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CASH TO CASHLESS –A MOVE TOWARDS ACCOUNTABLE CITIZEN

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ABSTRACT

*It marked the 1st time in Indian history when 80% currency was suddenly stopped. It was the staggering decision once said everyone must have gotten in trouble. India with a large business that moves through cash transactions have been largely at a loss. Note captive India heading towards a **cashless economy**, which if true, it would be in India will take on a new heights. These steps will be stronger than all the countries in the years to come. **Indian economy** is of the inside part of the black money was raised speaking notes now see that the government is bound to result in the formation of what some benefit to people if they had trouble. It will find out later on but the recent India **cashless economy** is growing quite fast. Of course, the digital era is something to embrace, & new methods of payments will continue to be introduced. But Indians need to recognize the risks & benefits of different payment instruments, the risks associated with electronic payment instruments are far more diverse & severe. Recently lakhs of debit card data were stolen by hackers; the ability of Indian financial institutions to secure the electronic currency came into question also an important reason why people favour cash.*

Keywords: Digital India, Cashless Economy, Black money, Digital Era

INTRODUCTION

Cashless Transaction (India) refers to the Cashless India Campaign & e-Khareed Portal. The former brought about by Indian Prime Minister Narendra Modi' Digital India initiative & indirectly by the 2016 Indian banknote demonetisation in an effort to remove Indian black money. The latter brought about by Indian Prime Minister Manmohan Singh in 2012 to reduce corruption in India & increase transparency in Government procurement processes.

CASHLESS SOCIETY

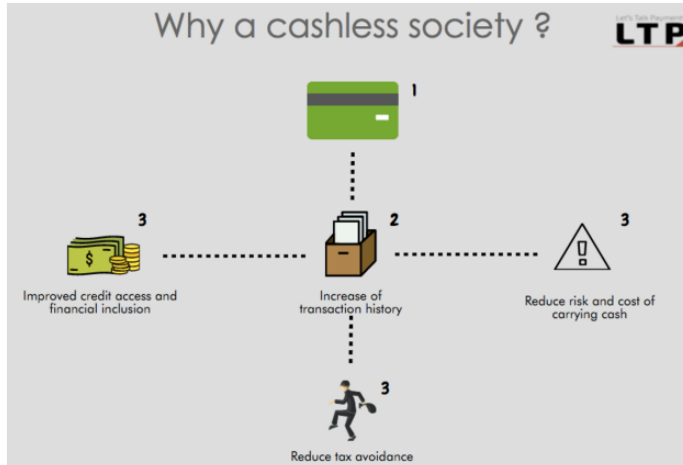
A **cashless society** describes an economic state whereby financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. Cashless societies have existed, based on barter & other methods of exchange, & cashless transactions have also become possible using digital currencies such as bitcoin. However this article discusses & focuses on the term "cashless society" in the sense of a move towards, & implications of, a society where cash is replaced by its digital equivalent - in other words, legal tender (money) exists, is recorded, & is exchanged only in electronic digital form.

Such a concept has been discussed widely, particularly because the world is experiencing a rapid & increasing use of digital methods of recording, managing, & exchanging money in commerce, investment & daily life in many parts of the world, & transactions which would historically have been undertaken with cash are often now undertaken electronically. Some countries now set limits on transactions & transaction values for which non-electronic payment may be legally used.

The trend towards use of non-cash transactions & settlement began in daily life during the 1990s, when electronic banking became popular. By the 2010s digital payment methods (i.e. different way of payment transaction done electrically) were widespread in many countries, with Ex. including intermediaries such as PayPal, digital wallet systems operated by companies like NFC payments, Apple, contactless & by electronic card or smartphone, & electronic bills & banking, all in widespread use. By the 2010s cash had become actively Unflavored in some kinds of transaction which would historically have been very ordinary to pay with physical tender, & larger cash amounts were in some situations treated with suspicion, due to its versatility & ease of use in financing, & money laundering, & actively prohibited by some suppliers & retailers, to the point of coining the expression of a "war on cash".

What is a cashless economy & where does India stand?

- A cashless economy is one in which all the transactions are done using cards or digital means. The circulation of physical currency is minimal.
- India uses too much cash for transactions. The ratio of cash to gross domestic product is one of the highest in the world—12.42% in 2014, compared with 9.47% in China or 4% in Brazil.
- Less than 5% of all payments happen electronically
- The number of currency notes in circulation is also far higher than in other large economies. India had 76.47 billion currency notes in circulation in 2012-13 compared with 34.5 billion in the US.
- Some studies show that cash dominates even in malls, which are visited by people who are likely to have credit cards, so it is no surprise that cash dominates in other markets as well.



OBJECTIVE OF THE STUDY

1. How the people transferred from Cash to Cashless transaction Now
2. The Future Scenario of Cashless Economy

CASH LESS TRANSACTIONS

The government wants India to be a cashless economy: the move towards a cashless economy is a move towards greater accountability towards the flow of money, reduction in black economy & bringing more people into the banking system.

pie

The retail electronic payment space in India is dominated by inter-bank money transfer modes like NEFT or National Electronic Fund transfer, Electronic clearing system, & credit & debit cards. Newer modes of payment like prepaid wallets along with mobile banking are becoming popular.

59% of Indian households are banked while the mobile tele-density is around 74%. The fastest growth is coming from mobile payments. The interbank mobile payments service has increased from just 860 transactions in its first month in November 2010 to 4.4 million transactions in August 2014.

In November 2010, six banks, including ICICI Bank, India's largest private sector bank, & the State Bank of India, India's largest public sector bank, launched the Interbank Mobile Payments Service,

allowing customers to transfer money between bank accounts, on the basis of mobile money ID's.

IMPS-money-transfer-between-user-bank-accounts-Transactions-Amount_chartbuilder

From just 2182 transactions in January 2011, the number of IMPS transactions has increased 987 times to 2,153,883 in January 2014. The amount transacted has grown 1745 times, from Rs 7.9 million to Rs 4.6 billion.

IMPS-Are-people-transferring-more-money-via-mobile-Transactions-Average-Amount-per-Transaction_chartbuilder
Typically, as the number of active ID's & the number of transactions increase, the average amount transacted declines. In case of mobile money transfers, the average amount per transaction has almost doubled (1.76 times) to Rs 6476 from Rs 3661 per transaction.

Mobile banking transactions

Mobile-Banking-Yearly-Transactions-Value_chartbuilder

The concept of mobile banking was virtually non-existent five years ago. But in just 3 years, number of transactions using mobile banking has increased 4 times to 95 million while the amount transacted has increased three times to 60 billion rupees.

Mobile-Banking-Monthly-Volume-Value_chartbuilder

Credit & Debit Cards

Volume of card transactions
The value per credit card transaction has also increased

gradually over the last few years, as consumers become more comfortable using these cards. The increased security features introduced by the central bank like chips in cards & compulsory personal identification number or PIN have also contributed to the increased card usage.

Swipe

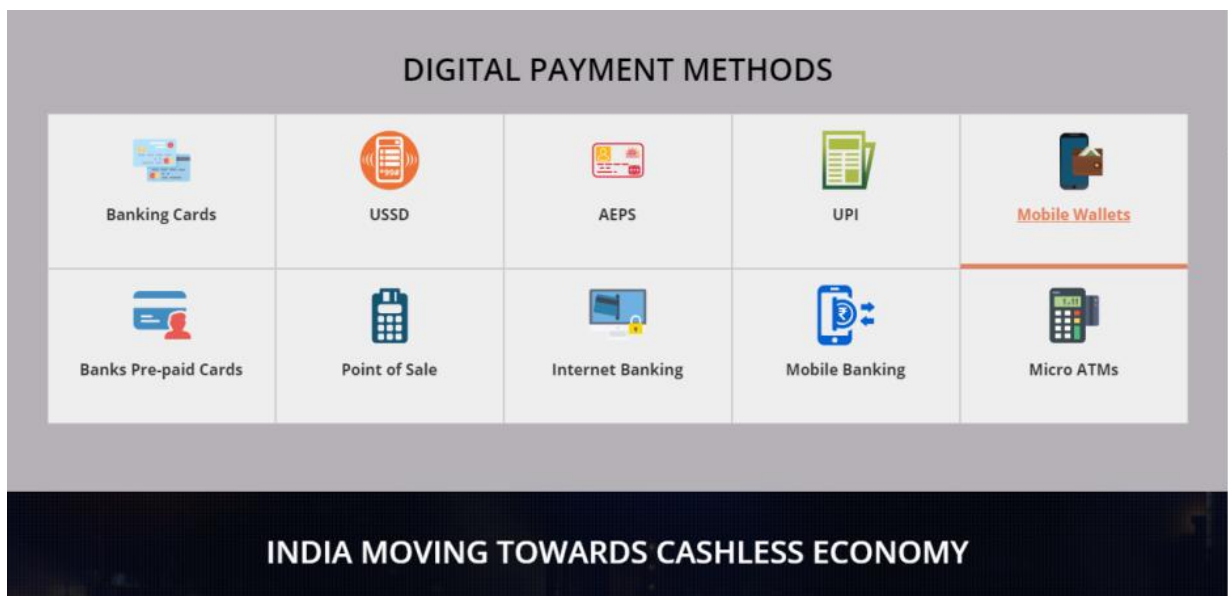
In fact, people have gradually started using cards more often to transact. Number of transactions using credit cards jumped by around 100% in January 2014. This is partly because of the heavy discounts offered by br&s during the month indicating that more & more people are using cards while shopping. The increased frequency with which Indians are using cards bodes well for online retailers who have used the more expensive mechanism of cash on delivery to attract customers.

Electronic Fund Transfers

Real time gross settlement system (RTGS) & national electronic fund transfer (NEFT) increasingly used for fund transfer The RTGS system & the NEFT system for inter bank fund transfers has also played an important role in gradually phasing out paper based transactions. Paper based transactions have come down to 34.6% in 2013-14 of all non-cash transactions from 43.4% in the year ago period. While there is growth in the electronic payment systems, going ahead, security concerns versus ease of doing banking will be the major dilemma facing the central bank when it frees up the retail payment space & allows the introduction of new payment instruments.

CASHLESS INDIA

The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society & knowledge economy. “Faceless, Paperless, Cashless” is one of professed role of Digital India.



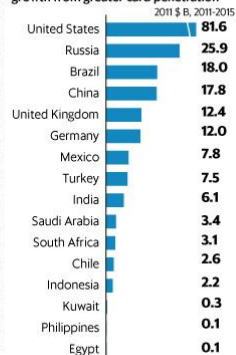
CASHLESS INDIA: CHALLENGES AND BENEFITS

Greater usage of digital payments will save trillions of rupees for the Indian economy as it will help bring down the cost of cash, according to a report by payments company Visa Inc. Titled 'Accelerating the Growth of Digital Payments in India: A five-year outlook,' the report looks at the challenge of transitioning India to a less-cash society over the next five years and outlines an action roadmap for lowering the cost of cash to 1.3% of gross domestic product from 1.7% now.

Increasing the volume of electronic payments provides numerous benefits to nations

- Drives economic growth**
 - Increased card penetration can increase GDP.
 - Shift from cash payment reduces social costs.
- Increases financial inclusion**
 - Greater acceptance of e-payments provides an on-ramp to financial inclusion.
 - Requires an enabling regulatory framework.
- Reduces the shadow economy**
 - Cash enables and perpetuates shadow economies.
 - Electronic payment penetration correlates to size of shadow economy.
- Enables digital commerce**
 - Electronic payments facilitate trusted transactions online.
 - Reduction in cash payments enables e-commerce growth, although in India cash-on-delivery has played an important role.

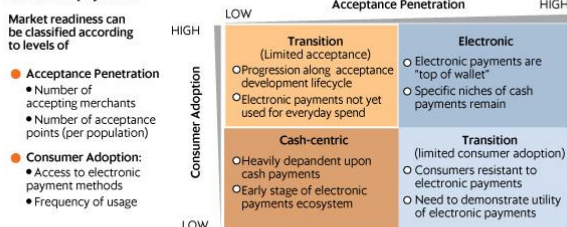
Cumulative contribution to GDP growth from greater card penetration



How to accelerate growth of digital payments

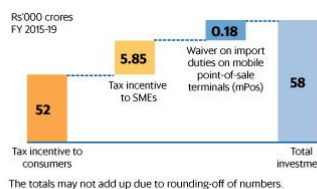
1. Expand acceptance

A country's approach to expanding acceptance will depend upon its readiness for electronic payments



Perspectives on Accelerating Global Payment Acceptance, Visa, April 2016
<https://usa.visa.com/dam/VCOM/download/visa-everywhere/global-impact/perspectives-on-accelerating-global-payment-acceptance.pdf>

Total investments to be made by the government



2. Energize innovation

- Establish an acceptance development fund of Rs1000 crore to increase acceptance of digital payments in under-penetrated categories
- Fiscal incentives
- Introduce new regulations on mandatory digital payments in certain cases, reduce import duties on payment infrastructure; and make digital payments of salaries mandatory
- Allow foreign companies to participate in the digital payments ecosystem independently and develop a repository to track payment history of customers

3. Bolster financial participation

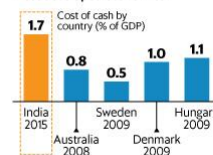
- Facilitating inter-ministerial collaboration at the centre and engagement with states to leverage existing programmes and platforms, for example, mKisan³⁷
- Designing programmes tailored to meet the needs of various types of underserved segments such as women and farmers
- Strengthening efforts to promote financial participation at the last mile, working in collaboration with existing microfinance institutions in different states
- Crafting approaches to inculcate financial literacy programmes at the school level and in higher education, and as part of public service education
- Introducing certification standards and constructing innovative models for business correspondents

GRAPHICS BY SANTOSH SHARMA/MINT SOURCE: 'Accelerating the Growth of Digital Payments in India: A five-year outlook'

What perpetuates use of cash in India

- A high propensity to save in and use cash: Cash savings range from 40% (of all savings) in urban India and 27% in rural; cash intensive supply chains require many merchants to transact in cash; there are no charges for up to five ATM transactions a month.
- A large shadow and remittance-based economy: India's shadow economy is around 19% of its GDP; more than 60% of remitted funds through official remittance channels is for day-to-day use, largely in cash; cross-border inbound remittances touched \$70 billion in 2015.
- Gender imbalance in use of digital payments: Only 0.38% of women over 15 used Internet payments as opposed to 2.04% of men.
- High cost of acceptance infrastructure: Cost of point-of-sale terminals, and operating costs of maintaining these are still high.
- Regulatory limitations: Reducing the merchant discount rate on debit card transactions has not helped.
- Insufficient focus on financial literacy: There is a huge dormancy even in accounts opened under financial inclusion schemes on account of poor financial literacy.

At 1.7% of GDP, India incurs a much higher cost of cash compared with most developed economies

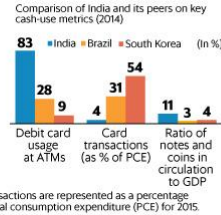


For Sweden and Australia, the cost of cash has been computed for cash and card payments. Hungary's estimate includes B2B direct debit and government payments to individuals for pensions in cash, and Australia's cost of cash excludes households.

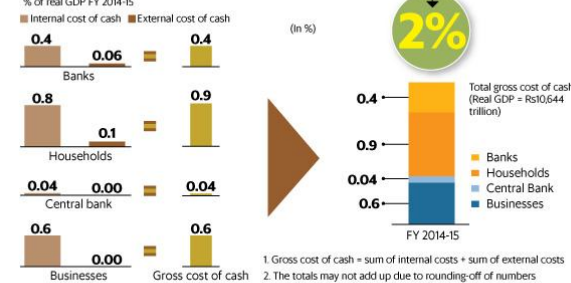
India's net cost of cash



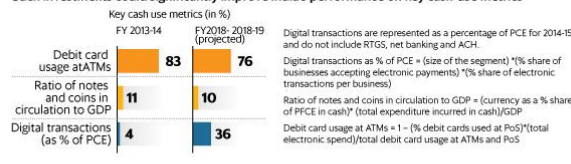
India ranks high on key cash-use metrics



India's gross cost of cash is 2% of GDP, with the consumer bearing the highest burden

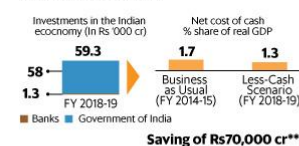


Such investments could significantly improve India's performance on key cash-use metrics



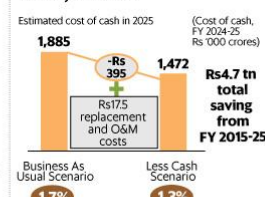
Benefits of going cashless

An investment of about Rs60,000 cr over 5 years, India could reduce its cost of cash from 1.7% to 1.3% of GDP



**For the purposes of calculating the savings, we only count the additional mPOS and customer and merchant acquisition costs as the remaining capital cost is likely to be incurred by banks in the business-as-usual scenario. FY 2018-19 GDP estimate, Rs132 trillion

A 0.4% reduction in the cost of cash could provide India with additional saving of Rs4 tn by FY 2024-25



CASH TO CASHLESS ECONOMY — THE CHALLENGES



The current business model of card payment system needs to evolve

For those grappling with cash scarcity due to the recent demonetisation move, debit & credit cards have come in h&y. Thanks to the recent drive towards financial inclusion, a large segment of the population has access to these payment options now.

The number of banks providing card payment option has increased from barely 60 in 2011 to more than 700 today. The card base — both debit & credit cards combined — has also crossed 750 million.

Inadequate infrastructure

But challenges in the system are many. First & foremost is inadequate acceptance infrastructure in terms of ATMs as well as point of sale (POS) terminals. For a vast country like India, having only 2.3 lakh ATMs & 14 lakh POS terminals is too low. Countries like Brazil, Australia, France & the UK have POS terminals three or four times that of India. The metros have a large concentration of ATMs, but the number declines in the suburban & rural areas.

The country has about 15 million merchants where POS terminals can be set up. But beyond the top 100 cities, terminals are very few. In this context, the Reserve Bank of India's move to set up an Acceptance Development Fund (ADF) with a reasonably

good corpus is welcome. From this fund, banks can perhaps be incentivised to set up terminals, beginning with Tier-4 centres.

Second, as a corollary to the first, the challenge is to improve activation of cards on all the channels. It is noticed that bulk of the 750 million cards are used on ATM channel. While it is natural that a PMJDY (Jan Dhan Yojana) customer new to card payment system would initially use the cards on ATMs, a mainstream customer not using any other channel for a long period should be a matter of introspection.

Uneven participant profile

Third, the current business model of card payment system is under stress. Participant profile in card payment system is uneven. While public sector banks are the predominant issuers of cards, only a few banks in private sector are the main acquirers. The business interest of issuers & acquirers being different, there is underlying tension in benefit distribution of fees collected.

For ATM transactions, while the acquiring banks would like the “interchange income” to go up, the issuers are not interested. Even White Label ATM (WLA) providers have stopped expanding the ATM network under the fear that the acquiring fee would be under stress if it is revised downward. For POS transactions, it is primarily an issuer

market & profitability of the acquiring business is under threat.

CASH VS DIGITAL MONEY: WHY GOING CASHLESS IS GOING TO BE TOUGH IN INDIA



At the end of a panel at “Startup India St&up India”, adequately named “Disruptive Power of Technology in Financial Inclusion”, the panelists, which included Paytm CEO Vijay Shekhar Sharma, Eko Founder & CEO Abhishek Sinha, & Ispirt’s Sharad Sharma, pledged to make India a cashless economy. That was January 16th, 2016, & nearly 10 months later, Prime Minister Narendra Modi, put disruption into the financial payments space, with the move to remove (& gradually recycle) 86% of the cash in the Indian economy. The government’s narrative surrounding demonetization has changed frequently since then: first it was an attack on black money, then about addressing funding of terrorism, but the latest pitch, for a move that reportedly **has seen people die**, is that it moves people towards a cashless economy; what Venkaiah Naidu, the Union Minister for Urban Development & Information & Broadcasting, also referred to today as a “**Cultural Revolution**”, entailing, to quote him, a “behavioural modification”.

Infrastructure Issues

1. Number of citizens on mobile: Not all Indians are mobile, leave alone connected. The latest figures from the Indian telecom regulator TRAI show that, **as of 31st July**

2016 (pdf): India had a teledensity of 83%, with Bihar, Assam, Madhya Pradesh & Uttar Pradesh with teledensity of less than 70%. While state-wise data for wireless teledensity is not available, it won’t be very different, since most connections in India are wireless. Note that these are number of connections, not users, so you will have to discount this significantly, because many users have multiple SIM cards. Proof: Delhi has a teledensity of 234.77%. Urban wireless teledensity is 148%, & rural is 50.72%. Even of the 1,034.23 million connections, 88.88% are active.

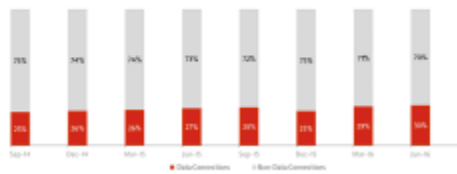
2. Number of mobile users who are connected to the Internet: There were **342.65 million Internet connections by the end of March 2016**, of which 20.44 million were wired connections. In total, 149.75 million were on broadb& (3G + 4G + wireline broadb&) & 192.9 million on “Narrowb&”. Narrowb& Internet subscriber base was 192.90 million (2G & wireline broadb&). **Click here for statewise broadb&& narrowb& data.**

For the top four telecom operators, the number of mobile connections that are data enabled in a manner that is more than 1mb or more than 10mb per month is around 30%.

September 2016

Mobile Internet In India
 Data Vs Non-Data Connections

Among the top four telecom operators, 38% of the total mobile connections are enabled for Mobile Internet.



September 2016

Mobile Internet In India
 Data Vs Non-Data Connections (in Million)

There is room for more: More mobile connections are being lost (4.2 million in the quarter ending September 2016) than the number of mobile internet connections (4.5 million) each quarter by the top four telecom operators.



3. How many people are online daily?

These are connections. How many are online monthly? According to Facebook India MD Umang Bedi, 165 million log on to Facebook on a monthly basis. How many go online daily? Only the telecom operators know.

4. Availability of reliable connectivity:

When we were doing Aadhaar,” TRAI Chairman RS Sharma **said at an event WiFi in India**, around two months ago, “& we said it will be an online infrastructure & identity. People said you are creating an online identity in a situation where connectivity doesn’t exist. So there was a huge amount of pressure on us to make it work offline as well. Our view was that we are creating a future-proof identity infrastructure. We don’t want an infrastructure which becomes useless tomorrow. The future is online. The future is

a connected world.”But the future isn’t now, & RS Sharma knows that: “Today with Aadhaar,” he added, “I keep getting complaints that there isn’t a tower in a place & therefore we weren’t able to authenticate. Therefore, connectivity is a very very serious problem.”

5. Availability of user devices: According to Idea Cellular CEO Himanshu Kapania, there are currently over a billion mobile phones in India: around 850 million feature/smartphones, & 150 million LTE enabled phones.

6. Merchant acceptance:

India had 712.5 million debit cards, & 130.53 million transactions, as of August 2016. That’s around 18 transactions for every 100 cards. Credit Cards? Only 26.38 million in India as of August 2016, accounting for 83.95 million transactions.



Demonetization might lend itself to greater utilization of cards, **but there were only 1,461,672 point of sales machines in India**, as of August 2016, according to the RBI. In the entire country. In all likelihood, concentrated in major cities, with some merchants with have more than one machine, as backup. A 2015 **Ernst & Young report** said that India has the **dubious honour of having one of the lowest POS terminal penetration**, with only 693 machines per million. Brazil had 32,995 terminals per million people & China & Russia, had around 4000 terminals per million people.

7. Payment & mobile network capacity:

What we've seen with Demonetization & the increase in usage of cards & online payments is that somewhere in the value chain, banks &/or payment gateways were not in a position to handle the load. Transactions failed. What we were told was that **Visa wasn't able to handle the load**. At present, there isn't sufficient capacity for the escalation in usage if everyone starts transacting digitally. More importantly, do we have the network capacity to deal with this? What happens in an emergency situation, when networks are down because everyone is trying to call everyone, as we've seen previously in India? If you don't have cash, & there is insufficient connectivity, how will you be able to buy anything, use public transportation etc?

8. Time taken for a transaction:

If you've driven through a toll booth, or paid for parking, you know that operators keep exact change because they expect notes to come in with a specific denomination. The time taken isn't usually to tender change for notes, but for printing a receipt. Watch a small shop selling high frequency purchases like mobile recharge cards, &ies or cigarettes, & you'll see that the pace at which they close a transaction with a

customer is critical for them: they don't typically give a bill for each transaction, & that's a problem when it comes to taxation. But from a user's perspective, think of the additional time it takes:

9. Security issues:

The weakest security link in any transaction is not the technology system, but the user, & their lack of understanding of security issues. To get a sense of this, to withdraw money from ATM's, some people were giving others their card & PIN numbers. For example: **this & this**. But there are other risks too: In 2011, it was believed **that payment gateway CC Avenue was hacked. HDFC Bank too. Last month, HDFC & Axis Bank were hacked too.**

10. No privacy with cashless: a switch to cashless means that each & every transaction is tracked & documented. This is great for governance, with taxation, but there is no protection for citizens, as to who owns that data, whom they can share it with, & how it will be utilised. If I'm using a wallet, where is the law that prevents usage of that data for advertising to me? By switching to cashless, you're not giving users a choice. India doesn't have a privacy & data protection law, & shamefully enough, the Indian government has gone to court arguing that there isn't a fundamental right to privacy in the country. **To quote the Attorney General of India, representing the Union of India, in August last year:** "Violation of privacy doesn't mean anything because privacy is not a guaranteed right"

CASH TO CASHLESS –A MOVE TOWARDS ACCOUNTABLE CITIZEN

India is in the midst of a cash management crisis. But this challenge is an opportunity as well even though many politicians, economists & opinion leaders have been condemning the move & are vocal about the immediate hardships caused to the common man. There is no gainsaying

that more planned measures were needed, but concern over the secrecy of such a move seems to have weighed more with the Government. It is incumbent on the Government to take adequate & quick steps to alleviate sufferings of the common man. Some steps announced days after the announcement could have been anticipated & the measures implemented from day one. But none of the armchair critics or politicians has helped the cause with any positive action.

Need of the hour

Without concerning oneself too much with the merits or demerits of the policy, it is important to take some action to help people in difficulties. The foremost task is to restore calm & reduce the anxiety levels across the board by providing correct information. That adequate time is available for depositing the old currency in the accounts is to be stressed. It is sad to see people of means too joining the queues in front of ATMs & banks. Those with ATM/debit or credit cards can conveniently put them to use for their transactions. Volunteers can help fill up forms or vouchers for the illiterate & ignorant persons, simultaneously educating them on availability of alternate avenues to avoid risks of carrying cash & running from place to place. The major criticism of the ban is that a vast majority of the people, put variedly at 70-80 per cent, have no bank accounts & hence are in distress.

This doesn't appear to be borne out by facts. According to official figures, more than 25 crore Jan-Dhan accounts have been opened & nearly 20 crore 'Rupay' debit cards have also been issued. Taking an average weaker section family unit of parents & minor dependents as only three, the accounts should cover up to 75 crore of population. These accounts can be activated for depositing the old notes & withdrawal of cash, with lesser stress.

The network

There is also a criticism of lack of banking facilities for the poor & those living in isolated villages, particularly in north east,

hilly & tribal areas. Under the policy of financial inclusion the Reserve Bank had made it mandatory for the banks to open branches in every village with 2,000 or more population allocated to them & a large number of such branches in fact have been opened. In addition, a vast network of more than 1,50,000 post offices are spread across the length & breadth of the country. Many of these also have at least one computer terminal installed. Making use of these outlets India Post has made it easier, faster & safer for transfer of money from one corner of the globe to the other.

Many urban & semi-urban post offices have been fully computerised & are interconnected through a core banking solution. India Post Payments bank is to be launched shortly. To strengthen this institutional network, a large number of banking correspondents are functioning, though with some limitations. The number of point of sale (PoS) terminals has substantially gone up in the recent past. But the scope is still immense. There are several street corner stores & other retail establishments that do have PoS swiping machines, which are not put to active use for fears about tax liabilities. The traders must be persuaded to use the machines in these difficult times to help their business as well as customers. There are examples of vegetable vendors & street food carts offering to accept cards with small PoS machines. Banks will do well to aggressively market their ware with awareness campaigns about the availability of machines for free, including their maintenance & the ease of using them. Tax authorities can bring in that subtle persuasion to encourage them. With the bait of tax waiver to customers, traders prefer cash transactions. If customers insist on bills, & more & more customers show their preference for card payments, they will see the futility of continuing with cash transactions.

Action plan

Several supermarkets are accepting cards even for small amounts. Reduced queues will help people in real need. The super

markets that normally keep high volume & value packages should keep smaller packages for the benefit of those who need or can afford only small quantities or numbers. While this may increase the footfalls & work load it would also help business volumes grow.

An important tool available for avoiding the need for cash even for the poorer but literate sections is the mobile payments system. As a movement, most street food & vegetable vendors need to be made aware of the facility & helped to use the system.

The younger generation vendors with access to smartphones should be educated & encouraged to receive & make payments using mobiles. Traders in food grains & farm inputs should be educated & persuaded by agriculture & civil supplies departments of the states to use banking channels & mobile payment systems for their dealings to avoid disruption of agrarian economy & inconvenience to farmers.

DIGITAL CASH: THE FUTURE OF CASHLESS ECONOMY

We have seen the times changing from Gold & silver minting of coins to Fiat Currency. The world now stands at the cusp of another digital revolution which could totally transform as to how people conduct commercial transactions & do business in daily lives. This is the revolution of digital currency which we have already seen evolve in the form of Bit Coins. Bit Coins are essentially the form of digital currency which can be transacted directly between parties over servers without any intermediary due to which this has been **outlawed in many countries** as this has become one of the prime routes of criminals to launder their money. However with time concept of digital currency as in Blockchain algorithms has long been toyed around by the Central Banks, corporates & financial institutions around the world. It was recently put out in **Bloomberg** that, in a secret meeting, the Wall Street

representatives from Nasdaq, Citi Group Inc, Visa, Pfizer, Fidelity, Fiserv Inc etc gathered to test the concept of digital cash or currency. The testing of Blockchain technology was touted as a revolutionary idea by Wall Street financial executives as this will lessen the time of transactions & shifting of monetary assets in a click compared to present clearing system. Not only Western democracies but even **China is hiring experts in Blockchain technology** to move away from cash which as Chinese Central Bank chief Zhou recently remarked, '**Paper money is last generation currency**'. Even cashless economies like **Sweden** & other advanced economies like **Singapore** are now contemplating switching to digital currency as an alternative.

- The adoption of Blockchain Technology in distant future by Central Banks across the world will totally revolutionize the world financial system. The central banks across the world will become depositors & directly hold accounts on behalf of citizens & businesses on central bank's blockchain, a secured & encrypted digital ledger. The central banks, would in turn pay interest electronically by adjusting balances in the depositor's accounts as the parallel system of fiat currency in physical notes slowly wind downs over time. This would help the government save approximately billion of dollars to print, transport & safeguard the physical currency.
- With every giant leap in technology comes its side effects & blockchain concept is no different. While Blockchain technology offers a lot of benefits in a more centralized & transparent system which is free of mal-practices yet it is not free of flaws primarily being the omnipresent nature of the state or its central bank to monitor each & every financial transaction of the

citizen throwing to winds the concept of privacy & freedom. An effective & judicious choice will have to be made between more centralization & surveillance of financial architecture viz-a-viz privacy & freedom of the citizen. It has already come to fore, how criminal elements are using Cryptocurrencies & Blockchains to establish Dark Markets in illegal trade & transaction bypassing official channels. Hence, to count on a cashless or digital economy as a solution to illegal, crime & tax evasion activity would be overestimating the flaws the of digital currency concepts. As India & the world pivots towards cashless or less cash economy, citizens across the world would do well to hold their state accountable by putting in safeguards to protect & indemnify the privacy & freedom coz once freedom is lost bit by bit, life will become listless. As John Adams once said, "**Liberty Once lost is lost forever**"

CONCLUSION:

Based on this paper cash to cashless good time for India .It will give boost for Indian economy because of The government wants India to be a cashless economy the move towards a cashless economy is a move towards greater accountability towards the flow of money, reduction in black economy and bringing more people into the banking system. But one major problem is there that is security of cashless transaction .That's why government take full support on security (i.e we have our own Security system) and also create awareness of cashless transaction .

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