

India continues to be driven by the use of cash; less than 5% of all payments happen electronically however the finance minister, in 2016 budget speech, talked about the idea of making India a cashless society, with the aim of curbing the flow of black money. Cashless economy or cashless means all the transactions carried out between two individuals will occur by payment through payment gateways or through the plastic money. It is done with the primary aim of uncovering the non-registered transactions.

**To bring UT Chandigarh completely on digital payment platform, there has to be the realization of value of a cashless society;**

- The cashless economy needs to be present as the financial year of 2015 experienced the hefty amount of Rs. 21,000 crores just on the printing of the cash into the economy
- The other need for the cashless economy is that every shady transaction that is left unrecorded will now comes into the picture making India one of the fastest-growing economies in the world.
- A cashless economy is required to make the transactions more convenient for the layman rather than carrying the bulk of cash in the wallet along with plastic money.
- Cashless India is important because it will decrease the tax avoidance and the money laundering cases subsequently benefitting the citizens.
- Cashless is needed as 1 out of 7 notes present in the economy is fake which results into a bad image of the economy.

### **IMPLEMENTATION:**

Chandigarh administration with an aim to promote cashless transactions & converting Chandigarh into less-cash society has implemented mediums such as: Banking cards, USSD, AEPS, UPI, Mobile Wallets, Banks Pre-Paid Cards, Point of Sale, Internet Banking, Mobile Banking, Micro ATM's. Reducing the economy's dependence on the cash and making it more deviated towards these mediums would result into the betterment of the economy and the society.

Surprise demonetization also pushed users onto the country's digital economic grid. As the demonetization process continues, Modi's primary rhetoric of fighting corruption was accompanied with the effort of transitioning India to a cashless economy.

Up until this campaign, UT Chandigarh was an incredibly cash-centric society. Cash accounted for upwards of 95% of all transactions, 90% of vendors didn't have card readers or the means of accepting electronic payments, 85% of workers were paid in cash, and almost 40% of the population didn't even have bank accounts. Even companies like Uber in India accepted cash, the only country in the world where this

option is available and payment by cash was the preferred choice of 70% of all shoppers.

### **Challenges in making UT Chandigarh a cashless economy:**

- Non availability of financial literacy.
- Though bank accounts have been opened through Jan Dhan Yojana, some of them are lying non operational. Unless people start operating bank accounts cashless economy is not possible.
- There is also vested interest of some institutions in not moving towards cashless economy.
- Most card and cash users fear that they will be charged more if they use cards. Further, non-users of credit cards are not aware of the benefits of credit cards.

### **INNOVATION:**

#### **A Cashless Future Is the Real Goal of India's Demonetization Move**

"This is a public sector innovation unthought of in history. A cultural-economic revolution in the making and subsequent drive towards developing a cashless economy. The lack of cash in the economy combined with the buzz around electronic payments systems has also sparked some very innovative solutions.

The farmers' markets began experimenting with electronic payment system where farmers/merchants with Aadhar-linked bank accounts could buy/sell vegetables through eNam a national e-market portal for transparent sale transactions and for promotion of e-trading of agricultural commodities.

As part of promoting cashless transactions and converting India into less-cash society, Chandigarh administration has brought forth a novel concept of smart city card, a flagship programme with a vision to transform India into a digitally empowered society and knowledge economy. The objective of introducing such a card would be to contribute towards digital payment ecosystem as envisaged by the Hon. Prime Minister of India.

Chandigarh Smart Card (CSC) can be used for:

1. Govt. Payments (GST integrated invoicing solution)
2. Petrol Pump
3. Utility Bill Payments
4. Chandigarh Transport Undertaking
5. E-Mandi

6. Retail Merchants
7. Hotels
8. Rent Collection

**Strategy / Methodology adopted to Promote Digital Payment:** Chandigarh Administration has taken number of steps towards promotion of Digital Transactions.

Cash Acceptance limit reduced to Rs.2,000/- in e-sampark Centres which resulted in Digital transactions increased to 53.09% from 13.81%.

**Digi-Dhan Melas** were organized during this period.

- 10,000 accounts were opened in a single day
- Cash less Dangal was organised in which, reward money was also transferred to winners through Digital Mode on the spot

**MUDRA Protsahan Diwas :** To create awareness among masses regarding Promoting Digital Transactions and various financial inclusion flagship programmes initiated by Government of India and different modes of digital payments, a Financial Inclusion Camp was organised on 4th October, 2017 at the Parade ground, sector 17 Chandigarh. Thirty Banks of Chandigarh participated in this camp, along with self-help groups and organisation like NABARD, LIC, UIDAI, SIDBI, RBI etc. The camp saw a huge footfall of more than **5000 residents** from Chandigarh which led to:

- 5047 account openings
- 5191 Aadhar seeding
- 5212 Mobile seeding.
- A total of 1018 BHIM apps were downloaded
- 5074 Rupay cards were issued and activated.
- 458 residents enrolled for Pradhan Mantri Jeeven Jyoti Bima Yojna (PMJJBY).
- 1218 enrolled in Pradhan Mantri Suraksha Bima Yojana (PMSBY).

**Digital / Cashless Fees Structure :** Chandigarh Administration to make the Youth and Students Digital friendly has taken an innovative step by adopting Cashless Fees Payments in Department of Higher Education and Technical Education where the receipts and disbursal of both the departments have 100% Digital. All the Fees receipts

as well as Scholarship payments are made through Digital Platform with no-cash intervention.

**Promoting Digital Procurement** : To Promote Cashless & Digital Procurements Chandigarh has signed MOU with Ministry of Expenditure regarding Procuring all the available goods and services through GeM. This is the most suitable method to bring Transparency and zero Corruption in government Procurements.

### **Exceptional achievements and outcomes**

#### **Digital Payment in PDS (Food Grains)**

- Traditional Public Distribution System of Food Grains replaced with Direct Benefit Transfer (DBT) “A Unique Model in Country”
- Chandigarh Placed First amongst all UT’s and States for Direct Transfer of money amount in bank account of beneficiary for purchase from open market.
- DBT is rendered in the account of (Elderly Women of House) ‘Grehni’ above age of 18 Years.
- 100% DBT amount is transferred through Digital mode i.e. Aadhaar Payment Bridge every month is Rs. 2.90 Cr. i.e. to the tune of Approx. Rs. 36 Cr. per annum.

#### **100% Digital Payment in All Welfare Schemes**

- 1st UT to Integrate Central Treasury with PFMS in October, 2016.
- Welfare Schemes benefited Masses through 100% Digital Payments.
- All 52 Welfare Schemes on Digital Payment Platform.

#### **100% Digital Payment in LPG Subsidy**

- 1st Kerosene Free City/UT of the country.
- 100% Payment to LPG Consumers through Digital Platform
- Saving of 2.5 cr. per year of subsidy.
- 100% Aadhaar Seeding and 100% Digital Payments to 2,48,689 beneficiaries in PAHAL every Month

**UT Chandigarh** has 21.50 Lac saving bank accounts of which **80% Bank Accounts are Aadhaar Seeded** and **92% Mobile Seeded** has successfully been achieved.

Chandigarh Administration has ushered in new era by Promoting Digital Transactions and was able to achieve **1,81,403 Transactions till date in BHIM & UPI**. Chandigarh being an Urban City has very low proportion of Rural Population (28,991 as per Census, 2011) and are majorly considered under Urban Population which are being catered by

**31 Business Correspondence (BC's)** termed as "**Bank Mitras**" through Bank of Baroda, SBI & PNB.

- 42 e-Sampark centres with Digital Payment facility for UT with 56 Sectors.
- Digital Payment Facility for all Utility Bills available in all Centres.
- No Extra Charges for Digital Payment charges from General Public
- Digital/Cashless Payments increased to 53.09% from 13.81% after demonetisation.
- Digital/Cashless Payments w.r.t. Electricity Payments increased to 46.22% from 18.72% after reducing cash acceptance limit.

### **Impact and Benefits of digital payments on society**

- Reduced instances of tax avoidance because it is financial institutions based economy where transaction trails are left.
- It will curb generation of black money
- Will reduce real estate prices because of curbs on black money as most of black money is invested in Real estate prices which inflates the prices of Real estate markets
- In Financial year 2015, RBI spent Rs 27 billion on just the activity of currency issuance and management. This could be avoided if we become cashless society.
- It will pave way for universal availability of banking services to all as no physical infrastructure is needed other than digital.
- There will be greater efficiency in welfare programmes as money is wired directly into the accounts of recipients. Thus once money is transferred directly into a beneficiary's bank account, the entire process becomes transparent. Payments can be easily traced and collected, and corruption will automatically drop, so people will no longer have to pay to collect what is rightfully theirs.
- There will be efficiency gains as transaction costs across the economy should also come down.
- Hygiene – Soiled, tobacco stained notes full of germs are a norm in India. There are many such incidents in our life where we knowingly or unknowingly give and take germs in the form of rupee notes. This could be avoided if we move towards Cashless economy.
- In a cashless economy there will be no problem of soiled notes or counterfeit currency
- Reduced costs of operating ATMs.
- Speed and satisfaction of operations for customers, no delays and queues, no interactions with bank staff required.

An increased use of credit cards instead of cash would primarily enable a more detailed record of all the transactions which take place in the society, allowing more transparency in business operations and money transfers.

This will eventually have the following chain effect:

1. Improvement in credit access and financial inclusion, which will benefit the growth of SMEs in UT Chandigarh.
2. Reduce tax avoidance and money laundering thanks to the higher traceability of all the transactions.
3. The increased use of credit cards will definitely reduce the amount of cash that people will carry and as a consequence, reduce the risk and the cost associated with that.

### **What else needs to be done for sustainability?**

- Open Bank accounts and ensure they are operationalized.
- Abolishment of government fees on credit card transactions; reduction of interchange fee on card transactions; increase in taxes on ATM withdrawals.
- Tax rebates for consumers and for merchants who adopt electronic payments.
- Making Electronic payment infrastructure completely safe and secure so that incidents of Cyber crimes could be minimized and people develop faith in electronic payment system.
- Create a culture of saving and faith in financial system among the rural poor.

Though it will take time for moving towards a complete cashless economy, efforts should be made to convert urban areas as cashless areas if Chandigarh administration can convert that into cashless it will be a huge gain. We are currently in the middle of an all out movement to modernize the way things are paid for. New bank accounts are being opened at a heightened rate, e-payment services are seeing rapid growth, cash-on-delivery in e-commerce has crashed, and digitally-focused sectors like the online grocery business have started booming.

“Even the vegetable vendors on the streets have opened up Paytm accounts and they have a machine outside their shop where someone can scan the bar code and make the payment. A lot more retail outlets are accepting e-wallets. This is revolutionary, and survival of the fittest.”

Ever since Prime Minister Narendra Modi’s demonetization announcement and moving towards cashless society, there is a sudden spike in UT Chandigarh in both app downloads & merchant registrations. This spike is now coming from everywhere

consisting of small merchants like vegetable vendors, Kirana shopkeepers, street vendors, rickshaw drivers, taxi's etc. The Prime Minister's move to incentivize digital payments will offer a strong support to our ongoing efforts in helping the country leapfrog the cash generation to digital payment solutions. This will not only help citizens to overcome the hassles of dealing in cash but also act as a significant step towards propelling India to emerge as a truly cashless economy.

## **FUTURE**

The future of the Cashless India looks pretty promising as the response of the citizens towards this move is a clear indication that the move is likely to succeed. The transparency in the economy will increase through the e-commerce transactions and the digital payment gateways which will increase the GDP of the economy. This will increase the creditability of the country and make a rise in investments. This step of cashless is truly going to create ripples of big success.