Awareness and Penetration Level of Cashless Transactions in the Organized Retail Market of Nagpur City

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Abstract

Cash was the only medium of monetary transaction till recent past, however the scenario changed after demonetization and cashless became the new norm. Retail means repeated sales to the end consumer in small quantity. As a result it witnesses maximum transactions. The growth of the retail sector contributes significantly to the GDP of the economy. The economic growth has led to higher incomes of Indian consumers which have resulted in increased purchasing power. Organized Retail is properly planned with investment and infrastructure. It involves transactions among various stake holders like Customers, Retailers, Distributors, Manufacturers and Government Agencies. It needs seamless payments and processing system for ensuring substantial growth and development. Cashless transactions play a significant role in achieving the same in organized retail markets. Nagpur is a fast emerging smart city witnessing significant growth in organized retail. The researcher finds that there is enormous scope for cashless transactions in organized retail market of Nagpur City. This paper studies the awareness and penetration level of cashless transactions in organized retail market of Nagpur City.

Keyword : Awareness, Penetration, Organized Retail, Cashless, Transactions

I. Introduction

Cashless transactions are carried out electronically instead of doing it manually. The growth of the organized retail is witnessing huge transactions, thus providing enormous scope cashless transactions as well. The availability of cashless modes of transactions, for the customers and retailers, along with the ease and security, will drive its growth. The transition from cash to cashless give rise to many opportunities and challenges. It contributes significantly to achieve the goal of Digital India.
| Payment Mode          | Process                                                                 | Customer Benefits | Concern                                      | Retailer Benefits                                                                                           | Concern                                      |
|-----------------------|-------------------------------------------------------------------------|-------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Debit/Credit Card     | Credit card is swiped on a POS device.                                   | Ease and convenience of use. | card loss or delayed payment may give rise to high interest | Convienice due to easy availability of POS devices                                                    | Comissions could be charged for each transaction. |
| Ex: RuPay, Mastercard, Visa etc. |                                                                        |                   |                                              |                                                                                                           |                                              |
| E-Wallet              | Money is transferred to a merchant through digital wallet app.          | Can be easily used with the help of smartphone. | Bank account with the same wallet service provider is required | Funds can be accessed immediately without additional investment.                                     | Transactions carry commissions.             |
| Example: Paytm, Google Tez, PhonePe etc. |                                                                      |                   |                                              |                                                                                                           |                                              |
| UPI                   | Money is transferred through UPI enabled app.                           | Can be easily used with the help of smartphone. | Transaction not possible with Smartphone | Funds can be accessed immediately without additional investment.                                     | Transactions carry commissions.             |
| Ex: Tez BHIM, Google  |                                                                        |                   |                                              |                                                                                                           |                                              |
| Aadhar Enabled Payment System | Aadhaar affiliated bank account is mandatory for money transfer        | Instant transfer of money | Money cannot be transferred without Aadhaar enabled bank account. | Fast and reliable source of money transfer.                                                            | Transaction not possible without biometric device. |

**Table.1.** Modes and benefits of cashless transactions in organized retail

Source: DQINDIA ONLINE – February 12, 2018

Challenges of Cashless transactions

- Lack of literacy and awareness regarding ease and benefits of cashless transactions
- Lack of access to banking services
- Retailers do not provide the cashless payments option.
II. Literature Review

Ashish Das, and Rakhi Agarwal, (2010) studied the cashless payment system in India. They suggested that the cash payment is an expensive proposition to the government and so the nation must step towards the cashless payment system which reduced the track transactions, currency management cost, eliminates tax avoidance, fraud etc. Moreover, it widens and encourages financial inclusion and integrates the parallel economy to the main stream.

Preeti Garg and Maanvi Panchal (2017) studied the benefits and challenges of cashless economy in India. They suggested that usefulness of cashless transactions is agreeable. Smooth implementation of cashless system, requires transparancy and effficiency. Government & Reserve Bank of India should use strategies like promoting mobile wallets, withdrawing service charge for digital payments and conducting financial literacy campaign to make the populateion aware of benefits of electronic payments.

Bappaditya Mukherjee (2016) in his study“Understanding cashless payments in India” suggested that as payments are directly credited to the account, cashless payments increase significantly. While in short run a positive shock towards developing critical network is important, in the steady-state equilibrium, cashless transaction increase only if accounts have steady inflows. The positive relationship between regular inflow into account and cashless payments is strong[VII]. A concentrated effort to make individuals aware of the advantages of cashless payments is the starting point.

II.i Objective

To understand the concept of cashless transactions in organized retail
To study the awareness and penetration level of cashless transactions in organized retail market of Nagpur city
III. Research Methodology

This conceptual study uses secondary data only and the same has been collected from the following sources:

1. Journals
2. Industry Reports
3. Research Papers and Articles
4. Internet

III.i Facts and Figures: Growth of Cashless transactions in organized Retail:

![Graph showing the growth of cashless transactions in organized retail](image1)

**Fig.1.** Are Cashless transactions more convenient than cash ones? Source: IOSR Journals.org Number of transactions(In millions)

![Graph showing the percentage of cashless transactions](image2)

**Fig.2.** Source: RBI 2017[25]
a. Exponential growth in user and volume of digital payments is expected in next 3 years.

b. The cashless transactions will be high in volume and low in value & cost.

c. The penetration of bank accounts and smart phone (80 per cent and 84 per cent respectively) and retailers (97 per cent and 94 per cent respectively) has boosted the adoption of cashless payments

d. According to NITI Aayog digital payment rose to 55% in 2016-17 as against 28% in 2015-16.

e. As per Centre for Digital Financial Inclusion report 63% of retailers are ready to opt cashless transactions.

f. UPI has reached 800 million monthly transactions in less than three years,

g. Euromonitor reported that the cash transactions in the India fell from 78% to 68% between 2015 & 2017.

h. The E-Wallet companies reported a significant jump in digital transactions. Non-cash spend to overtake cash spend by 2020.

i. Organized retail will get a boost through Unified Payments Interface and will see around One Lac Crore of cashless transactions each year, by 2025.

j. Cashless transactions have seen a growth of 19.91% & 24.14% in terms of number and monetray value respectively.
III.ii. Cashless transactions of organized retail market in Nagpur City

| Population  | Age     | Gender Ratio | Qualification          | Occupation                  | Income Range       |
|-------------|---------|--------------|------------------------|-----------------------------|--------------------|
| 2,405,665   | 18 – 65 Yrs | 65:35 (male: female) | Graduate and above | Service/Business/Professionals/Home maker | 30,000 – 60,000 per month |
| (2011 Census) |         |              |                        |                             |                    |

**Table 1.** Demographics of organized Retail customers of Nagpur City

Awareness and usage percentage of cashless transactions of organized retail in Nagpur City

III.iii. Findings

The above data shows that there is a tremendous growth regarding awareness of cashless transactions in organized retail markets of Nagpur city, however usage level is comparatively low. Security and lack of trust are the major barriers for the same. Huge opportunity lies ahead in cashless transactions of organized retail sector which needs be encashed to ensure growth of organized retail and in turn the economic growth of the country.

IV Conclusion

Cashless transactions in organized retail have become an easier and essential mode of payment. It can be enhanced by mitigating security risks and building trust for both the retailers and the customers. Technology should be leveraged to the
advantage of all. Government should ensure the availability of required
infrastructures and incentives for cashless transactions.

The objective is to provide an equal opportunity to all the consumers and
retailers for contributing to the transformation from cash to cashless in organized
retail leading to overall economic growth. Cashless economy is beneficial for all the
stakeholders – retailers, consumers, industries, bankers and Government. The holistic
benefit will concrete the shape of Digital India.

IV.i. Recommendation

a. Retailers and Customers should be made aware of the benefits of cashless
transactions.
b. Infrastructure constraints need to be eliminated.
c. Knowledge and adoption of technology based devices, gadgets and apps like
POS and QR Code must be provided.
d. Incentives should be given for cashless transactions to encourage usage.
e. Cyber laws along with Prompt and timely dispute settlement mechanism
must be formed.
f. Removal of transaction charges for digital payments
g. KYC process should be simplified and KYC cost should be reduced to include
maximum population in the mainstream digital payments.

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