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

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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 Rama Subbu, 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.
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.
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
