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## CASHLESS TRANSITION

### A CASE STUDY ON DHASAI VILLAGE OF MAHARASHTRA

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#### ABSTRACT

A tiny village Dhasai, some 70 km from Thane, and around 140 km from Mumbai, has become Maharashtra's first “**cashless village**” On 1 December 2016 in India; All payments in the village are being done through plastic money. Traders, vegetable and fruit vendors and others providing goods and services in Dhasai are using swipe machines for cashless transactions. It may be recalled that Prime Minister Narendra Modi has taken step to check corruption and terror funding by banning old ₹ 500 and 1,000 notes. Dhasai, in Murbad taluka, around 70 km from Mumbai, has a population of around 10,000. Around 60 nearby small villages depend on Dhasai for trade and their daily needs. The main purpose of this paper is to bring **awareness** among the people about digital payment of transaction. So many methods to do transaction without carrying cash: Net banking, Gift/Forex Cards, Digital Wallets, Credit card, Aadhar Enabled Payment System. The data collected from secondary method information is collected from journals and different web sites. **Dhasai** village model has proved the people, banks and traders are ready for the transition. All they need is a bridge to connect them. Farmers are poor, but they are not fools. They have debit cards and use them but not only to withdraw money from ATMs. The traders are doing transactions on cards farmers are happy to become a cash less. It is an example that a determined common man can adapt to the situation. This survey about the likely future of the Internet, a majority of technology experts and stakeholders expressed confidence that by 2020 most people will have embraced and fully adopted the use of smart-device swiping for purchases they make, nearly eliminating the need for cash or

credit cards. The choice of **digital payment** will be made by the corporations who will increase their profits by eliminating all cash. When a small village can be a cashless why can't a whole country.

**Keywords:** Dhasai, digital payment, Cashless transaction.

## **INTRODUCTION:**

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 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 2012-2013 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. Prime Minister Narendra Modi has taken a revolutionary step to check corruption and terror funding by banning old Rs. 500 and Rs. 1,000 notes. He has shown us a dream and has taken steps for a cashless economy. In this journey, Dhasai has emerged as the first cashless village in the state. " he said. Dhasai, in Murbad taluka, around 70 km from Mumbai, has a population of around 10,000. Around 60 nearby small villages depend on Dhasai for trade and their daily needs". The initiative to make this village cashless was taken by

Bank of Baroda in collaboration with NGO Veer Sarkar Pratishtan. The NGO trained the villagers in using digital methods of transactions, the minister said. Mungantiwar, who attended a programme in Dhasai with General Manager of Bank of Baroda Navtej Singh, Randheer Savarkar of Veer Savarkar Pratishtan, MLA Kisan Kathore and others used his debit card to purchase rice, marking the beginning of cashless transactions in the village. Due to demonetization the situation in the village got worse. No one had cash in hand and all business was conducted only on credit. However, there's a limit to which a business can function on credit. Barbers had to cut their customers' hair on credit; groceries were sold on credit; chicken, meat and medicines were bought on credit; seeds and fertilizers were bought and sold on credit.

## **Objectives:**

- ❖ To bring awareness about cashless transaction.
- ❖ To study the strategy of Dhasai village as a cashless economy.
- ❖ To analyze the issues of digital payment in India.
- ❖ To overcome the challenges of digital transaction.

## **Research Methodology:**

In this paper an attempt is made to know that how dhasaivillage become a first cashless transaction in India. Due to demonetization, many people suffered for daily transactions. And mainly concentrated how to overcome problems of digital transactions in India. And what are the various ways chosen by dhasai village to get their daily needs without money when big note Rs.500 and Rs.1000 are eliminated. All farmers and other members how they trained to become a cashless. The study is mainly based on secondary. The data collected from various journals, books and official websites and articles.

### **10 easy ways to go for cashless transactions**

Credit cards, debit cards, meal cards all carry a certain purchase limit and can be used easily at many shopping centres and stores. With the Modi government demonetising old Rs 500 & Rs 1000 banknotes, more people are being compelled to move towards cashless transactions. So, how does one go cashless? Here are some options

**1) Net banking:** It allows to use banking services from any place across

the country. All our need is an internet connection, a username and a password to log in to your net banking website – and. With the help of net banking, we can check our account balance, statements, we can pay our credit cards bills, electricity bills, do a wi-fi recharge...we can even recharge a mobile or any prepaid connections. It allows us to do third party payment transfer. From net banking, we can also apply for a loan. Purchase of mutual funds, insurance can also be executed through net banking. It is a very secure mode of carrying out multiple transactions. It comes with a range of transaction options such as IMPS, NEFT, RTGS.

**2) Credit Card:** The credit card saves our time as there is no need to go to banks or ATMs. And only need to swipe the card through a machine which shopkeepers and grocery stores normally keep the days. On every purchase made through credit cards, we get reward points which again can be used for the purchase of other products. Credit is the grace period given by the banks for paying up the bill. we normally get a credit limit based on our income level, but that also depends on certain factors such as our

past credit score, stable job, liabilities against any loan taken and various other payment dues. Some merchant outlets may charge up to 2.5% extra if credit card is used.

**3) Debit Cards:** They are just like credit cards, without the 'credit' element. Whenever we need money, this card will provide you cash 24x7 through any ATM machine. There is no need to worry about bank timings, stand in queues for withdrawing cash – leaving out special circumstances like the one we are seeing right now. These are bank account-linked ATM cards, that are mainly used for withdrawing cash. As soon as the cash is taken out from an ATM machine, by swiping your card, the amount gets deducted from your bank account. An instant message is sent to registered mobile phone provided the details of cash withdrawal. These are widely accepted cards. Debit cards can be used for online transactions and at merchant outlets.

**4) Gift/Forex Cards:** These are prepaid cards which have certain cash limit assigned to them. These are readily accepted cards and can be used at any shop and can also be used for online purchase of products. Most of these

cards are reloadable but they are reloaded only when the amount is either consumed or gets expired. we can request for this prepaid card through our net banking by going into the card section and selecting the option of 'request for prepaid cards' and with few verifications, we will get the card at our doorstep.

**5) Digital Wallets:** Instead of keeping money in the pocket, purse or physical wallet, we can keep money in e-wallets. These e-wallets are like our physical wallets which we keep in our pocket. It is a mobile based application which can be downloaded from any app store and can be accessed through our mobile phone. Transaction or transfer of funds through these wallets can be done across the country between person to person. The only thing we need to do is to reload our wallet any time by transferring money into it through our bank account. These wallets are highly encrypted, so, there is no need to worry about security. Currently, e-wallets are offered by PayTm, Mobikwik, Free charge, Reliance Money, etc. Even banks like SBI, HDFC Bank, AXIS, ICICI Bank, etc. have launched their e-wallets app viz a viz Buddy, Payzapp, Lime, Pocket respectively.

**6) UPI (Unified Payment Interface):**

Simply put, it enables to transfer money from one bank account to another. It is an infrastructure provided by NPCI's (National Payment Corporation of India) to all the public, private & cooperative banks where they can build their own interface and help the common man easily make micropayments with a maximum cap of Rs 1 lakh through various modes like virtual address (a single identifier code), account no with IFSC code, mobile number or Aadhar number. It will ease the e-commerce payment gateway where we do not have to share account number or any sensitive information between person to person. Moreover, UPI works 24x7 on real-time fund transfer system.

**7) E- Coupons:** These electronic coupons are offered by various online mega stores. They are very helpful in taking discounts on purchase done through online shopping. We only need to enter the e-code and get the discount automatically. They do not require any printing or clipping. They carry unique identification code which can be accessed through the internet at particular sites. Some of the coupons which are available online are

groupings, nearby coupons, shopping site coupons, etc.

**8) Physical coupons:** These are paper coupons which come in small denominations of Rs 10 to Rs 50 with a validity of 6 months to 18 months. These are used by corporates to reward their employees. The best use of these coupons can be done in buying meals from places such as Pizza Hut, Dominoes, KFC, Big Bazaar, etc. Out of many, two big giants that are providing these coupons are Sodexo and Ticket Restaurants.

**9) AEPS (Aadhar Enabled Payment System):** Going ahead, we can use Aadhar cards as a debit card in various merchant stores. These cards have been already linked to our bank accounts. They provide with a finger scanner at the merchant's store to do our payments. Aadhar-cum debit cards will allow to do micro-payments for not more than Rs 4000.

**10) Med Health Cards:** These are discount cards specially designed to avail benefit from the healthcare sector. These cards provide various health care savings programs. These cards provide free OPD consultation service. we can use this card and get a health checkup done.

### **Dhasai village as cash less economy.**

Dhasai is a large village located in Shahapur of Thane district Maharashtra total 430 families residing. The Dhasai village has population of 2148 of which 1096 are males while 1052 are females as population census 2011. Children with age 0-6 is 214 which makes up 9.96% of total population of village. This village has higher literacy rate compared to Maharashtra in 2011, literacy rate of Dhasai village was 84.75% compared to 82.34% of Maharashtra. In Dhasai village male literacy stands at 91.78% while female literacy rate was 77.63%. As per constitution of India and Panchayatiraj Act, Dhasai village is administered by Sarpanch (head of village) who elected representative of village. Because of Post demonetization, the situation in the village got worse. No one had cash in hand and all business were conducted only on credit.

Barbers had to cut their customers' hair on credit; groceries were sold on credit; chicken, meat and medicines were bought on credit; seeds and fertilizers were bought and sold on credit. One person Naresh Raiker, a barber in the village, due to Post demonetization, he gave people haircuts on *udhar* (credit). The first day after the demonetization, he did a business of Rs 450, but carried

no money home, as everything was done on credit. The chicken shop owner sold chicken and mutton on credit, and it's been 18 days after demonetization. Some have not even paid back the money they owed him and he allowed it in good faith. "The impact of demonetization was extreme and farmers, villagers, shopkeepers, and all voiced the struggle. With a population of less than 10,000, most have Jan Dhan accounts and RePay debit cards. However, most never used the card before demonetization. Primarily, a village of farmers and *adhivasis* (tribals), it has around 150 shops and is the biggest village amongst the 25 villages in the surrounding area. There are two banks in the village – Thane District Central Co-operative Bank and Vijaya Bank. Neither had any cash to dispense in the initial days post the note ban. Even those who managed to get cash later had Rs 2,000 notes and no one could tender change for such a high denomination. When the situation got out of hand, the villagers, traders and local NGO Swatantryaveer Savarkar Rashtriya Smarak in collaboration of Bank of Baroda decided to change things and ditch the dependency on cash. Navtej Singh, the general manager of Bank of

Baroda, Mumbai Zone, says, Nearly 40 percent of shops have already been given POS/EDC machines.

The number of patients post the currency ban. The OPD number fell by 50 percent. However, the doctor was quick to apply for the ECD machine and had already gotten a few patients using their debit cards to pay him consultation fees. "The literacy in this area is low, just 60-70 percent of the population is educated, that too till 10th or 12th grade. To become a cashless, have many alternate routes, like card payments, net banking and mobile payments but low literacy is primarily the reason why they chose debit cards as the mode of payment instead of mobile banking,". The trader knows how to use the EDC machine and swipe the card, using a debit card to make payments becomes a pretty painless act for most villagers, especially the illiterate ones. To mitigate the impact of demonetization on the masses. The Maharashtra government is worked on "Mahawallet" to encourage cashless transition. The finance minister "sudhirmungantiwar" told information technology department to prepare a report based on the proposal. Mahawallet will become a secure E-service where the citizens money would be secure. The I.T. department proposal will consider various facts like the needs

of people who are well versed in net banking and those who are have smartphone or feature phone user, and those without a mobile besides the technologically challenged.

To ensure the system is modelled to help small vendors, farmers and all those who deal in cash transactions, similarly the proposal will also highlight the amount to be deposited in the mahawallet by users. It will also work on finding out how many citizens have bank accounts and how many use debit and credit cards. Efforts are to make a less cash society since being cashless is difficult. Mungantiwar the minister said to create a system where citizens will be required to carry less cash with them. The bank has installed the machines for free and the trader has to pay a fee for every swipe. The fee, also known as interchange money in banking parlance, is fairly less just 0.75 percent for transaction up to Rs 2,000. That's just 0.75 paise for every Rs 100 swiped. The barber, and shopkeepers are ready to pay a small fee of 0.75%. they didn't mind for spending. Many villagers said that carrying cash wasn't particularly the best option but now carrying a debit card will make their live much easy.

In this village, a small government school somewhere rural Maharashtra.

The school teacher gave ATM to the aged between 12 to 17 years would spend Rs.5 each from her account to get themselves goodies. Huddling at a local teamart or a general store, they would buy biscuits or pencils or vadapaav or chocolates or fruits by swiping her card at small stalls. The teacher told the student the use of cashless transaction. So, the student went back home and told the parents about a use of cashless transaction and easy to use. The surroundings villages and tribal settlements have a low rate of literacy. So, through their children a school teacher made them to understand what is the use of cashless. And how to operate it. The school named Janatavidyala held a training programme around 800 students attended for cashless economy and its importance. These students were handed a gift cards issued by Bank of Baroda and were thought how to conduct transactions using the cards. They instructed to buy anything worth not more than Rs.5 each. By using cards in our day to day lives also brings control over unnecessary expenditure. A 17-year-old girl said, that A shopkeepers can no longer pocket small amounts. If they bought things worth Rs.198 or 99. The shopkeepers would not give us back Rs.1 or Rs.2. they would say no

change. But now no question of losing money or previous money. And some of the students gave a step by step description about card in case of theft or loss. Bank of Baroda has opened bank account over 150 basic saving account within 3 days of starting the drive. Vijaya bank the only national bank in dhasai get at least 50 applications daily for opening saving accounts. And deputy general manager of Bank of Baroda Mumbai metro south region, said over 90% of the swipe machines in dhasai. Where found to be making good business. Dhasai first rural area have bunch note acceptance, machine a cheque clearing machine passbook printer an ATM machine clearing and account opening machine. To clear a cheque form dhasai took 8 days but in digital branch a cheque will go for clearing instantly. The journey of dhasai to words financial inclusion is worth watching.

**Some of the problems which stand in the way of India becoming a cashless society:**

- 1. Cyber security:** Due to demonetization, the debit cards are used by people. So, there are many chance of leakage of PIN number. There is no security. There is a fear of exposed at ATMS.
- 2. Network connectivity:** Since the day demonetisation was announced, people are trying to use more of card transactions to save that dreaded trip to

the bank and to save the last penny of the hard cash in hand. However, a sudden surge in card transactions has led to connectivity issues. Several people have faced trouble while standing in line to pay for a transaction at a shop when the card machines have stopped working due to an overload on the network. Connectivity issues must be resolved before dreaming about a cashless society.

**3. Internet cost:** The internet cost in India is still substantially high. There is no Wifi at public places and if people do not get their monthly data packs recharged, there is no way they can be connected to make online payments. Internet connectivity is needed even for the e-wallets. In order to convince people to do cashless transactions, the cost of the internet should be lowered and free WiFi should also be provided at public places.

**4. Charges on cards, online transactions:** Heard of convenience charges? of course, you would have if you do online transactions. These are additional charges that are levied by the vendors when they offer an online payment facility

**5. Non-tech-savvy:** While the new generation is glued to their phones and gadgets, computer literacy among the people in the over-50-age group is still low. Not many people are comfortable using computers or mobile phones and depend on their children when it comes to using the appliance. Before promoting a cashless society, efforts need to be taken to educate people on how to use phones for transactions.

**6. Smart phone affordability:** Several companies have come up with new and inexpensive phones but they still not affordable for most of the population in the country. More affordable options should be launched by the government for people to buy smartphones for cashless transactions.

**7. Infrastructure/phone battery:** India still lacks when it comes to supporting a mobile society. It is extremely difficult

to find a public charging point if the phone battery discharges. Even metro stations or railway stations in the tier one cities do not provide that infrastructure. So, what happens if you have cash in your wallet, but you are out of battery after travelling on the road for a day? Is there any alternative that we have then?

**8. Not enough bank accounts:** Most people still do not have bank accounts. Most often there is just one account per family which also limits the number of cards people can have individually. A family of even four people cannot be dependent on just one card for all household expenditure.

**9. Internet blockage:** States like Jammu and Kashmir often face crackdown where the internet is the first thing that is blocked. In such circumstances, neither is it possible to use cards for transactions nor is it possible to use e-wallets. Any alternatives there?

**10. Encourage people to spend:** Spending by cards often encourages people to spend more. Giving cash by hand helps people keep a check on their expenses but paying by cards gives people a free hand. Not just through credit but even the debit cards give that impression that you can make that payment immediately.

A cashless society is a welcome idea but not without preparation. There is a precursor to taking such steps without which a move such as this would be more harmful than being beneficial. A cashless society, for now, seems like a distant dream but a less cash society can be appreciated.

#### **Benefits to become a cash less.**

1. Reduces instances of tax avoidance because it is financial institutions based economy.
2. It will curb generation of black money.

3. It will reduce real estate prices because of curbs on black money as most of black money.
4. It will pave away for universal availability of banking services to all no physical infrastructure is needed other than digital.
5. There will be a greater efficiency in welfare programmes as money is wired directly into the accounts of recipients.
6. There will be efficiency gains as transactions costs across the economy should also come down.
7. Reduce costs of operating ATMS.
8. Speed and satisfaction of operations for customers no delays and queues no interactions with bank staff required.

#### **How to secure cash less transactions.**

1. Download online payments apps only from official apps only from official stores such as google play and apple store.
2. Before download any app verifies the publisher and read its user reviews.
3. More importantly read the permissions that an app asksfor. if it asks for more than what is required then better avoid installing it.
4. Choose established and well known websites to make the payments.

5. Always choose a strong password for accounts on net banking or online payment apps.
6. Avoid making cashless transactions from public computers such as those in cyber cafes.
7. Donot use free insecure Wi-Fi networks for making online payments, it may let an attacker steal information.

#### **Conclusion**

The ease of conducting financial transactions is probably the biggest motivator to go digital. No longer need to carry wads of cash, plastic cards, or even queue up for ATM withdrawals. It's also safe and easier spending option when we are travelling. The benefits are enormous if we leave out the low-income group which will face huge challenge. It will be especially useful in case of emergencies in hospitals. Dhasaivillage will become a role model the whole country as cash less economy. When a small illiterate village can become cashless why can't a whole country. While making cash transactions adopt method of payments which is correct and safely.

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