



# AN OVERVIEW OF THE CONTRIBUTION OF THE CASHLESS ECONOMY TO THE GREEN ECONOMY

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## ABSTRACT:

One of the world's greatest economies is that of India. Numerous reforms, such as the cashless economy, are required to support the global economy. This essay explains how a cashless society might help the environment.

In the past, paper was used to produce money, necessitating the utilization of many pieces of machinery. But today, the pollution brought on by thousands of machines may also be significantly reduced by becoming cashless. By banning the use of the ₹ 2000 and ₹ 1000 notes in the Indian economy in 2016, the government of India significantly increased its commitment to environmental preservation. By supporting different digital platforms like UPI, the Indian government has attempted to protect the environment and the cashless economy.

**KEYWORDS:** *Cashless, UPI, Cashless Economy, Digitalization, E-wallets, RTGS.*

## INTRODUCTION:

A cashless economy is one in which transactions are enabled by using credit cards, card payments, and prepaid payment devices rather than by using cash in the form of bills, coins, or any other tangible form of currency<sup>1</sup>. In a cashless economy, transactions are made easier by using credit cards, debit cards, and prepaid payment methods rather than cash, coins, or any other tangible form of money. With the implementation of the Digital India initiative by the Indian government, the cashless economy in India has expanded even further. This program's main goal is to transform India into a knowledge economy and a society that is empowered by technology. In India, a cashless economy is one where there is no use of physical cash and all transactions must be completed online using methods like direct debit, credit cards, debit cards, digital clearing, and payment systems like IMPS, NEFT, and RTGS.

## Characteristics of India's Cashless Economy

- In order to realize the objective of the country being a mainly cashless economy, the government has been encouraging Internet and card-based payments in the country since Demonetization.
- The e-payment startup scene in the nation is booming.
- For the purpose of simplifying cashless transactions, the Unified Payments Interface (UPI) was developed.
- In keeping with Prime Minister Narendra Modi's vision for a "Digital India," the Covid-19 epidemic triggered a significant shift in India toward internet commerce.

UPI payments reached an all-time high of 1.34 billion in volume in June 2020, with transactions reaching close to Rs 2.62 lakh crore <sup>2</sup>, according to statistics from the National Payments Corporation of India (NPCI).

## Types of Payment Systems and Methods

### 1. Mobile Wallet:

An electronic wallet that you may access from your phone is known as a mobile wallet. Your phone may store currency that you can use for both online and off-line transactions. Different service providers provide these wallets through mobile apps that must be downloaded to the phone. To add money to these online wallets, utilize a credit/debit card or Net Banking. This implies that if you use the wallet to pay a bill or make an online transaction, you won't need to input your credit card information. These can be utilized for online bill payment and shopping.

### 2. Plastic Money:

Cards made of plastic money include credit, debit, and prepaid cards. The latter might be given by banks or non-banks and can be real or virtual. These may be bought, recharged, and used to make in-store or online purchases as well as to give as gifts online utilizing Net banking. Cash withdrawals from ATMs, online payments, and swiping for purchases or payments at point-of-sale terminals at merchant outlets including shops, restaurants, and convenience stores are the three major uses for cards.

### 3. Net Banking:

It is only a technique of transferring money online between banks, credit cards, or other parties. It is not necessary to utilize a wallet. Either a PC or a smartphone may be used for it. By logging into your bank account online, you may send money via the low-cost NEFT, RTGS, or IMPS national electronic funds transfer, real-time gross settlement, or rapid payment services, respectively.

Through several platforms and applications that offer convenient ways to move money and make payments, the cashless economy is being promoted in India:

- I. **Open Wallets:** These let you make purchases, get cash from banks or ATMs, and transfer money. Only a bank can partner with us to jointly offer these services. In addition to the typical merchant payments, you may use it to send money to any cell phone number connected to a bank account. One such is Vodafone's M-Pesa.

- II. **Semi-Open Wallets:** These wallets don't allow cash withdrawals or cash returns. In this instance, a consumer is required to pay for what he loads. For instance, Airtel Money/Ola Money is a semi-open wallet that enables you to conduct business with retailers that have an agreement with Airtel/Ola.
- III. **Closed Wallets:** The practice of locking a particular sum of money with the merchant in the event that a customer cancels or returns goods or gift cards is fairly common among e-commerce businesses. Wallets from Flipkart and Book My Show are two examples.
- IV. **Semi-Closed Wallets:** These wallets don't enable you to withdraw or redeem cash, but they do let you make purchases from the specified sellers and conduct financial transactions at the mentioned places. Paytm is one instance.

## OBJECTIVE:

1. To understand the idea of the green economy
2. To research the strategies used in the green economy.
3. To research the advantages of the green economy.

## REVIEW OF LITERATURE:

In their study "A discriminate analysis of economic, demographic and attitudinal characteristics of bank charge cardholders: A case study," **Awh, R.Y. and O. Waters (1974)**<sup>3</sup> attempt to determine the correlation between card use and economic, demographic, and attitudinal variables in order to identify the differences between active and inactive cardholders. They discovered that the most important factor separating active and inactive cardholders is attitude toward bank credit cards. Age, socioeconomic status, the types and number of other cards a person possessed, their overall credit-related attitude, education, and income were other considerations.

In his essay "Price Regulation of Plastic Money: A Critical Assessment of Spanish Rules," **Benito Arrunada (2005)**<sup>4</sup> examined the scope of cardholder fees and recommended that payment systems only include two costs when determining their domestic multilateral interchange fees (MIFs): a fixed processing cost and a variable cost for the risk of fraud. As a result, the pricing structure that results from these recommendations will result in the unbundling and under-provision of those services whose costs are excluded.

**Byers and Lederer's (2001)**<sup>5</sup> research on "The profitability of e-banking and in this study" showed that altering customer behaviour would be more beneficial for banks than modifying their own cost structures. E-banking was not introduced to replace any other service. Since a portion of the focus of this dissertation is on how consumers responded to the shift, it is necessary to look at consumers' perceptions of what bank services are.

In their essay E-Banking from 2010, **Dangwal, Kailash Sakalani, and Swati Anand**<sup>6</sup> examined how banking technology has evolved into the catalyst for accelerating transformation. They discussed the use of current IT tools in the banking industry, including the 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 essay addressed a time when electronic devices are used to conduct the majority of bank transactions.

## METHODOLOGY:

The study's primary focus is on how the general public views the transition to a cashless economy and the green economy.

Both primary and secondary sources are used to compile the data. Secondary data from newspapers, publications, and other journals were combined with primary data collected through questionnaires and in-person interviews.

## Discussion:

**Table 1**

Are people aware of Being Cashless?

VARIABLES	% No. of Respondents
Aware	87%
Not-Aware	13%

Sources: Primary Data

## Interpretation:

Table 1 demonstrates that while just 13% of individuals are ignorant of cashless transactions, 83% of people are. This statistic demonstrates that the Indian economy has picked up speed as a consequence of 83% of the population having access to cashless information, and that India has made significant social and economic advancements as a result of this speed. People increasingly utilize cashless techniques for all transactions, which has significantly decreased the cost of commuting and the use of various resources. On the whole, this has been good for the environment. Because if everyone uses fewer other resources by paying their bills online, which harms the environment and leads to pollution, it may be concluded that cashless transactions have a significant negative influence on the environment.

**TABLE 2**

How people were made aware of Cashless Methods

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

Sources: Primary Data



**Interpretation:**

Table 2 illustrates that the cashless techniques were made known to the responders. According to the table, cashless transactions were linked to 48% of individuals through their bank, 16% of people through radio and television, and 20% of people directly. Only 2% of individuals were introduced to one another through family members, while 14% were introduced by friends, according to Internet data. As a result, it can be argued that the financial system and the internet have helped more than 50% of individuals learn about cashless transactions. Through this chart, it can be seen that those involved in the banking system spread knowledge about cashless transactions, which led to a rise in the usage of various electronic devices by consumers to conduct cashless transactions from the comfort of their homes on the banking system.

**TABLE 3**

View of the respondent on green economy strategies

STATEMENTS	No. Of Respondents	
	Agree	Disagree
Are you happy with the cashless transaction methods?	86%	14%
When compared to traditional banking, can cashless transactions allow faster and better work?	92%	06%
It reduces client costs, time, and effort.	82%	18%
Saving Of Fuel	90%	10%
Transportation	92%	08%

*Sources: Primary Data***Interpretation:**

Table 3 illustrates that People are increasingly conscious of the need to create a green economy through cashless transactions, and they are transitioning from this system to one based on a green economy. 86% of respondents agreed with the cashless transaction system, while only 14% of respondents disagreed; 92% of respondents said that the system has made transactions and payments much easier and faster; 6% of respondents disagreed with this type of arrangement; 82% of respondents said that the cashless transaction system has helped people save a lot of time and money; only 18% of respondents said that there has been no saving of time and money; 90% of participants claimed to have greatly reduced their gasoline costs, while only 10% claimed they had not. Similarly, 90% claimed that transportation costs had decreased significantly, while only 8% claimed there has been no change. No deterioration has been place. We can say that cashless transactions have accelerated our transition to a green economy. As a result, this kind of system has also resolved environmental issues and several other social issues, and it has raised public awareness of the benefits of a green economy.

**FINDINGS:**

The idea of a green economy is crucial for the long-term viability of the economy. In order to conduct tasks electronically and improve the standard of banking activities, banks have implemented a variety of online transaction techniques. It benefits the environment by lowering carbon emissions and the amount of paperwork required. In order to facilitate transactions, the bank offers facilities including internet banking and ATMs. It has been shown that after demonetization, digital payments have grown.

**CONCLUSION:**

Natural resources are abundant in our nation and are being completely used since they yield the items needed to maintain the economy of the nation. Engaging in green activities is essential for a green economy. Therefore, it has been established that one of the best components of environmentally friendly activities is cashless transactions. By using the nation's natural resources, natural resources have been used extensively for the production of paper and other industries. Lessening the demand for natural resources can be achieved by using strategies like cashless transactions. Less natural resources will be consumed the better off the nation's economy is. The green economy has to be promoted mainly in rural regions, where residents are more dependent on natural resources for daily needs.

If a system like cashless transactions is in place, their lives will be simpler and more enjoyable. By adopting cashless transactions, many bank services may be accessed from home, putting less strain on other natural resources and transforming the nation's economy to a green economy.

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