



CONTRIBUTION OF CASHLESS ECONOMY TO GREEN ECONOMY: AN OVERVIEW

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Abstract

India is one of the largest economies of the world. To sustain the world economy, many changes are necessary like cashless economy. This paper tells us how we can save the environment with cashless economy. In the olden days, paper was used to print money and thousands of machinery had to be used. But now by going cashless, the pollution caused by thousands of machines can also be reduced to a great extent. The Government of India has made a huge contribution in saving the environment by removing ₹ 500 and ₹ 1000 notes from the Indian economy in 2016. Government of India has tried to save the environment and cashless economy by promoting various digital platforms like UPI.

KEY WORDS: Cashless, UPI, Cashless Economy, Digitalization, E-wallets, RTGS.

Introduction:

A cashless economy is one where transactions are facilitated with the use of credit cards, card payments, and prepaid payment instruments instead of by the use of money notes, coins, or any other physical form of money¹. A cashless economy is one in which transactions in an economy are facilitated by the use of credit cards, debit cards, and prepaid payment devices instead of money notes, coins, or any other physical form of money. With the Indian government's Digital India plan, India's cashless economy has been growing even further. This is really a flagship programme with the objective of turning India into a knowledge economy and a

digitally empowered society. In India, a cashless economy is defined as one in which cash is not used and all transactions must be made through online means such as direct debit, credit cards, debit cards, digital clearing, and payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT), and Real-Time Gross Settlement (RTGS).

Characteristics of India's Cashless Economy

- After Demonetization, the government has been promoting online and card-based payments in the nation in order to achieve the country's goal of becoming a largely cashless economy.
- The country's e-payment startup scene is exploding.
- The Unified Payments Interface (UPI) was introduced to make cashless transactions easier.
- The Covid-19 pandemic sparked a massive change in India toward digital commerce, in line with Prime Minister Narendra Modi's aim of a Digital India.

According to data from the National Payments Corporation of India (NPCI), UPI payments achieved an all-time high of 1.34 billion in volume throughout June 2020, with transactions totaling almost Rs 2.62 lakh crore².

Types of Payment Systems and Methods

A) Mobile wallet:

A mobile wallet is effectively a virtual wallet that you can access from your phone. You can keep cash in your phone and use it to make online and offline transactions. These wallets are available from different of service providers via mobile apps that must be downloaded to the phone. You can use a credit/debit card or Net banking to deposit money into these wallets online. This means you won't have to enter your card information and reports you pay a bill or make an online purchase using the wallet. These can be used to pay bills and make purchases online.

B) Plastic money:

Credit, debit, and prepaid cards are examples of plastic money. The latter might be real or virtual, and it can be granted by banks or non-banks. These can be purchased and recharged online using Net banking, and they can be used to make online or in-store purchases, as well as given as gifts. Cards are used for three main purposes: cash withdrawals from ATMs, online payments, including swiping for purchases or payments at point-of-sale terminals at merchant outlets such as shops, restaurants, and convenience stores.

C) Net banking:

It is simply an online means of exchanging funds from one bank to another, a credit card, or a third party. It does not require the use of a wallet. It can be done on a computer or a mobile phone. Log in to your bank account through the internet and send money via national electronic funds transfer (NEFT), real-time gross settlement (RTGS), or prompt payment service (IMPS), all of whom have low transaction fees.

The cashless economy in India is being promoted through various platforms and applications which provide easy methods of funds transfer and payments:

1. **Open Wallets:** These allow you to buy goods and services, withdraw cash at ATMs or banks and transfer funds. These services can only be jointly launched in association with a bank. Apart from the

usual merchant payments, it also allows you to send money to any mobile number linked with a bank account. M-Pesa by Vodafone is an example.

2. **Semi-Open Wallets:** You cannot withdraw cash or get it back from these wallets. In this case, a customer has to spend what he loads. For example, Airtel Money/Ola Money is a semi-open wallet, which allows you to transact with merchants having a contract with Airtel/Ola.
3. **Closed Wallets:** This is quite popular with e-commerce companies; wherein a certain amount of money is locked with the merchant in case of a cancellation or return of the product or gift cards. Flipkart and Book My Show wallets are an example.
4. **Semi-Closed Wallets:** These wallets do not permit cash withdrawals or redemption, but it allows you to buy goods and services from listed vendors and perform financial services at listed locations. Paytm is an example.

Objectives to the Study:

1. To know the concept of green economy
2. To study the methods involved in green economy.
3. To study the benefits of green economy.

Review of Literature:

Awh, R.Y and O. Waters (1974)³, in their study “A discriminate analysis of economic, demographic and attitudinal characteristics of bank charge cardholders: A case study”, tries to find out the relationship between card use and economic, demographic and attitudinal variables to know the differences between active and inactive cardholders. They found that attitude towards bank credit cards is the most differentiating factor distinguishing active and inactive cardholders. Other factors were age, socioeconomic standing, types and number of other cards held by an individual, general attitude towards credit, education and income.

Benito Arrunada(2005)⁴ in his paper “Price Regulation of Plastic Money: A Critical Assessment of Spanish Rules” had analyzed the extent of cardholder’s fee, mandate payment systems to include only two costs when setting their domestic multilateral interchanges fee (MIFs): a fixed processing cost and a variable cost for the risk of fraud, the pricing scheme arising from the decisions will cause unbundling and under provision of those services whose cost are excluded.

Byers and Lederer (2001)⁵ in their studies, “The profitability of e-banking and in this study” it has been shown it is more profitable for the banks to change the consumer’s habits rather than adjust their own cost structure The introduction of e-banking did not replace any other service This dissertation is focused on how customers reacted to the change in part, and as such the customer’s notion of what bank services are must be investigated.

Dangwal, Kailash Sakalani and Swati Anand (2010)⁶ in their article E-Banking had analyzed the banking technology, which was, become the engine for triggering rapid change. In their work they discussed the current IT tools applicability’s in the banking 54 such as Electronic Clearing and Settlement System,

MICR/OCR Clearing System, Credit Clearing System, Debit clearing system, RTGS, SFMS, SWIFT, Plastic Money (Debit cards, Credit Cards, Smart Cards, Contactless Smart Cards), E-Commerce, remote banking services, ATM, e-cheque, Mobile Phone Banking, Biometric ATM for rural India and others. The article discussed era, where most of the bank business is carried out with the help of electronic gadgets.

Methodology:

The main focus of the study is the public's perception of the cashless economy towards green economy. The information is gathered from both primary and secondary sources. Primary data was obtained through questionnaires and personal interviews, as well as secondary data from newspapers, articles, and various journals.

Discussion:

Table No.1

Do you aware bout Cashless

Variables	% No. of Respondents
Aware	87%
Not Aware	13%

Sources: Primary data

Interpretation:

Table-1 shows that 83% of people are aware of cashless transactions, while only 13% are unaware. This figure shows that the Indian economy has gained pace as a result of 83% of the total population having access to cashless information and that as a result of this speed; India has made several social and economic achievements. People now conduct all transactions using cashless methods, which has resulted in a significant reduction in the cost of commuting and the use of various sorts of resources. This has had a significant positive impact on the environment. Because if everybody pays their bills online and reduces the use of other resources that damage the environment, which caused pollution, then it can be said that due to cashless transactions, the environment is also having a great impact.

Table No.2**How did you come to know about Cashless Methods?**

Variables	From Bank	TV/Radio/ Newspapers	Internet	Family Members	Friends
No. of Respondents	48%	16%	20%	02%	14%

Sources: Primary

Interpretation:

Table number-2 shows that the respondents came to know about the cashless methods. The table shows that cashless transactions were traced to 48% of the people through the bank, 16% of the people through radio, TV and 20% to the people. As detected through the Internet, only 2% of people got to know because of family members and 14% were friends of people.

Hence, it can be said that more than 50% people have come to know about cashless transactions through internet and banking system. Through this table it is known that the people connected with the banking system brought the information of cashless transactions to the people and because of this people started using different types of electronic gadgets for cashless transactions from their homes on the banking system. . In this way, the cost of running thousands of machines and printing lakhs of crores of rupees has also been reduced to a great extent, which can be said that the cashless transaction system also helps the environment a lot.

Table No.3**Respondent's opinion about methods of green Economy**

Statements	No. of Respondents	
	Agree	Disagree
Satisfied with methods of Cashless Transactions?	86%	14%
Cashless Transactions facilitates faster and better work than traditional banking?	92%	06%
It saves the time, effort, cost of customer	82%	18%
Fuel Saving	90%	10%
Transportation	92%	08%

Sources: Primary

Interpretation:

Table No.-3 show that there is a lot of awareness among people to make green economy through cashless transactions and they are moving from this cashless transaction system to green economy system. 86% percent of people agreed with the cashless transaction system and only 14% people disagreed with the cashless transaction, 92% of the people said that the way of transaction and payment has become much easier and faster with the cashless transaction system, only 6% of the people Disagree with this type of arrangement, 82% people said that cashless transaction system has saved people a lot in time and cost, only 18% people said that there is no saving of time and cost, 90% People said that there was a significant saving in fuel and only 10% said that they did not have any shaving, 90% of the people said that the cost has come down significantly and only 08% said that there is no change in the transportation cost. There has been no decline. It can be said that due to cashless transactions, we are moving towards green economy, so this type of system has also solved the problems of pollution and many other types of social level and awareness of green economy has also come among the people. .

FINDINGS

The concept of a green economy is important to the economy's long-term sustainability. Banks have adopted numerous methods of online transactions to perform work electronically and increase the quality of banking activities. It reduces the amount of paperwork produced, as well as carbon emissions, and thereby helps the environment. The bank provides services such as ATMs and online banking to make it easier for the public to transact. It has been discovered that digital payment has increased since demonetization.

CONCLUSION:

Our country has a wealth of natural resources, which are being fully exploited because these natural resources produce the goods required to run the country's economy. For a green economy, it is also critical to engage in green activities. As a result, cashless transactions are proven to be one of the most beneficial aspects of environmentally friendly activities. Natural resources have been utilized in huge amounts for the manufacture of paper and other industries by exploitation of the country's natural resources. Implementing solutions such as cashless transactions can help to lessen the strain on natural resources. The greater the advantage to the country's economy, the fewer natural resources will be used. Green economy must be pushed primarily in rural areas, as rural communities are more reliant on natural resources for day-to-day operations. Their lives will be easier and more pleasant if a system such as cashless transactions is in place. By embracing cashless transactions, many sorts of services given by the bank can be used while sitting at home, reducing the stress on other forms of natural resources and converting the country's economy to a green economy.

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