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# An Analysis of Growth of Cashless Transactions in India

**M. Sampath**

*Assistant Professor, Department of Economics  
PSG College of Arts & Science, Coimbatore, Tamil Nadu, India*

 <https://orcid.org/0009-0007-2042-0458>

**M. Arivazhakan & M. Dinesh**

*Students of III BA, Department of Economics  
PSG College of Arts & Science, Coimbatore, Tamil Nadu, India*

## Abstract

*The Government of India has launched Digital India campaign to make available the services of Government through internet. The objective of the study is to analyse the Growth and Forecast the trend of cashless transactions and also analyse the Growth performance of modes of cashless transactions in India. The analysis was based on secondary data and tools like AGR, CAGR and Trend Analysis to evaluate growth and trend. Hence, the study indicates that the Development of technology for cashless transactions in India has improved and it tends to achieve the motive of cashless India.*

**Key Words:** Digital India, Cashless Transaction, E-Services, Digitalization, Internet.

## Introduction

Demonetisation has paved a way for creating Cashless Economy in India. The base for digital world is Technological advancement. In Digital World, the day-to-day operation of an individual is simplified. The Government of India has launched Digital India campaign in the year 2015 to make available the services of Government through internet. Digital India initiative is available at any electronic device with secured internet and can be accessed at anytime and anywhere. The main objective of Digital India is to provide High-speed internet even in rural areas and to improve digital literacy. Cashless transaction is the way of buying and selling of Goods and Services without involving physical cash. Cashless transactions in India includes Modes of Digital Payments, Security about Digital Payments, Capacity building and awareness programme to upgrade the digital payments among the citizens of Online transactions includes Real Time Gross Settlement (RTGS), Electronic Clearing Service (ECS), National Electronic Fund Transfer (NEFT), Immediate Payment Service (IMPS), National Automated Clearing House (NACH), Unified Payment Interface (UPI), Bharat Interface for Money (BHIM), and Unstructured Supplementary Service Data (USSD), Credit Cards and Debit Cards

The positive impacts of cashless transactions in India:

1. Making available of Government services in any electronic devices.
2. Ease of Life.
3. Electronic transactions relating to e-governance has been increased.
4. People can receive their subsidies from government to their aadhar linked bank accounts directly.
5. Digi lockers enables sharing of e-documents than physical documents.

The negative impacts of cashless transactions in India:

1. Security of an individual's data still remains a question.
2. People with low standard of living have limited access to electronic devices.
3. Skilled workers in the field of digital technology are low.
4. Cost of developing infrastructure will be high.

### Review of Literature

Angamuthu (2020) made an analytical study which focuses on Growth of digital payment with respect to its volume and value of transactions during the study period 2012 - 13 to 2018 - 19. Hence the study concludes that the country is expected to generated 28,000 lakh transactions exceeding INR 15,20,000 billion in digital transactions in 2020 - 2021.

Ayushi Rastogi and Madhavi Damle (2020) conducted a study on Trends in the Growth Pattern of Digital Payment Modes in India after Demonetization. The main findings of the research would provide practical insight into the Fintech, Banks, economists, and decision-makers in this sector regarding the adoption and growth of digital payments in India.

Harshal Anil Salunkhe et al., (2019) analysed the impact of the digital payment system over the banking transactions in India and found out that the financial transaction has been increasing due to digital payment system in India.

Shipra Gupta and Rupa Khanna (2019) examine the modes of cashless payment. This is a descriptive study. The study found out that there are both positive and negative impacts on people due to cashless payments.

Ashish Baghla (2018) examines the reasons for adoption of digital payments by people in India. The study is based on primary data. The study concludes that it will take enough time to become a completely cashless Indian economy.

### Statement of Problem

The main vision of cashless transactions is to provide facility of seamless digital payment to all citizens of India in a convenient, easy, affordable,

quicker and secured manner. The first and foremost significance of the study is that the nature and growth rate of cashless transactions can be identified along with the trend. Hence the study.

### Objectives

1. To analyse the Growth of cashless transactions in India.
2. To analyse the growth performance of different mode of cashless transactions in India.
3. To forecast the trends of cashless transactions in India.

### Research Methodology

The study is analytical in nature and based on secondary data, from the reports of RBI. Annual Growth Rate (AGR), Compound Annual Growth Rate (CAGR) and Trend Analysis.

### Limitations of the Study

The study is confined to the period of ten years, Hence the study is based on secondary data and it has own limitations.

### Analysis and Interpretation

**Table 1 Digital Transactions in India**

(in Rupees)

Year	Digital Transactions	Annual Growth Rate
2012-13	131255450	-
2013-14	149957000	14.24
2014-15	166015800	10.70
2015-16	180970100	9.00
2016-17	225878000	24.81
2017-18	136986734	-39.35
2018-19	163713425	19.51
2019-20	162089413	-0.99
2020-21	141485173	-12.71
2021-22	174414523	23.27
Compound Annual Growth Rate (CAGR)		-86.71

Source: RBI

The above table shows the Digital Transactions from the year 2012-13 to 2021-22. The Digital transactions of India has recorded Rs. 131255450 in

2012-13 and it has fluctuates over the study period. The Annual Growth Rate of Digital transactions in India has registered positive growth during the reference period, except three years in which it recorded negative Growth Rate in 2017-18 (-39.35%), 2019-20 (-0.99%) and 2020-21 (12.71%).

The Highest Annual Growth Rate was recorded in the year 2016-17 24.81 percent. The Compound Annual Growth Rate was recorded as -86.71 percent during study period. Therefore the digital transactions of India has positive trend from 2012-13 to 2021-22 as shown in the Figure - 1.

**Table 2 Mode of Cashless Transactions in India**

(in Rupees)

Year	RTGS	CGR	NEFT	CGR	Credit Card	CGR	Debit Card	CGR
2012-13	67684100	-	2902240	-	122950	-	74340	-
2013-14	73425200	8.48	4378600	50.86	154000	25.25	95500	28.46
2014-15	75403200	2.69	5980400	36.58	189900	23.31	121300	27.01
2015-16	82457800	9.35	8327300	39.24	240700	26.75	158900	30.99
2016-17	981904	19.07	12004000	44.15	328400	36.43	329900	107.61
2017-18	107480202	9.46	17222852	43.47	458965	39.75	460070	39.45
2018-19	116551038	8.43	22793608	32.34	603413	31.47	593475	28.99
2019-20	134150192	15.09	22945580	0.66	730895	21.12	804870	35.61
2020-21	105599849	-21.28	25130910	9.52	630414	-13.74	662667	-17.66
2021-22	206873000	95.90	28725361	14.30	972514	54.26	730561	10.24

Source: RBI

The average growth performance of cashless transactions in India takes place by the mode of RTGS, NEFT, Credit Card and Debit Card which is mentioned in the Table-2. RTGS recorded positive growth during the study period except over the year 2020-21 (-21.28%) whereas, NEFT recorded only positive growth. Credit and Debit card has recorded positive growth rate except over the year 2020-21 (-13.74%) and (-17.66%) respectively. Among the various modes of cashless payments, both NEFT and Debit card have the highest growth rate as compared to other mode of cashless payments during the study period.

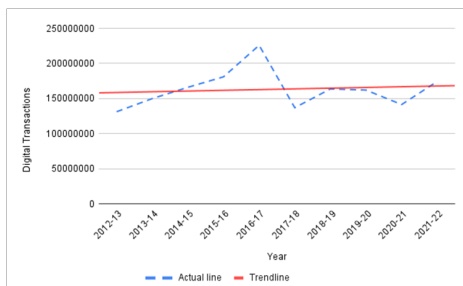
**Conclusion**

Cashless transaction system is the connective tissue of every economic system. It facilitates purchase and sale of goods and services via internet. The overall cashless transactions in India were recorded significant growth in both Annual Growth Rate and Compound Annual Growth Rate of 23.27 percent and -86.71 percent respectively. CAGR has registered increasing at diminishing rate. The mode of cashless transactions including RTGS, NEFT, Debit Card and Credit Card were highly remarkable during the study. Both the transactions on NEFT and Debit card has boosted in India. The analysis revealed that the overall cashless transactions in India has positive trend over study period. Hence, the study indicates that the development of technology for cashless transactions in India had improved and it tends to achieve the motive of cashless India.

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**Figure - 1 Digital Transaction in India**



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**Author Details:**

**Dr. M. Sampath**, Assistant Professor, Department of Economics, PSG College of Arts & Science, Coimbatore, Tamil Nadu, India, **Email ID:** sampathm.phd@gmail.com

**M. Arivazhakan & M. Dinesh**, Students of III BA, Department of Economics, PSG College of Arts & Science, Coimbatore, Tamil Nadu, India