

## A STUDY ON GROWTH OF CASHLESS ECONOMY IN INDIA

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### INTRODUCTION

Several countries in the world opted the concept of cashless economy. Being great economies, India have also opted the equal but termed as Less Cash Economy / Less Cash Society. Cashless economy means an economy with no bodily currency or economy with full digitalization. Cashless economy will bring transparency in the financial dealings which help to curb corruption, terrorism help and hoarding of black money in the country. As of 2017, only 3% of the total population in India used Internet to pay usefulness bills. Whereas in Sweden, nearly 80% of the population used internet to pay utility bills in the same year. Developed countries like UK & USA stood at 62% and 64% respectively.

Digital India plan is the leading programme of the Government of India. Government of India having a vision to transform our nation into numerically authorized and information economy. As part of endorsing less cash society, Government inspires citizens to make digital transaction by yielding discounts. A inhabitant can make digital payment through various mode viz Bank cards, Unstructured Supplementary Provision Data, Adhar Allowed Payment System, United Payment Interface, Mobile Wallets, Bank prepaid cards, Point of Sale, Internet banking, Mobile banking, Micro ATMs etc.,

### METHODOLOGY

#### OBJECTIVE OF THE STUDY

- ❖ To know the progress of various digital payment services in terms of volume as well as value.
- ❖ To analyse the growth of mobile banking services in India.

#### SCOPE OF THE STUDY

This study focuses on 5 digital payment services viz Debit card, Credit card, Prepaid Payment Instruments, Combined Payment Interface, Immediate Payment Services. Also it focused on the evolution of mobile banking services in India.

## PERIOD OF THE STUDY

This study covers the period of 5 years commencing from the Financial Year 2013-2014 to Financial Year 2017-2018

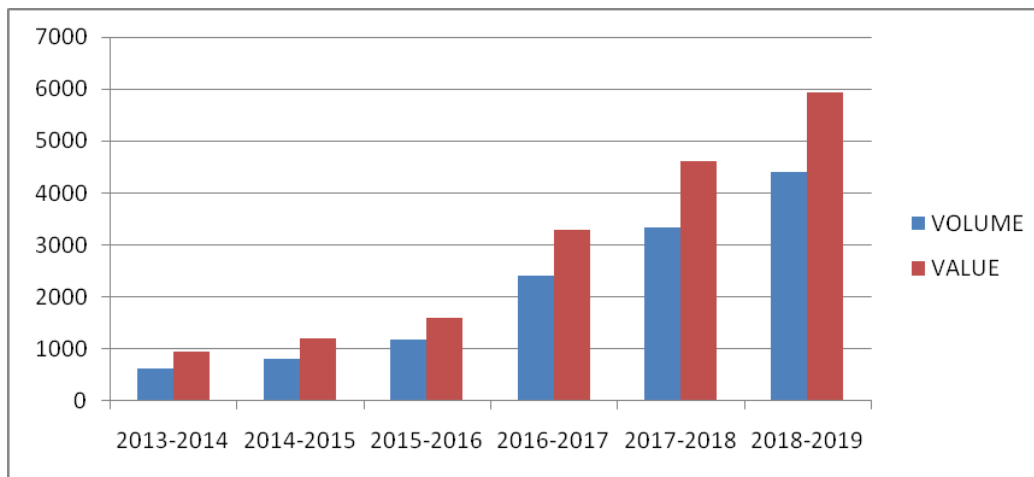
## DATA COLLECTION

Data collected for this education are through secondary sources. The data used in the analysis part are extracted from the annual report of Reserve Bank of India.

## DATA ANALYSIS

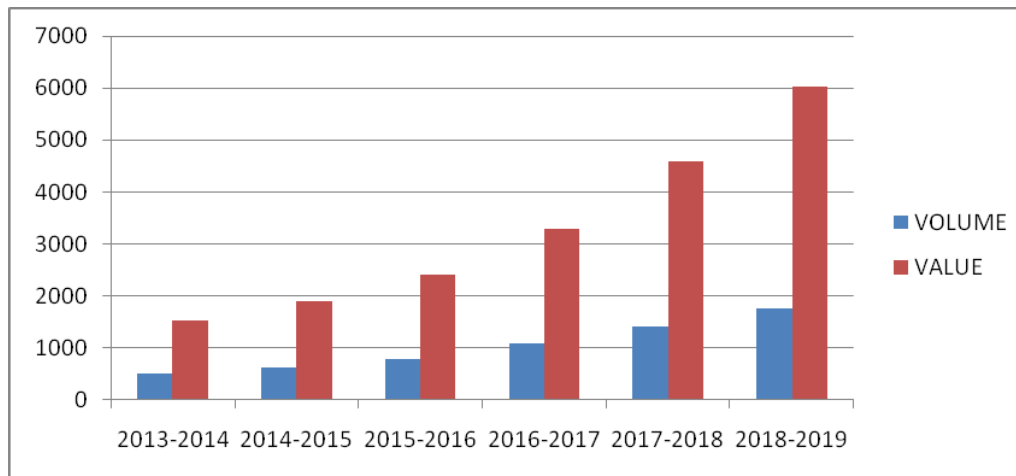
### PROGRESS OF DEBIT CARD PAYMENT SYSTEM – ANNUAL TURNOVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	619		954.5	
2014-2015	808.1	30.55	1213.4	27.12
2015-2016	1173.6	45.23	1589	30.95
2016-2017	2399.3	104.44	3299	107.61
2017-2018	3343.4	39.35	4601	39.47
2018-2019	4414.3	32.03	5935	28.99



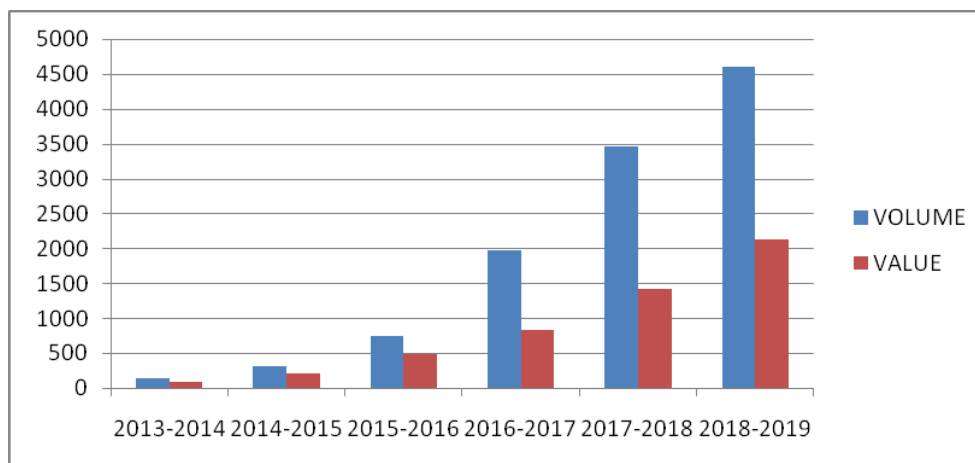
### PROGRESS OF CREDIT CARD PAYMENT SYSTEM – ANNUAL TURNOVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	509.1		1539.9	
2014-2015	615.1	20.82	1899.2	23.33
2015-2016	785.7	27.74	2407	26.74
2016-2017	1087.1	38.36	3284	36.44
2017-2018	1405.2	29.26	4590	39.77
2018-2019	1762.6	25.43	6033	31.44



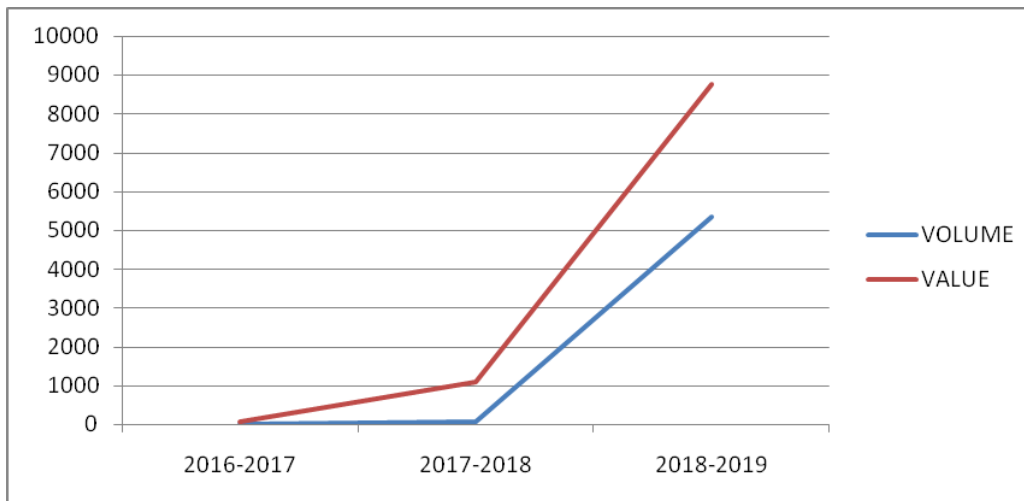
### PROGRESS OF PREPAID PAYMENT SYSTEM – ANNUAL TURNOVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	133.6		81	
2014-2015	314.5	135.40	211.9	161.60
2015-2016	748	137.84	488	130.30
2016-2017	1963.7	162.53	838	71.72
2017-2018	3459	76.15	1416	68.97
2018-2019	4604.3	33.11	2129	50.35



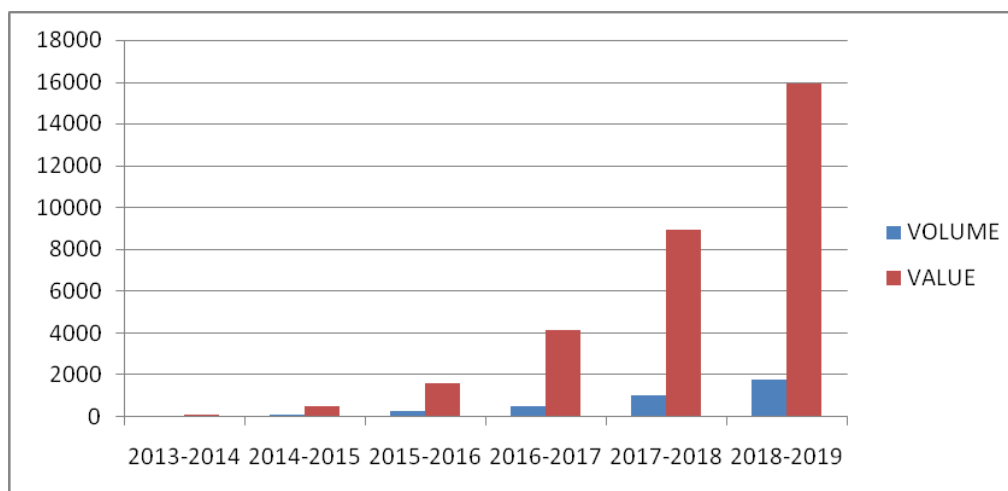
### PROGRESS OF UNIFIED PAYMENT INTERFACE – ANNUAL TURNOVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2016-2017	17.9		69	
2017-2018	95.2	431.84	1098	1491.30
2018-2019	5353.4	4662	8770	698.72



### PROGRESS OF IMMEDIATE PAYMENT SERVICE (IMPS) – ANNUAL TURNOVER

YEAR	VOLUME (MILLION)		VALUE (BILLION)	
	NUMBERS	GROWTH (%)	INR	GROWTH (%)
2013-2014	15.4		95.8	
2014-2015	78.4	409.09	531.9	455.22
2015-2016	220.8	181.63	1622	204.94
2016-2017	506.7	129.48	4166	156.84
2017-2018	1009.8	99.29	8925	114.23
2018-2019	1752.9	73.59	15903	78.18



### INFERENCES

- ❖ Through the year 2013-14, 509 million transactions valued INR 1,538 billion were through credit cards, while 619 million transactions appreciated INR 954 billion were made through debit cards. Mobile banking transactions are value at INR 60 billion in the very year.
- ❖ Due to continuous effort by Reserve Bank of India and Government of India for traveling to electronic payment, Transactions processed through paper based clearing system declines and digital payment systems march ahead during 2014-15. During this year, Nearly 3.1 trillion

transactions carried out through Debit and Credit cards. There was a large growth in Prepaid Payment Instruments (PPIs) which was processed 314 billion transactions and mobile banking services shown an encouraging growth of INR 1 trillion transactions during the year.

- ❖ During 2015-16, Nearly INR 4 trillion transactions were witnessed through Debit cards, Credit cards and PPIs. Mobile banking services grown 126.6% in terms of volume and 290.3% in terms of value.
- ❖ During the year 2016-17, 1.1 billion dealings valued INR 3.3 trillion and 2.4 million transactions valued INR 3.3 trillion were carried out through credit cards and debit cards respectively. PPIs also witnessed around 2 billion transactions in this year. Mobile banking services registered a strong growth of 151% and 224% in terms of volume and value respectively. It also been found that number of registered customers in mobile banking services increased from 105 million (2016) to 163 million (2017).
- ❖ In 2017-18 Mobile banking services witnessed a growth of 92% and 13% in terms of volume and value respectively. Also, the number of registered customers were grown to 251 million from 162 million previous year. It also been found that the volume of PPIs transactions doubled and UPI transactions were increased over 4 times. The value of Debit card and Credit card dealings were also had a sustainable growth of 39.47% and 39.77% respectively.
- ❖ During 2018-29, almost all digital payment systems had witnessed a marginal growth in volume and value of transactions.

## CONCLUSION

The main objective of the study is to comprehend the growth of cashless transaction in terms of volume and value in India. The data for this study are collected from the Annual Report of Reserve Bank of India.

From the above analysis, we concluded that the mode of digital payment had strongly improved over the period of years. It was also been originate that the number of registered customers in mobile banking services witnessed a tremendous growth. Demonetization in November 2016 is the game changer in e-money (cashless) as people switched to electronic modes of payment resulting in year on year growth of 162.5% in 2016-2017. In 2017-18, it had a growth rate of 120% that shows sustainability and perceptible transmission towards cashless economy. India has also made a significant increases in the share of e-money in payment system from 0.8% in 2012 to 21.5% in 2017. Since India is a cash driven economy, it is difficult to make cashless economy but we can bring less cash society (means majority of our dealings done through digital mode) which will reduce corruption and eradicate black money. On the flip side Government should have to take necessary steps to build security and trust among the people. The Less cash Society is achievable target for India.

## REFERENCES

1. <https://www.rbi.org.in/>
2. <http://cashlessindia.gov.in/>