

RURAL RESIDENTS YET TO GO CASHLESS

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ABSTRACT

A cashless economy refers to an economic system in which financial transactions are conducted entirely through digital or electronic means, and physical cash is either eliminated or used to a minimal extent. This transition involves the widespread adoption of various electronic payment methods and technologies, such as credit/debit cards, mobile wallets, online banking, and other digital payment systems. Despite the potential benefits, there are also challenges and considerations associated with transitioning to a cashless economy. These include concerns about digital security, the need for robust digital infrastructure, addressing the needs of populations with limited access to technology, and ensuring that the transition is inclusive and doesn't leave certain groups behind. Countries around the world are at different stages of adopting cashless practices, with some making significant progress, while others continue to rely heavily on physical currency. The pace and success of this transition depend on a variety of factors, including technological readiness, regulatory frameworks, public acceptance, and government policies. The objective of this study was to investigate the progression and patterns of electronic transactions in Uttarakhand's rural regions. Additionally, a researcher sought to identify the obstacles that impede the growth of digital transactions in Uttarakhand's rural regions.

Keywords: *Cashless Transactions, Rural Areas, Barriers.*

INTRODUCTION

In spite of the worldwide transition towards digital payment systems, a notable discrepancy persists in the adoption of digital payment methods between rural and urban regions of India, with currency remaining the predominant medium of exchange in rural areas.

The advent of technology has enabled a substantial revolution in the manner in which payments are processed domestically. As the prevalence of internet connectivity and smartphone usage continues to rise, an expanding demographic, especially in urban regions, is opting to utilise digital payment systems such as mobile wallets, UPI (Unified Payments Interface), and Net Banking. In light of the current situation, wherein apprehensions regarding the safety implications of currency usage have been prompted by the COVID-19 pandemic, people are progressively placing greater reliance on digital payment modalities for routine transactions and seeing an upsurge in their online retail activities.

However, notwithstanding these astounding statistics, India continues to be a country where currency serves as the fundamental infrastructure for daily existence, particularly in rural regions. According to a survey published by Credit Suisse, physical currency is utilised in 72% of consumer

transactions in India. Given the exponential pace at which individuals are adopting digital payment methods, these figures might appear unexpected. At this juncture, the differentiation between rural and urban regions assumes significance. Cash continues to be the prevailing medium of exchange for a considerable segment of the rural populace across the country.

Cashless transactions have become increasingly popular in Uttarakhand over the last few years. The state government has been taking steps to promote digital payments and encourage people to move away from cash transactions.

Overall, the state government of Uttarakhand is making efforts to promote cashless transactions, and the adoption of digital payments is gradually increasing in the state.

While the state government of Uttarakhand has been taking steps to promote cashless transactions, the rural population in the state is still largely dependent on cash. There are several reasons for this:

1. **Lack of Digital Infrastructure:** In many rural areas of Uttarakhand, there is a lack of digital infrastructure, such as internet connectivity and smartphones, which are necessary for making cashless transactions.
2. **Low Financial Literacy:** Many people in rural areas are not familiar with digital payment methods and are more comfortable with cash transactions.
3. **Dependence on Agriculture:** The majority of the rural population in Uttarakhand is engaged in agriculture, which is a cash-based sector. Farmers often need cash to purchase seeds, fertilizers, and other inputs.
4. **Lack of Trust:** Some people in rural areas may be hesitant to use digital payment methods due to concerns about security and fraud.

To address these issues, the state government needs to take steps to improve digital infrastructure in rural areas, increase financial literacy, and build trust in digital payment methods. The government could also provide incentives to encourage people to switch to cashless transactions, such as subsidies for purchasing smartphones or discounts for using digital payment methods. It is important to ensure that the benefits of digital payments are accessible to all, including the rural population.

LITERATURE REVIEW

Kaleeshwari, S, Dr. M. Jegadeeshwaran (2022) conducted research aimed at examining the growth of cashless payments over the period in India. This study was based on secondary data. This study concludes that there is an increase in cashless payments. It is important to strengthen internet security to protect against online mischievousness. Customers and small shops encounter significant risks and challenges when implementing cashless transactions.

Pooja Gupta, Dr. Rahul Hakhu (2020) The study's main goal is to develop a model of customer perceptions of different age groups and cashless transactions with reference to Haryana. It

illustrates the importance of the relevance of the customer view of the relevance of cashless transactions of a certain age group, namely in Haryana.

Dr. V. Chandrakala (2019) This paper focus on concept of cashless economy, pros & cons and to know the modes of cashless transactions. According to the report, India's transition to a cashless society appears to have a bright future. This is because the country's citizens have responded favourably to the government's initiative and have shown support for it.

Dr. K.A Rajanna (2018) This study tries to determine the rationale behind consumers recognising the benefits and drawbacks of cashless transactions as well as the variables that influence them. The study concludes that many customers perceive a higher level of risk when using cashless transactions. Therefore, it's crucial to improve internet security in order to combat online fraud.

M Jayalakshmi, Uppaluru. Dadakalandar (2018) This study's primary goal is to examine the socioeconomic aspects, consumer knowledge, and issues surrounding rural consumers' use of cashless transactions. According to the study, the government should take the lead and keep providing rewards to people who regularly utilise cashless transactions to encourage both regular users and non-users among rural customers.

Kumari Aparna, Mamatha & Dr. Umesh Maiya (2018) This paper investigates the perspectives of rural residents regarding electronic transactions. The study found that among 80 respondents, 45% engage in cashless transactions, with the majority of these individuals possessing a high level of education. The remaining 55% of rural residents do not utilise cashless transactions. Consequently, there exists a substantial opportunity to organise training sessions or awareness campaigns aimed at enlightening the rural populace regarding the significance of electronic transactions in fostering economic growth.

OBJECTIVES

1. To examine the trends and development of cashless transactions in rural areas throughout time.
2. To investigate the barriers preventing the expansion of cashless transactions in rural areas.

HYPOTHESIS

H0: There are no significant changes in the trends and development of cashless transactions in rural areas throughout time.

H1: There are significant changes in the trends and development of cashless transactions in rural areas throughout time.

H0: There are no visible barriers preventing the expansion of cashless transactions in rural areas.

H1: There are visible barriers preventing the expansion of cashless transactions in rural areas.

RESEARCH METHODOLOGY

Nature of Study

The study is analytical.

Period of Study

The period of study is from 2018-2023.

Sources of Data

Both primary and secondary data were used as the study's foundation. Primary data was collected through questionnaire while secondary data was gathered from books, government and non-government websites, research papers, articles, and other sources.

Tools used for Study

Researcher employed straightforward statistical methods such as descriptive statistics for fulfilling the first objective. To fulfil second objective of the study, multiple regression model was used. Further, to test the statistical significance of calculated Chi-square has been used.

Sample Size

Sample size will be 200.

Limitation of the Study

Research was based on small sample size and was limited to rural areas of mostly Dehradun district only.

DATA ANALYSIS

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Chi-Square	df	p-value
1. Cashless Transactions are trendy way of making payments.	132	60	10	1	0	203	213.256	3	.0001 **
	65.0%	29.6%	4.9%	.5%	0.0%	100.0%			
2. Cashless Transactions	91	99	8	5	0	203	155.049	3	.0001 **

have become an essential requirement in today's era.	44.8%	48.8%	3.9%	2.5%	0.0%	100.0%			
3. My family members also think positive towards cashless transactions.	75	59	58	8	3	203	105.941	4	.0001**
	36.9%	29.1%	28.6%	3.9%	1.5%	100.0%			
4. I don't have good internet connectivity in my area which prevents me to do cashless transactions.	46	53	59	24	21	203	29.094	4	.0001**
	22.7%	26.1%	29.1%	11.8%	10.3%	100.0%			
5. I am afraid of transaction failure due to poor internet connectivity.	60	90	23	17	13	203	109.488	4	.0001**
	29.6%	44.3%	11.3%	8.4%	6.4%	100.0%			
6. I am afraid of cyber fraud in cashless transactions.	91	66	23	13	10	203	127.911	4	.0001**
	44.8%	32.5%	11.3%	6.4%	4.9%	100.0%			
7. There is risk of sharing personal information in cashless transactions.	137	34	19	8	5	203	298.847	4	.0001**
	67.5%	16.7%	9.4%	3.9%	2.5%	100.0%			
8. I fear of losing my money while using cashless transactions.	52	92	21	27	11	203	103.872	4	.0001**
	25.6%	45.3%	10.3%	13.3%	5.4%	100.0%			
9. Fear of forgetting pins,	101	52	20	15	15	203	135.793	4	.0001**

codes, passwords and losing phone is a concern.	49.8%	25.6%	9.9%	7.4%	7.4%	100.0%			
10. When a transaction error occurs, I worry that the banks, credit/debit card companies, or telecommunications companies won't promptly compensate me.	87	66	23	15	12	203	112.837	4	.0001**
	42.9%	32.5%	11.3%	7.4%	5.9%	100.0%			
11. Overspending is a concern while using Cashless Payments.	33	72	85	7	6	203	131.557	4	.0001**
	16.3%	35.5%	41.9%	3.4%	3.0%	100.0%			
12. When using Cashless Payments, there is a chance that unanticipated extra costs will be incurred.	53	95	29	19	7	203	119.291	4	.0001**
	26.1%	46.8%	14.3%	9.4%	3.4%	100.0%			

DATA INTERPRETATION

As per data analysis done on the above-mentioned objectives related to the cashless transactions in Uttarakhand, we have found out different aspects of online transactions. Let's throw some light on the results of our analysis-

The data shows us that cashless transactions is a new trend evolving not only in teenagers but also in the middle-aged people. Approx 65% of individuals are using cashless transactions without any second thought. This depicts the development of trust between people of Uttarakhand towards

cashless life. Although there are still some markets which are yet to adapt the changes to accept cashless payments, but each family has a positive response of more 35% regarding the same.

When we talk about the benefits and chances of having cashless transactions in the coming future, we also have to look among the various barriers which exists and prevents the cashless transactions to be seamlessly smooth to conduct.

According to survey, few of the barriers are as follows-

Internet Connectivity- Among 200 peoples which have been surveyed, 46 has reported this issue that they are not able to do the cashless transactions due to low internet connectivity.

Cyber Fraud- It is not strange or inappropriate to adopt a new medium of flow of money as there are cyber frauds happening here and there in the markets. Over 90-100 individuals support this statement as per data analysed in the above table.

Sharing of Information- The information needs to be shared during these transactions such as personal mobile no, or name which seems to be another barrier stopping the evolvement of cashless transactions in Uttarakhand.

Complex Passwords- Due to security issues, every mobile has its own security passwords guidelines to avoid any cyber fraud which is a major concern in individuals to remember different passwords for every online mobile app.

The above interpretations clearly showed that there are two sides of cashless words- Evolving and Overcoming the barriers of cashless transactions which is prime objective of this research.

CONCLUSION

The expansion of cashless transactions in rural areas often faces several barriers, and this holds true for regions like Uttarakhand. Here are some common barriers that may hinder the adoption of cashless transactions in rural areas:

1. **Limited Internet Connectivity:** Rural areas may lack reliable and high-speed internet connectivity, making it challenging for residents to access digital payment platforms. The absence of a robust internet infrastructure can be a significant barrier to the expansion of cashless transactions.
2. **Lack of Digital Literacy:** Many residents in rural areas may not be familiar with digital payment methods or may lack the necessary skills to use them. Limited awareness and education about the benefits and procedures of cashless transactions can impede adoption.
3. **Inadequate Banking Infrastructure:** The availability of banking infrastructure, such as ATMs and bank branches, is often limited in rural areas. The absence of these facilities can discourage people from using digital payment methods linked to banking services.

4. **Preference for Cash:** Traditional practices and a cultural preference for cash transactions can be deeply ingrained in rural communities. Overcoming this preference requires efforts to showcase the benefits and safety of digital transactions.
5. **Security Concerns:** People in rural areas may be concerned about the security of their financial transactions when using digital methods. Addressing these concerns through awareness campaigns and implementing robust security measures is crucial.
6. **Lack of Compatible Devices:** The availability of smartphones and other devices required for digital transactions may be limited in rural areas. Without access to these devices, individuals may find it challenging to engage in cashless transactions.
7. **Power Supply Issues:** Rural areas may experience frequent power outages or have limited access to electricity. This can hinder the usage of electronic payment systems that rely on consistent power sources.
8. **Reliance on Cash-Intensive Businesses:** In some cases, the predominant economic activities in rural areas may be centred around cash transactions. For instance, certain agricultural and informal sector transactions might still predominantly involve cash.
9. **Resistance to Change:** Resistance to change and a reluctance to adopt new technologies can be a significant barrier. Overcoming this resistance requires a combination of education, awareness, and incentives.

To address these barriers, it is essential for policymakers, financial institutions, and other stakeholders to implement targeted initiatives. These initiatives may include improving infrastructure, conducting awareness campaigns, providing digital literacy training, and creating incentives for the adoption of cashless transactions in rural areas. Additionally, understanding the unique challenges and cultural factors specific to Uttarakhand can help tailor interventions for more effective results.

Bridging the Digital Divide

To mitigate the disparity between rural and urban areas of India, it is imperative to disseminate knowledge regarding the benefits of utilising digital payment methods and operating payment applications proficiently to residents of remote regions. Persistent efforts have been made by governmental and corporate entities committed to delivering technologically advanced financial services in order to address the issue. Rural India is also undergoing a gradual shift towards digital payment methods. Undoubtedly, as critical infrastructure becomes more accessible, a transition towards digital payment systems for transactions will ensue.

Notwithstanding the profound influence that digital payments have had on the payments industry in India, a significant proportion of the urban population continues to prefer currency as their mode of payment. Although the complete elimination of cash as a currency may be

unattainable in India due to its pervasiveness in society and the challenges associated with its transition, we are unquestionably progressing in the direction of a less cash-dependent economy.

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