



Is it really worth to become a cashless economy?

Description

In Favor:-

- Cashless transactions ensures transparency and reduces black money formation.
- The problems like pick pocketing and robbery will be eliminated.
- Cashless transactions counter tax evasions.
- 45% of India's GDP is influenced by informal economy. Cashless economy forces informal sector to transform itself into formal sector.
- Digital literacy can be in increased.
- Expenditure for the manufacture of currency notes can be avoided by cashless less economy.
- Tourists to India have no need to struggle for physical cash.
- Corruption and commission culture can be eradicated by online payment modes.
- It will create an universal platform for banking services to all as no physical infrastructure is needed other than digital. Less cost for banks.
- Problem of fake currency notes can be eliminated by digital payment.
- All the subsidies and welfare scheme benefits can be directly utilized by the beneficiaries without the need for withdrawing money thus avoiding the inconvenience.
- Cash less economy will create huge employment opportunities in banking as well as in software industry.
- Many online wallets and apps are giving discounts and cashbacks for online payments which will help the customers to save money.
- Helps in attracting foreign investors and domestic investors to invest in India.

Against:-

- There is a small service charge for IMPS transactions, but with cash transactions there will be no loss.
- Cash transactions are very convenient in daily life. We are used to it.
- A large part of Indian population is digital illiterates.

- Automatic and digital payment may have cut in blue collar jobs and according a recent survey, there may be a loss of 70,000 jobs in India.
- Cyber crimes and other modes of thefts will be increased. There is lack of digital awareness in the country, forget about awareness about cyber crimes.
- It will be difficult to provide a smooth internet infrastructure which can cater to such a huge volume of users in India.
- Illiteracy and lack of awareness can be taken advantage by some, it inturn encourages the commission agent culture in rural areas. Money can be robbed in the pretext of helping digital illiterates.
- Phishing is still highly prevalent in India. Is it really worth bringing more people to digital world?

Basics:-

- Cashless economy refers to financial transactions without using physical cash.
- On November 8th 2016 prime minister of India announced the historical decision of demonetization high value currency notes of 500 and 1000, and talks of cash less society or cash less economy started making news in Indian media and public.
- In ancient days too there was cashless economy and the payment was used to be done in the form of goods for services. Exchange of goods was also been practiced in those days.

Situation in Other countries:-

- In 'Belgium', 'France', and 'Canada' over 90% of consumer payments are made via cashless modes.
- About 80% or more transactions were made by non-cash modes in 'United Kingdom', 'Sweden', 'Australia', 'Netherlands', and the 'US'.
- 'Germany' accounts for about 76% of cash less transactions.
- Asian country 'South Korea' too use cashless payments as the major mode of consumer payments.

Conclusion:-

Cash less economy is indeed a positive thing for any economy. But Indian government should increase the spending on Internet penetration in the rural areas. New strict and stringent laws needed to improve the cyber security in the country. Continuous and uninterrupted supply of power to banks must be provided.

Afterwords :- What is your opinion on this topic? Express your thoughts in the comment section below.

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