

An Empirical Study on Impact of Cashless Economy in Unorganized Sector in India

M. Geetha

Assistant Professor, Department of B. Com., A.M. Jain College (CS), Meenambakkam, India

Abstract: India is moving towards a cashless economy. This can be achieved by use of debit cards, credit cards, electronic payment gateway systems such as IMPS (Immediate Money Payment System), NEFT & RTGS etc.,. A major abstract is adopting the alternate mode of payment is that the digital unorganized sectors does not have access to internet facilities, low literacy rate and unemployment etc., The present paper aims to explain the various Factors that affect the unorganized sector to adopt the cashless transactions.

Keywords: Cashless, digital payments, unorganized sectors

1. Introduction

The idea of a cashless economy will contribute significantly to the development of India. There are many problems to be settled for a smooth switch over to cashless economy. In order to move towards a cashless economy in rural areas we need education basic facilities and awareness of the technological development. Another big problem is non-availability of required technology. People are still not aware of the basic government policies. A fast growing technology will not only make their basic livelihood. Even a few of the educated lack knowledge of e-transaction and are confused, while others are afraid of cybercrimes and trust factor is also an issue as many people do not trust digital transaction. They have more trust on banks and cash business. Unorganized sector comprises that the independent such as carpenters and electricians small time contractors and contract workers on larger sites, they find it difficult in adopting the digital mode of payment. For India to become a cashless nation our govt., has to build more banks and ATM in villages, educate people about credit cards, debit cards, mobile banking, e-wallet, paytm etc., and provide internet facilities in rural areas. All these basic needs should be provided to have cashless economy in our country.

2. Review literature

Dr. Hem Shweta Ratore in her research paper "Adoption of Digital wallet by consumers" have analyzed about the factors that influence consumers in adoption of digital wallet and also analyzed the risk and challenges faced by consumers in usage of digital wallet and concluded the shoppers are adopting digital wallet largely due to convenience and ease to use and in the future years digital wallet will gain more widespread acceptance. Padachi et al. (2008) observe that inter account

transfer, payment to other personal account, transfer to credit card account, recharge mobile phones amongst others were the mostly used services among 200 customers in Mauritius. Ease of use, trust, cost of computers, internet accessibility and security concerns are important elements for the adoption of internet banking. Rajesh Krishna Balan, Narayan Ramasubhu, Giri Kumar Tayi (2006) in their research paper "Digital wallet: Requirement and challenges" have identified about Singapore's use of digital wallet and analyzed the key challenges in building and deploying a digital wallet. Curran, M. James and Meuter, L. Matthew (2007) Electronic banking is offering its customers with a wide range of services: Customers are able to interact with their banking accounts as well as make financial transactions from virtually anywhere without time restrictions. Adult customers are changing their existing pattern of use of traditional banking and switch over advanced self – service technology. Singhal, D&Padhmanabhan.V (2008) in their study "customer perception towards internet banking: identifying major contribution factors" have analyzed that the usage of internet banking is increasing because of its convenience, flexibility and anytime approach. H.C. Purohit (2015) in his research paper "customer perception on online banking: An analytical study showed that the respondents from purvanchal university have positive perception about the use of online banking services because of time saving and low price activity but security issue have a negative impact because cybercrimes are increasing due to low level of literacy of the people about the use of internet in the society and hence it was concluded technology should be made more customer friendly to attract more access in the society.

3. Objectives of the study

- To study the importance of cashless economy.
- To study the factors that affects the people to adapt the cashless economy.
- To study the problems faced by the people in use of cashless economy.

A. Methodology

The study is based on primary data collected from 150 respondents in Chennai city by means of structured questionnaire. ANOVA was used to get the statistic result from respondents.

Table 1
Demographic analysis

Basics	Category	No. of respondents	Percentage
Age	Upon 25 years	40	26.67
	26-35 years	45	30
	36-45 years	35	23.33
	46-55 years	20	13.33
Gender	Above 55 years	10	6.7
	Male	130	86.67
	Female	20	13.33
	Education	School level	130
Graduate		10	6.7
Professional		10	6.7
Marital Status	Married	80	53.3
	Unmarried	70	46.7
Occupation	Construction Labour	35	23.33
	Farmer	15	10
	Garments Labour	40	26.67
	Barber	20	13.33
	Domestic Workers	30	20
	Fisherman	10	6.7
Monthly Income	Below Rs.10000	125	83.33
	Rs.10001-15000	15	10
	Rs.15001-20000	10	6.7

Table 2
Data analysis between usage of cashless economy and various unorganized sectors

Unorganised sectors		SUM OF SQUARES	DF	MEAN SQUARE	F	SIGNIFICANCE
Fisherman	Between group	.345	4	.080	.179	.989
	Within group	59.690	146	.450		
	Total	60.035	150			
Construction labour	Between group	.669	4	.230	.390	.890
	Within group	58.968	146	.489		
	Total	59.637	150			
Farmer	Between group	.243	4	.060	.132	.735
	Within group	57.985	146	.403		
	Total	58.228	150			
Barber	Between group	.645	4	.168	1.089	.410
	Within group	22.456	146	.150		
	Total	23.101	150			
Domestic workers	Between group	.204	4	.054	.107	.543
	Within group	54.763	146	.317		
	Total	54.967	150			
Garments labour	Between group	.456	4	.115	.790	.789
	Within group	22.237	146	.151		
	Total	22.693	150			

B. Analysis and interpretation

C. Interpretation

It is inferred from the table personal information that out of the total respondents taken for the study 30% of the respondents are in the age group up to 26-35 years. 87% of the respondents are male. Out of the total respondents 87% of them are from school level. When marital status is concerned 53% of the respondents are married and 27% of the respondents are Garment Labors. 83% of the respondents belong to the monthly income of below Rs.10000.

D. Interpretation

Significant level in relation to the usage of cashless economy and various unorganized sectors related to fisherman is .065 which is above .05 and therefore there is no significance

difference between the usage of cashless economy and various unorganized sector.

E. Interpretation

From the above table it is inferred that the people dependent on cash is below .05. Therefore it is concluded that there is a significant difference in mean between the dependent and independent variable.

F. Interpretation

From the above table, it is clear that cashless economy could not be practiced in unorganized sectors is below .05. So it can be concluded that there is statistical difference between people opinion and usage of cashless economy.

Table 3
Data analysis between various factors that affect the usage of cashless economy with various unorganized sectors

Various factors		SUM OF SQUARES	DF	MEAN SQUARE	F	SIGNIFICANCE
Illiteracy	Between group	.9800	4	2.080	2.335	0.65
	Within group	115.698	146	.978		
	Total	116.678	150			
Security issues	Between group	4.101	4	.895	.610	.789
	Within group	201.985	146	.150		
	Total	206.086	150			
Risk of fraud	Between group	.9615	4	1.979	2.142	0.54
	Within group	104.354	146	.758		
	Total	102.3155	150			
Lack of adoption of technology	Between group	2.761	4	.690	1.987	.170
	Within group	59.625	146	.598		
	Total	62.386	150			
Lack of knowledge	Between group	.316	4	.045	.136	.786
	Within group	49.642	146	.360		
	Total	49.958	150			
Dependency	Between group	4.567	4	.988	3.890	.019
	Within group	40.082	146	.268		
	Total	44.649	150			

Table 4
Data analysis on people opinion on usage of cashless economy

Various factors		SUM OF SQUARES	DF	MEAN SQUARE	F	SIGNIFICANCE
Cashless economy could not be practised in unorganised sectors	Between group	3.567	4	.835	3.644	.005
	Within group	27.138	146	.201		
	Total	30.705	150			
Immediate money transactions cannot be done in cashless economy	Between group	.8370	4	1.352	2.155	0.49
	Within group	105.662	146	.931		
	Total	106.499	150			
Poor network may result in bounce back the money	Between group	3.850	4	.956	2.895	.064
	Within group	56.052	146	.405		
	Total	59.902	150			
Cashless economy is not necessary	Between group	.204	4	.054	.107	.543
	Within group	54.763	146	.317		
	Total	54.967	150			

4. Findings

- It is clear that cashless economy cannot be practiced and implemented in unorganized sectors.
- Petty money transactions cannot be done through cashless economy.
- Fish vendors, Barbers, Farmers they rely on cash transactions.
- Lack of knowledge and illiteracy plays crucial role for adapting cashless economy.
- People don't have the required knowledge of online cash transactions and could become easy targets for cheating and manipulation.
- Majority of the unorganized sectors people are not yet ready to go cashless.

5. Conclusion

The idea of cashless economy will contribute significantly to the development of India. The people who are working in unorganised sector, are not yet prepared to accept cashless economy wholly, because the people have to be taught how to use of technology or make transactions online. The government

has not done enough to provide internet facilities. Cybercrime will increase tenfold and the chances are the cunning people will exploit the illiterate people. Going cashless needs protection against fraud and needed technology in every sector. A fast growing technology will not only make their lives difficult but also take away their basic livelihood. In order to move towards a 'Cashless economy', we need education, basic facilities and awareness of the technological developments.

References

- [1] NGOC DOAN (2014) "Adoption of digital wallet by consumers" www.google.com
- [2] Dr. HEM SHWETA RATHORE (2016) "Adoption of digital wallet by consumers" BVIMSR'S journal of management research. Volume 8 issue 1, pp. 69-75.
- [3] Tan, M., and Teo, T.S.H. (2000). Factors influencing the adoption of internet banking. Journal of the AIS, 1(1).
- [4] Nor, M., and Pearson, J. (2007). The influence of trust on Internet banking acceptance. Journal of Internet Banking and Commerce, 12(2), 1-10.
- [5] Littler, D., and Melanthiou, D. (2006). Consumer perceptions of risk and uncertainty and the implications for behavior towards innovative retail services: The case of Internet Banking. Journal of Retailing and Consumer Services, 13 (6), 431-443.
- [6] Dixit. N. & Datta S.K. (2010) in his research work "acceptance of E-banking among adult customers: An empirical investigation in India. "Journal of Internet banking and commerce 15(2) pp. 1-17.

[7] https://www.google.co.in/amp/s/m.economictimes.com/small-biz/sme-sector/all-evidence-suggest-unorganised-sector-smes-worse-hit-by-demonetisation-arun-kumar/amp_articleshow/61542781.cms

[8] <https://www.google.co.in/amp/s/www.thehindubusinessline.com/money-and-banking/how-the-unorganised-sector-is-coping-with-demonetistion/article9425292.ece/amp/>