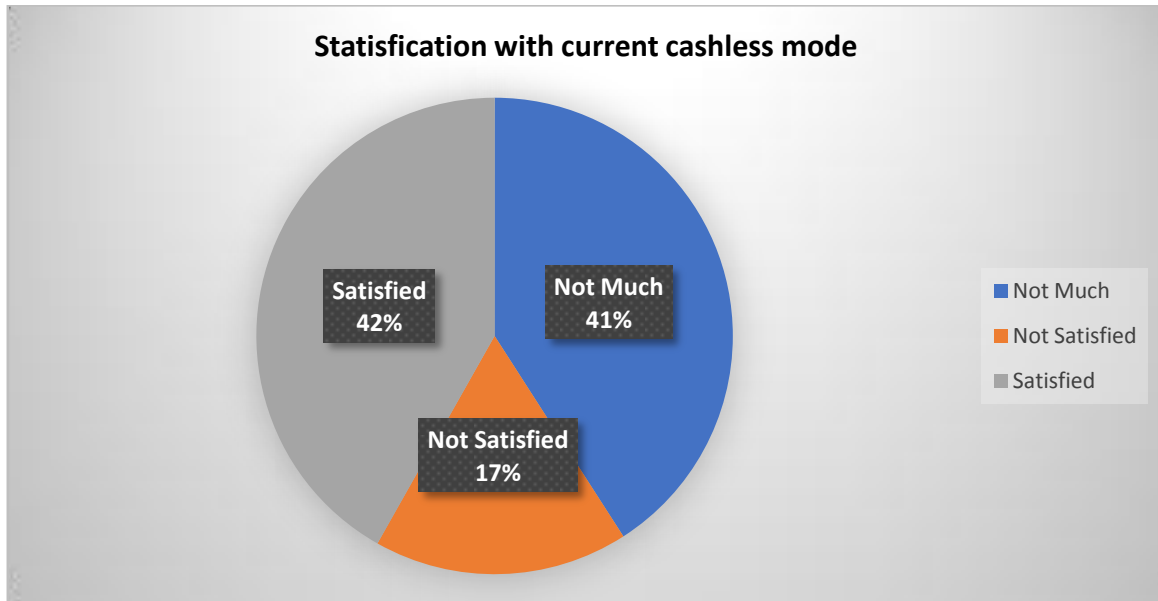
Data Analysis Procedure

Frequency tables charts and simple percentage method is used to analysedata

Data Analysis & Interpretation

Responses on gender show that male respondents accounted for 52.7 % while female respondents are 47.3% of the total population. Figure 1 and Figure 2 represents on age and occupation, respectively. For age, majority of the respondent's are between 19 to 27 years, this is followed by those between 30 to 40 years while least number are between 41 to 58 years. For occupation of the respondents, the highest percentage is students and scholars (54.5%), followed by academicians and people working in Private as well as public sectors (34.8%). Responses received from the respondent shows that 51.8% people use debit cards and 40.2% people use credit cards for doing payments and rest of the people prefer to use cash for doing transactions and making payments. According to the survey conducted, 40.5% people are not very much satisfied with current cashless mode. 17.1% people are not satisfied by current cashless mode and 41.4% are satisfied with current cashless mode.





Benefits

Benefits of Cashless economy are as follows:

Below table shows the benefits, response and percentage of cashless economy in India.

Benefits	Response	Percentage
It will be helpful in eliminating the corruption in India	Agree	77.7%
	Not Agree	22.3%
	Total	100
It will be helpful in increasing employment opportunities in India	Agree	45%
	Not Agree	55%
	Total	100
It will be helpful in reducing cash related robbery	Agree	80%
	Not Agree	20%
	Total	100
It will be helpful in increasing more foreign investors in India	Agree	76.4%
	Not Agree	23.6%
	Total	100

Above table shows that 77.7% respondent believe that cashless economy will be helpful in eliminating in corruption in India and it is one of the most significant benefit of cashless economy. 45% respondent believes that cashless economy will be helpful in increasing employment opportunities in India. Similarly, 80% respondent believes that cashless economy will be helpful in eliminating cash related robbery in India. 76.4% respondent believes that cashless economy will be helpful in increasing more foreign investors in India.

Challenges

Below table shows the challenges of cashless economy in India.

Challenges	Responses	Percentage
It will increase the chances of internet fraud	Agree	84.5%
	Not Agree	15.5%
	Total	100
Cyber crimes will hinder the process of cashless economy	Agree	84.5%
	Not Agree	15.5%
	Total	100
Cashless economy requires additional knowledge and skills like computer literacy	Agree	84.5%
	Not Agree	15.5%
	Total	100

Above table shows the challenges respondents are facing with cashless economy in India. Increased number of internet fraud. 84.5% of respondent believe that it will increase the chances of internet fraud. 84.5% respondent believes that cybercrimes will hinder the process of cashless economy. 84.5% respondent believes that cashless economy requires additional knowledge and skills like computer literacy.

Conclusion and Suggestions

The study shows that cashless economy will be beneficial for the SME and MSME space in India as it is helpful in eliminating corruption, reducing cash related robbery, increasing employment opportunity and in attracting more foreign investors in India. But, there are lots of problem with cashless economy in SME and MSME sector in India. Some of the problems and challenges are increased chances of internet fraud, cybercrimes and additional knowledge of computers. Therefore, it is important to strength the internet security, increasing computer literacy among

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people and taking proper action against internet fraud. Cyber crime is a great threat to cashless economy. So the growth in SMEs and MSMEs will bring the real growth of Indian Society as a whole.

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