



Is India ready to be a Cashless Economy?

Description

In Favor :-

- Long before demonetizing 500 & 1000 rupee notes, Indian government is trying to increase cashless transactions through Direct Benefit Transfer Scheme, Jan Dhan accounts etc.
- From the moment higher denomination notes are demonetized, cashless transactions have increased at a rapid rate.
- Though India has a huge proportion of digital illiteracy, using debit card does not require much digital literacy.
- Many state governments are working hard to spread the awareness of digital transactions.
- Indian Government rolled out incentives for going digital in financial transactions. It introduced daily and weekly lucky draws to encourage digital transactions.

Against :-

- Till the moment 500 & 1000 rupee notes are demonetized, cash transactions constituted 85% among all the financial transactions in India.
- Even after the demonetization move, cash transactions are still the king.
- India has a huge population of digital illiterates. Itâ€™ll take a lot of time to transform everyone into digital literates.
- No country is a fully cashless economy yet. India is still a developing country, and needs a lot of time to transform itself into cashless economy.
- Though no. of accounts have increased drastically after the demonetization move, once the scarcity of new notes is reduced, there is no guarantee that everyone will use that bank accounts.
- With the recent hack of 32 lakh Rupay & Visa debit cards, there is a doubt in cyber security of Indian Banking. Before going for completely cashless economy, India needs to strengthen its cyber security first.

Facts :-

- “Sweden”™ is closest to achieving cashless society. Cash transactions in Sweden constitutes to only 3%.
- M-Pesa created a revolution in “Kenya”™. The usage of M-Pesa is so high that even salaries are credited through it. Cash transactions decreased drastically in Kenya.
- South Korea gives tax incentives for cashless transactions, and could increase the share of non-cash transactions.

Conclusion :-

Though cashless transactions have increased these days, right now India cannot completely become a cashless economy considering its high proportion of digital illiteracy and cash transactions. But Indian Government is working towards increasing the share of cashless transactions, which is a good thing for any economy.

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

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