

DIGITAL INDIA AND IT'S IMPLICATION ON CASHLESS ECONOMY

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Abstract

In 1597 Sir Francis Bacon gave the famous quote “Knowledge is power” and in 2015 our Prime Minister Shri Narendra Modi quoted that “I dream of a Digital India where access to information knows no barrier.” It is this vision of our Prime Minister that led to the Digital India campaign. It is a flagship programme of the Government of India which aims at connecting even the rural areas with high speed internet networks and improving digital literacy.

It goes without saying that an informed citizen is better equipped to keep necessary vigil on the instruments of governance and make the Government more accountable to the governed. With the Digital India's strong motto of “Power to Empower”, it is indeed a very bold initiative of the Government of India to insure that Government service are made available to citizens electronically by improved online infrastructure and by increasing internet connectivity or by making the country digitally empowered in the field of technology.

Digital India consist of three core components and they are:

1. Development of secure and stable digital infrastructure.
2. Delivering Government services digitally.
3. Universal digital literacy.

It will be no wrong to say that Digital India mission is a revolutionary step to achieve good governance in the country. It is not only helpful in curbing corruption but it will also bring transparency and accountability in administration. Aadhar and Jan Dhan Yojna are indeed a big boost to a digital India initiative.

With the success of Digital India mission cashless society can also became a reality in various radio address on Mann Ki Baat, Prime Minister Shri Narendra Modi pitched for creating a cashless society. A cashless society is one where financial transactions are not conducted with money in the form of physical banknotes or coins, but rather through the transfer of digital information usually an electronic representation of money between the transacting parties. India has one of the highest cash to gross domestic product ratios in the world, according to 2014 study by Tufts University, “the cost of cash in India”, cash operations cost the Reserve Bank of India and commercial banks about Rs. 21,000 crore annually.

Digital India proved to be a great boon during the demonetization move of the Government of India. After demonetization, people of rural areas including farmers and local and small businessmen are slowly getting used to digital transactions. Once they get used to it, they will realize it as a mode of advancement and a measure to fight fraud. This is one of the greatest move to curbe black money and catch hold of the non-tax payers.

India may not become a cashless economy in the foreseeable future, but it needs to reduce its unusually high dependence on cash to bring in much needed transparency and efficiency in the system.

Keywords: *Digital India, Cashless Society, Demonetization.*

INTRODUCTION

Information and communication technology (ICT) has stretched its wing so large that no person on earth is untouched by it. Today, people of almost all age group are influenced by it directly or indirectly. The best example of it is mobile phone, which once used to be a sign of pride; but in today's society, its requirement has undergone a paramount change. Now people carry a smart phone with them and it is not considered as a luxury today but a necessity. It seems that with digital India, the dream of "aache din" (good days) has now arrived. People don't have to stand in queue for long hours to get something done, they just need to pick up the smart phone to get things done at just one click. From banks to grocery to public transport, ICT has captured almost all spheres of public life. What was once called rural poor India is now transforming into digital India. From smart phone to smart city to smart India, the progress is remarkable. Card payment and other online transaction is slowly picking up the momentum specially after demonetization. With the expanding horizon of ICT, digital India is encouraging people to go cashless is very much a welcomed progress in Indian economy.

Digital India is a programme launched by government of India on 2nd July 2015 and in just two years of the launching of this programme, it has spread like a wildfire. This programme has been envisaged by Department of Electronics and Information Technology (DeitY). The Digital India is transformational in nature and would ensure that government services are available to citizens electronically. As goes by the saying that "The first step towards change is awareness, the second step is acceptance", the Government has made a tremendous effort for the success of this programme to make people aware and the people too have accepted it with open heart as today everyone knows the importance of internet and specially the high speed internet is on a high demand on the public choice list. The digital India aims at connecting even the rural areas with high speed internet network and improving digital literacy, which goes with its moto of "power to empower" which means, it has the ability to give power to the people through imparting knowledge and awareness. It will empower the people by creating awareness among the people by providing them knowledge of the surrounding environment, government office and politics. This mission aims to target nine "pillars of Digital India" and they are:-

- 1) Broadband highways.
- 2) Universal access to mobile connectivity.
- 3) Public internet access programme.
- 4) E-governance- reforming government through technology
- 5) E-kranti-electronic delivery of services
- 6) Information for all
- 7) Electronics manufacturing.
- 8) IT for jobs
- 9) Early harvest programme

In order to make people aware of the digital India mission, government of India launched Pradhan Mantri Gramin Digital Saksharta Abhiyan. The main objective of the Pradhan Mantri Gramin Digital Saksharta Abhiyan is to make six crore rural household digitally literate. This would empower the citizens by providing them access to information, knowledge and skill for operating computers/digital access devices. As the thrust of the government is on cashless transactions through mobile phones, the course content would also have emphasis on Digital Wallets, Mobile Banking, Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD) and Aadhaar Enabled Payment System(AEPS), etc. The outlay for this project is Rs.2,351.38 crore to usher in digital literacy in rural India by March, 2019. This is in line with the announcement made by finance minister in Union Budget 2016-17. PMGDISHA is one of the largest digital

literacy programmes in the world. The implementation of the scheme would be carried out under the overall supervision of Ministry of Electronics and IT in active collaboration with States/UTs through their designated State Implementing Agencies, District e-Governance Society (DeGS), etc.

Aadhaar and Jan Dhan Yojana are indeed a big boost to a digital India initiative. With aadhaar card government have a digital record of every single resident of the country. It is also made mandatory today in almost all field. Mahatma Gandhi National Rural Employment Guarantee Act was one of the flagship programme of the UPA-1 government. It became popular more because of its transparent character as AADHAR and Direct Benefit Transfer Scheme were linked to it which facilitated online payment of the MGNREGA workers. Now other subsidies are also paid with the help of aadhaar card number, through Direct Benefit Transfer. The direct benefit transfer scheme has weeded out all the middle men who prevented the money from reaching the desired person. Thanks to the digital mode of transaction that this type of transparency and accountability could be seen in the system. The source of funding for most of the e-governance projects at present is through budgetary provisions of respective ministries / Departments in the central or state governments. Requirements of funds for individual projects for Digital India is worked out by respective nodal ministries / departments.

Jan Dhan Yojana has touched the milestone by making Guinness world record for most bank accounts opened in one week as part of financial inclusion campaign now almost every person is having a saving bank account in the country. The bank transactions are also made so simpler that it could be done even through mobile phones. From 2G to 3G and now 4G. Today most of the people are accessing to 4G high speed internet services making financial transaction electronic and cashless. Services are also digitally transformed for improving the ease of doing business.

Once people get used to these electronic modes, it will solve many problems of the society including the black money which was one of the biggest issue in 2014 election. Infact it will not be wrong to say that it was an election winning issue and is still continues to be a burning debate even today.

To address the issue of black money, the government demonetized its high value currency of Rs 500 and Rs 1000 notes. Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency. The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. There are multiple reasons why nation demonetize there local unit of currency and they are :-

- To combat corruption and crime.(counterfeiting tax evasion)
- To combat inflation
- To discourage a cash-dependent economy
- To facilitate trade

As far as India is concerned, the Indian government demonetized its currency mainly to catch hold of the black money hoarders and to combat terrorism and naxalism. In digital India, demonetization has worked like a magic stick in digging out black money and it has also boosted cashless transaction. IMF chief Christine Lagarde also commented on two major recent reforms in India, that is, demonetisation and goods and services tax (GST) as a monumental effort and also said that “Indian economy is on a very solid track” [IMF Managing Director Christine Lagarde speaks during a news conference after the International Monetary and Financial Committee (IMFC) meeting at the World Bank / IMF Annual meeting in Washington on Saturday Oct 15,2017). Government on November 8, 2016, banned old Rs 500 and Rs 1000 notes in an attempt to weed out black money in the country. The old notes were allowed to be deposited in the banks, with unusual deposit

coming under income tax scrutiny. In its annual report for 2016-17, the RBI had disclosed that all but about one percent of the scrapped currency notes have come under the system (The Hindu, Oct 15, 2017). It seems that with demonetization government has played its active part. It encouraged cashless transaction by rewarding the people who did most number of card payments. Implementation of goods and services tax has encouraged business to go cashless. Government has also used this opportunity to revamp the tax administration by simplifying the tax slab. The telecom services are made so cheap that now even rikshapullar can avail the mobile phone. Although it is not very easy for an informal sector to become cashless. India is a country where 98 percent of total economic transaction by volume are done through cash. Comparing it with other countries of the world, in Germany the cashless transaction is 33 percent while in Australia the cashless transaction is 35 percent, USA does 45 percent of cashless transaction. In UK, Belgium, Canada, Sweden, France, Netherland the percentage of cashless transaction is 52%, 56%, 57%, 59%, 59% and 60% respectively. Singapore is topping the list with 61% cashless transaction. In India, after demonetisation the cashless transaction increased 22 percent. Although it is still low comparing with other countries of the world but the progress result which is seen in less cash direction is commendable as no country in the world has achieved a status of 100 percent cashless economy till today, although they initiated this cashless transaction way before India and also these developed countries literacy rate is also quiet high compares to India. India is a developing country where people are mostly illiterate and unskilled, so it has a triple task of educating people at the same time giving digital and financial literacy. Anyway, it was also not the aim of Indian government to make India a total cashless economy, looking at the ground realities of India, the only aim of the present government was to encourage people to do less cash transaction. The overall literacy rate in India works out to be 74.04 percent and in this situation, it is not possible to achieve 100 percent cashless transaction, as basic literacy in terms of education is a foundation stone for digital literacy. Rigorous training and training programme is required as many people still don't know how to handle the mobile phones.

Cashless transaction is desirable in India, in order to bring transparency and efficiency in system. Its benefit are many, the only need of an hour is that people need to break their lethargy and opt to these advanced modes. Once it is done, one can see a transformed India. India which was once placed in the list of one of the most corrupt countries of the world and was also known for its red tapism, these black mark on India could easily be rubbed by adopting the digital mode. For digital literacy, government has launched many awareness programme for the citizens. The only thing is that people need to be aware and break the apathy of adopting new technology.

OBJECTIVE

Digital India is a very big initiative of the government of India. It aims to make people aware and knowledgeable by providing information at the door step of every citizen. But still today many people are not aware of the benefits of it. Through this article, writer wants to create awareness among the people of India to go cashless by adopting the electronic mode of payment in order to bring about a transparency, efficiency and accountability in administration.

HYPOTHESIS

Digital India facilitates and promotes cashless economy in efficient and effective way.

RESEARCH METHODOLOGY

This article is primarily based on the secondary data. Internet, journals, books and both print media and electronic media were referred for the study.

SCOPE OF THE STUDY

This article is relevant to all the section of the society today. It covers all the urban, rural and semi-urban areas.

LIMITATION OF THE STUDY

As the article is primarily based on the secondary data, the ground reality is still unknown as only theoretical interpretation about digital India is covered through this article. It is a theoretical study of digital India mission.

DATA INTERPRETATION AND ANALYSIS

Digital India mission was launched on 2nd of July 2015. As it is a very recent initiative of the government of India, therefore it is primarily based on the secondary data. Content analyses method is used for the interpretation of data. This article is not a field work study.

FINDING AND CONCLUSION

Digital India mission made a great impact on every section of the Indian society. Some of the main findings are:

- Everybody became aware about the role of banking system in their life. Everyone was compelled to go to the bank either willingly or unwillingly, because of demonetisation.
- Once people deposit their money in bank, slowly they will get used to these banking system in their daily life. This will in turn help the people specially the poor and the villagers who get trapped in the hands of money lenders or the middle men who exploit them.
- People always require money for some reason or the other, either for home or for education or for various other reason. Once people get used to these banking system, they will start taking loans from the bank itself who earlier used to borrow money from the money lenders who charged high rate of interest from the innocent people. Hence it will reduce the influence of the money lenders or the middle men in the life of the common people to zero in the near future.
- Government has made number of application to ease out cash deposit and transfer of money and several other application has been launched by bank to make it available at the door step of every person.

RECOMMENDATIONS AND SUGGESTIONS

Keeping the structure of Indian society in mind, digitisation of economic and social affairs seems to be a challenging task for the government. The literacy level in India is just 74.04 %, in this scenario where India has not yet achieved 100 % literacy, achieving digital literacy to near about 60 % will also prove to be a tough target to achieve. Also, Ministry of Electronics and Information Technology will have to constantly invest in technology in order to improve the network as more and more people will opt for digital mode, there can be a problem of network congestion. Presently, people face difficulty in making electronic payments because of poor network. Moreover, digitisation of India has become a political issue rather than being a national issue. Opposition parties are constantly opposing the digital India policy of the government by calling it as a vote bank politics of the ruling party. Therefore, there is a need that the ruling party bring consensus among all other parties and make it a national issue by focusing on the need of digitisation in today's era. Politics of consensus is the need of the time. In order to make this programme successful every section of the society from 'first

citizen of India' to the 'last person of India' will have to come and work together to see this mission bearing fruit.

For financial inclusion, financial literacy is important as only opening the bank account will not serve the full purpose if people leave it dormant for years. The poor people are still unaware how to operate mobile phones. Therefore, rigorous training programme is required to teach people how to operate mobile phones to make people skill.

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