

## Demonetisation : Move towards Cash Less Economy

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### Abstract

An attempt has been made to highlight the impact of demonetization on the growth of digital payments in India. This move is expected to cleanse the economic system from the evil of black money. The attempt has also been made to lower the circulation of cash in the economy and encourage the use of digital payment methods which will lead to increase in revenue of the Government. India is on cusp of financial revolution as large number of measures is being taken to move from cash dependent economy to cash less economy. At present only 5% personal consumption expenditure in India is digital. After demonetization, mobile wallets saw the highest percentage increase in the value of transactions among the digital payment methods. Transactions using the newly introduced UPI have increased from ₹ 90 crore in November 2016 to ₹ 1,659 crore in January. 125 lakh people have adopted the BHIM app so far. Government has a Mission to achieve target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Adhar Pay, IMPS and debit cards.

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### I. Introduction

DEMONETIZATION IS THE act of stripping of old legal tender and replacing with the new currency unit. In an important move, the Government of India declared that the five hundred and one thousand rupee notes will no longer be legal tender from midnight, 8th November 2016. The RBI will issue Two thousand rupee notes and new notes of Five hundred rupees which will be placed in circulation from 10th November 2016. The government scrapped 86% of the currency in circulation. The demonetization will nudge a larger number of individuals to lessen their dependence on cash transactions and resort to digital payment.

Demonetization is intended to tackle the menace of black money and encourage a move to a cashless (or less cash-based) state and bring the parallel sector into the mainstream economy. The move by the government

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is to tackle the menace of black money, corruption, terror funding and fake currency. Black money is not synonymous with corruption; it is rather one of several symptoms of corruption. The main purpose of demonetization is to flush out black money. Secondly, to encourage people to disclose their income by depositing money in their bank accounts, by doing this government gets a good amount of tax revenue which can be used by the government towards the betterment of society, by providing good infrastructure, hospitals, educational institutions, roads and many facilities for poor and needy sections of society.

Finally, Financial exclusion imposes a very high cost on people. A meager 10 percent of Indian's are able to take loans from banks. Financially excluded economically poor many times have to take loan from informal sector at high rates.

Reducing Indian economy's dependence on cash is desirable for a variety of reasons. India has one of the highest cash to gross domestic product ratios in the world, and lubricating economic activity with paper has costs. According to a 2014 study by Tufts University, the cost of cash in India, cash operations cost the Reserve Bank of India (RBI) and commercial banks about ₹ 21,000 crore annually. Also, a shift away from cash will make it more difficult for tax evaders to hide their income, a substantial benefit in a country that is fiscally constrained. With the increase in formal banking, saving rate will increase and capital formation will increase, which will boost productivity of the industry and will aid Make in India initiative a success.

People are reluctant to try new things, unless it becomes necessary. The demonetization has nudged a larger number of individuals to lessen their dependence on cash transactions and resort to digital payments. Downloads of Paytm wallet (a mobile e-commerce company with a user base of over 150 million) has tripled since November 9th, 2016. The earlier attempts of the Reserve Bank of India – which has granted permission to 11 Indian companies such as India Post, Reliance Industries, Aired, Vodafone, etc. to venture into the payment banking sector – came with limited success. “We have observed a phenomenal increase in awareness which has resulted in more acceptance across merchants and users. We are also witnessing increased interest from corporate so that their employees can avail themselves of the benefits of digitised payments,” said serial entrepreneur Bhavin Turakhia, who started digital payments player zeta.

A cashless economy could stop leakages. Evidence from other countries shows this to be already in operation. In South Africa, over 80% of beneficiaries receive government transfers into an account and the percentage is as high as 88% in Brazil. Mexico's shift to digital G2P payments led to a cut in spending on wages, pensions, and social benefits by 3% annually. Compared to this, G2P payments comprised less than 10% of total transfers for India.

## II Review of Literature

As far as review of payment mechanisms is concerned, one of the prerequisite for the development of national economy according to Ajayi and Ojo (2006) is to encourage a payments system that is secure, convenient and affordable.

Arguments in favour of cash base transactions abound in literature. A study conducted in UK in March 2010 (the future of cash in UK) argued that cash differs from other payment instruments in the following regards; it allows for anonymity, once issued the circulation of cash is uncontrolled, it is regarded as public good by its users. However, the cost of cash is high and increasing. Other challenges resulting from high cash usage among others include; robberies and cash related crime, revenue leakage arising from too much cash handling, high subsidy, high informal sector etc.

The question is how does the growth in cashless payments fuel the economy. The literature suggests two prominent direct benefits of cashless payments on GDP growth: lower costs of storing and processing physical currency and increased tax collection.

Bolt (2008), has found out that using payment and banking data between Netherlands and Norway (1990–2004), estimated that using cashless payment instruments may save 0.7 billion Euro in bank costs for Norway (0.35% of GDP in 2004) and 2.9 billion Euro for the Netherlands (0.61% of GDP). This means that, on a discounted basis over time, shifting from 90% paper-based instruments and cash to 90% electronic and card instruments could save about 2300 Euro per person in each country.

Kruger and Seitz (2014) has estimated the cost by simply multiplying a representative hourly wage rate and the total number of ATM withdrawals per year. They indicated a significant saving if an economy graduates to cashless payments. Going cashless may lead to higher tax collection as well. Kearney and Schneider (2011, 2013) has estimated the shadow economy in Europe and established a strong negative correlation between the size of cashless transactions and the size of the shadow economy.

Various past studies have addressed the subject on how payment modes influence consumer spending behavior (Chatterjee and Rose, 2012; Faber and O'Guinn, 1988; Feinberg, 1986; Hirschman, 1979; Mendoza and Pracejus, 1997; Prelec and Simester, 2001; Soman and Cheema, 2002; Srivastava and Raghurir, 2008).

Cobb, (2005) had highlighted a significant number of economic benefits from electronic payments. These benefits when maximized can go a long way in contributing immensely to economic development of a nation Automated electronic payments help deepen bank deposits thereby increasing funds available for commercial loans – a driver of all of overall economic activity.

Cash has to be minted, securely transported, counted and reconciled, kept secure and maintained for re-use time and time again. The per-payment cost is high, and will always remain high whereas the costs of electronic system are fixed. Once the infrastructure has been built, the costs per-transaction is very low (Cobb, 2005). When cardholders use their cards at the point of sale they are helping to keep money in the banking system. EPS can help displace shadow economies, bring hidden transactions into the banking system and increase transparency, confidence and participation in the financial system. (Cobb, 2005).

Al Shaikh, (2005), had highlighted that there is a correlation between increase in point of sales volumes and rise in demand deposits. Automated electronic payments act as a gateway into the banking sector and as a powerful engine for growth. Such payments draw cash out of circulation and into the bank accounts, providing low cost funds that can be used to support bank lending for investment – a driver of overall economic activity. This process would create greater transparency and accountability, leading to greater efficiency and better economic performance .

Hord (2005) further emphasized the fact that electronic payment lowers costs for businesses. The more payments that is processed electronically, the less money is spent on paper and postage. Offering electronic payment can also help businesses improve customer retention. A customer is more likely to return to the same e-commerce site where his or her information has already been entered and stored .

Humphrey (1996) analyzed patterns in the use of cash and other e-payment instruments in 14 developed countries, including the US. Whilst treating payment instruments as if they were traditional goods, the authors construct measures of the cost (analogous to prices) of various payment methods in order to study whether differences in cashless instrument usage across countries can be explained by differences in the relative prices of such instruments. The result showed that such price differences failed to determine the usage of e-banking instruments. In other words, the convenience of using a particular instrument—a factor that is not measured may outweigh the price differences that users face (Carrow and Staten, 2000). *International Journal of Humanities and Social Science* Vol. 3 No. 3; February 2013. The introduction and increased use of electronic transfer systems has led to the predictions of a cashless society (Humphrey., 1996; Humphrey and Berger, 1990; Olney, 1999). The demise of cash and the emergence of a cashless society pose benefits as well as problems for a society.

Howcroft , Hamilton and Hewer (2002) found that the most important factors encouraging consumers to use online banking are lower fees, less paperwork, and reduced human errors, which subsequently minimize disputes.

Ramani (2007) studied the impact of e-payment system on Indian banking sector. E-payment was required for handling large volume of business payment and remittances for hassle free, quicker and faster payment remittances at low cost, and paperless transactions. The researcher highlighted various steps taken by RBI for the e payment. It includes RTGS, deferred net settlement system such as electronic clearing services debit and credit, electronic fund transfer and NEFT.

Laukkanen (2007) suggested that internet and mobile users differ in their preferences toward electronic channels' attributes in bill paying. It seems that for internet users the screen size, followed by the location and the response time are the most important channel attributes in bill paying.

Suresh (2008) highlighted that recently developed e-banking technology had created unpredicted opportunities for the banks to organize their financial products, profits, service delivery and marketing. The objectives

of the study were to evaluate the difference between traditional and e-banking, and to identify the core capabilities for the best use of e-banking. The author analyzed that e-banking will be an innovation if it preserved both business model and technology knowledge, and disruptive if it destroys both the model and knowledge. Hua (2009) conducted an experiment to investigate how user's perception about online banking is affected by the perceived ease of use of website and the privacy policy provided by the online banking website.

### III. Research Methodology

#### 3.1 Objectives of the study

- To study trend of digital payment system in India
- To analyze the growth of different digital payments prevalent in India
- To analyze the impact of demonetization on digital payments in India
- To give suggestions for encouraging the use of digital payment

#### 3.2 Data Collection

The secondary sources of Data have been used in the study. The data was collected from RBI website.

To study the trend of digital payments , i.e., RTGS, Credit Card , Debit Card, EFT/NEFT etc the data has been collected for 10 yrs i.e. the year 2005-06 to 2015-16. To study the impact of demonetization , the monthly data for the year 2016-17(before demonetization and after demonetization) has been collected.

#### 3.3 Tools for the analysis

To analyze the results CAGR( Compound Annual Growth Rate) for ten years have been calculated . The compound annual growth rate (CAGR) is the mean annual growth rate of an investment over a specified period of time longer than one year. The (CAGR) is a useful measure of growth over multiple time periods. It can be thought of as the growth rate that earn from the initial investment value to the ending investment value if it is assumed that the investment has been compounding over the time period. The formula used for CAGR is as follows

$$\text{CAGR} = \left[ \frac{\text{End Value}}{\text{Start Value}} \right]^{1/(\text{Periods} - 1)} - 1$$

Moreover, Percentages, Graphs, Charts have been used to study the trend of digital payments and impact of demonetization on the same.

#### 3.3 Limitation

The results of the study is limited to the data available after demonetization.

#### 3.4 Implications

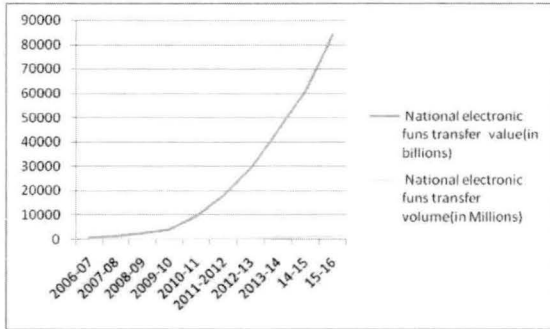
The study analyzed the trend of digital payments in India and impact of demonetization on on-line payments. Therefore, the study is important for policy makers so that essential steps can be taken regarding enhanced usage of digital payments to increase the GDP of the economy and to make India from cash dependent economy to cashless economy.

Future Implications: Studies can be conducted to find out how the cashless payment infrastructure can promote financial inclusion .

**IV. Discussion and Analysis**

**4.1 Growth and Trend of Digital Payment in India**

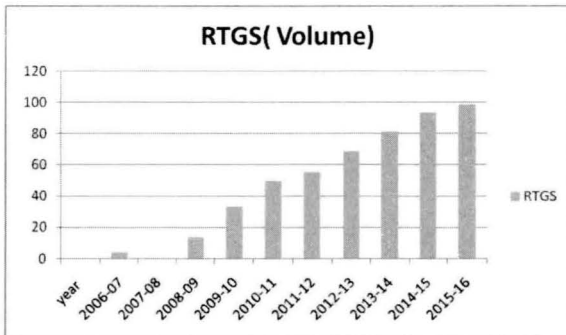
National Electronic Funds Transfer (NEFT) is a nation-wide payment system which facilitates one-to-one funds transfer. In this case, individuals can electronically transfer funds from any bank branch to any individual having an account with any other bank branch. Figure 1 depicts the growth of national electronic fund transfer of value in billions and volume in millions from 2006 to 2015 . The graph clearly shows an upward trend with a CAGR of 25.66%.



Source : RBI payments and Settlements

**Figure 1**  
**NEFT in terms of Value and Volume**

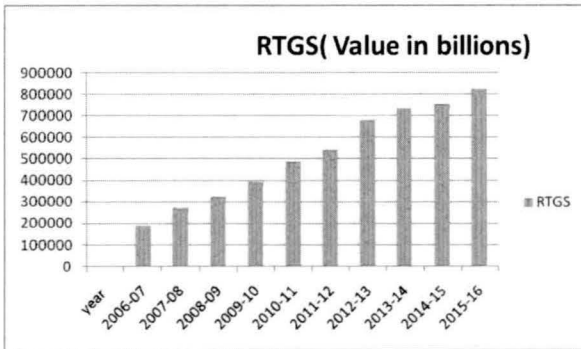
RTGS(Real time Gross Settlement) is one of the important method of digital payment. ‘Real Time’ means the processing of instructions at the time they are received rather than at some later time. ‘Gross Settlement’ means the settlement of funds transfer instructions occurs individually The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹ 2 lakh. Figure 2(A) presents the trend of RTGS(in Volume) during last 10 years . It has proved that there has been drastic change in growth of usage of RTGS as mode of digital Payment from the year 2008-09. The CAGR of RTGS is 1.586842. Similarly Figure 2(B) presents the growth in the value of RTGS for 10 years.



Source : RBI payments and Settlements

**Figure 2(A)**  
**Growth of RTGS from 2006-2016 in Volume**



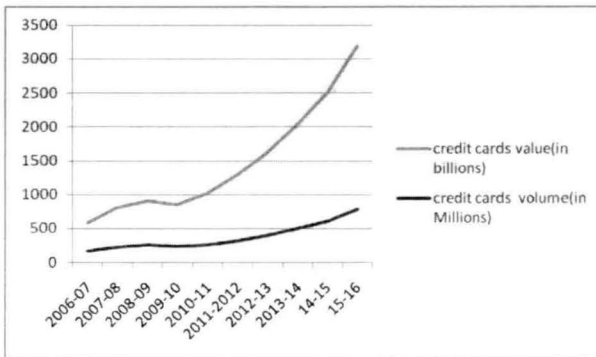


Source : RBI payments and Settlements

**Figure 2(B)**  
**Growth of RTGS from 2006-2016 in Value**

**4.2 Growth Of Credit Cards For Ten Years**

A credit card is a card issued by a financial company giving the holder an option to borrow funds, usually at point of sale. Credit cards charge interest and are primarily used for short-term financing. The Figure 3 illustrates the growth of usage of credit cards for 10 years. The growth in volume of credit card transactions is steady in comparison to volume of the same where the steep growth has been found. The CAGR of Volume of credit card transactions is 16.57%.

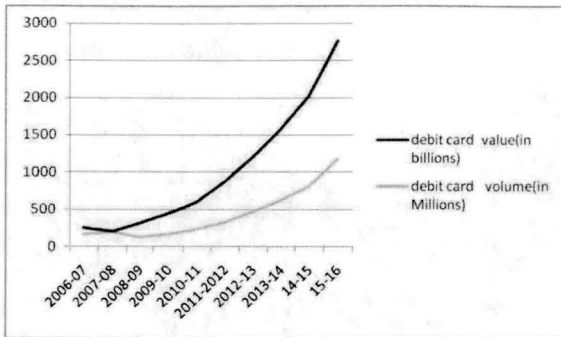


Source : RBI payments and Settlements

**Figure 3**  
**Growth in usage of Credit Card for Transactions between 2006-2016**

**4.3 Growth of Debit Cards For Ten Years**

Debit card is a payment card that deducts money directly from a consumer’s checking account to pay for a purchase. Debit cards eliminate the need to carry cash or physical checks to make purchases. Figure 4 shows the trend and growth in usage of cards in last 10 years. The graph shows the growth in both the cases i.e. in terms of value and in terms of number of transactions. The CAGR in this case is 30.17%



Source : RBI payments and Settlements

**Figure 4**  
**Growth in Usage of Debit Cards between 2006-2016**

#### 4.4 Impact of Demonitization on Digital Payments

- The digital payment systems commonly used in day to day transactions are: credit and debit cards, mobile wallets, mobile banking and unified payments interface (UPI).
- In UPI a user can just transfer money directly from one bank account to another using a VPA (virtual payments address) or a phone number. For this he needs to have a smartphone and debit card. Unified Payments Interface (UPI), was introduced by the Reserve Bank via the National Payments Corporation of India in 2016. UPI not only allows funds to be sent from one account directly to another, it is also interoperable
- In USSD, a user can again transfer money directly from one bank account to another, but just by using feature phone. There is need to call \*99# and follow the procedure at it comes. Both are NPCI's initiative.

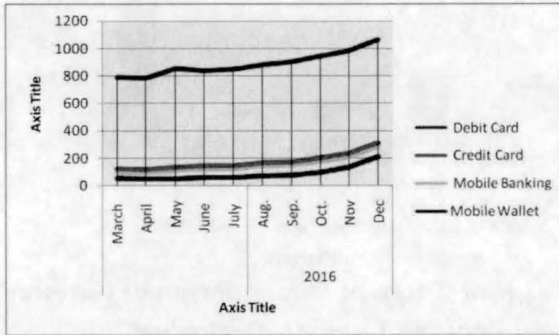
Since demonetization which was notified on November 8th, 2016 there have seen the significant jump in digital transactions.

There has also been a spike in point of sales (PoS) terminals. While the number of PoS units saw a marginal rise from December 2015 (12.45 lakh units) to November 2016 (13.85 lakh), by the end of December 2016, it shot up to 17.05 lakh units. Data of UPI is available only from November 2016, therefore it is possible to calculate compound annual growth only from that period. Year on year growth in total value of transactions has displayed a positive trend for all methods except debit cards. Debit cards have registered negative growth, mainly because of ATMs running dry after demonetization, as ATM withdrawals accounted for more than 90% of total value of Debit Card transactions before demonetization.

The Figure 5 shows monthly data before and after demonetization from March 2016 to December 2016. This graph shows the trend of four most familiar method of digital payment systems, i.e, Credit Card, Debit Card, Mobile Wallet and Mobile Banking. This graph depicts the growth in usage of Debit card from 661.82 to 751.53. Similarly Credit card increased to



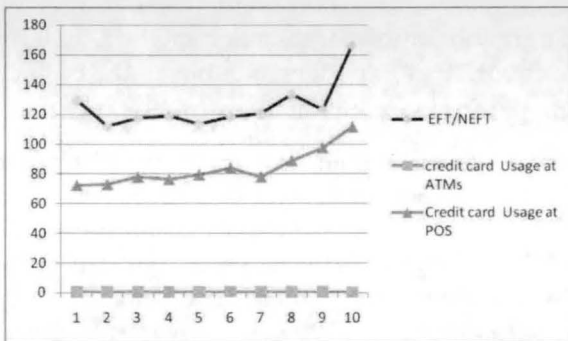
28.09 in month of December, 2016 from 24.51 in March, 2016. There has been significant change in usage of Mobile wallet as it increased to 213.11 from 53.44. In Case of Mobile banking there has been increase in usage of same from 49.50 to 70.50.



Source : RBI payments and Settlements

**Figure 5**  
**Monthly data of Digital Transactions before and after November 8th 2016 (Demonetisation) from March 2006-2016**

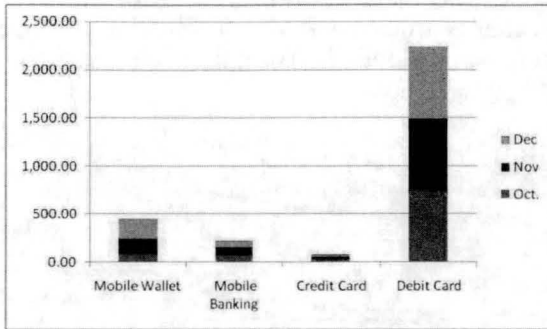
The Figure 6 also depicts the monthly data for different digital payment methods i.e. EFT/NEFT, Credit card Usage at ATMs and POS. This graph shows upward trend after the demonetization except in case of credit card usage at ATMs. This proves that usage of digital payment increase because of cash crunch in the market.



Source : RBI payments and Settlements

**Figure 6**  
**Monthly data of Digital payment - in 2016**

Similarly Figure 7 shows the usage of Mobile wallet and Mobile Banking has increased may be because of fees waiver and cash back schemes on the usage given by the companies as well as the government to encourage the use of digital modes of payments. There has been marginal increase in case of debit cards and credit cards during the period of demonetization.



Source : RBI payments and Settlements

**Figure 7**  
**Usage of different Digital Payment Gateway**  
**between October -December 2016**

Table I shows the volume of digital transactions from March 2016 (before demonetization) and November- December, 2016 (after Demonetization) in % terms. The CAGR of NEFT has been increased to 2.55 % from 0%. Similarly in case of Mobile wallet and mobile Banking, there has been growth in the number of mobile transactions from 0% to 15% and 3.66% respectively. There has been no impact of demonetization on usage on RTGS and in case of Debit card usage at ATMs there has been negative compound growth of -4.62% in the month of November and December, 2016 due to shortage of cash. Table II shows the value of digital transactions of the aforesaid period. It shows that there has been no year on year growth for most transaction methods in terms of average value of transactions. This is understandable as the cash crunch forced people to go digital for carrying out even small-value transactions.

Table III entails that the high growth in digital transactions in the immediate aftermath of Demonetization might not be sustainable as shown in the month of January 2017 (314.30) and February 2017 (224.80) in case of USSD ( mobile wallets) , there has been decrease in the volume of transactions. Even in case of value there was remarkable growth in the months of Nov to January 2017 ( 5000%), it however plunged in February 2017. In case of UPI there is manifold increase in volume as well as value of transactions .

Figure 8 depicts that there has been major increase in digital payments in post demonetization period , but as the cash situation improved ,usage of digital payments decreased and use of cash for small payments increased. Still, any final decision on demonetization's effect on popularity of digital payment methods should be withheld till the re-monetization process is complete.

**Table I**  
**Volume in Different Modes of Digital Payment between March-December 2016 (in %)**

System	VOLUME (Before Demonetization)						VOLUME (After Demonetization)					
	March	April	May	June	July	Aug.	Sep.	Oct.	CAGR	Nov	Dec	CAGR
RTGS	9.00	8.33	8.71	8.83	8.26	8.56	8.47	9.01	0.00	7.88	8.84	0.00%
ECS DR	9.23	2.03	1.21	0.99	0.87	0.84	0.81	0.78	-0.27	0.26	0.23	-30.87%
ECS CR (includes NECS)	3.51	1.36	0.52	0.80	0.60	0.95	0.85	0.96	-0.15	0.75	0.49	-17.87%
EFT/NEFT	129.24	111.84	117.5	118.91	113.48	118.55	120.15	133.21	0.00	123.05	166.31	2.55%
Credit card Usage at ATMs	0.61	0.59	0.57	0.59	0.61	0.65	0.60	0.62	0.00	0.40	0.38	-4.62%
Credit card Usage at POS	72.22	72.84	77.78	76.30	79.44	83.95	77.93	88.86	0.03	97.60	111.45	4.43%
Debit card Usage at ATMs	731.72	721.47	729.60	724.01	752.13	756.74	742.16	802.00	0.01	573.99	592.10	-2.09%
Debit Card Usage at POS	112.87	118.14	133.86	118.03	129.07	130.53	125.19	140.45	0.03	219.41	321.54	11.04%
Mobile Wallet	53.44	48.76	50.31	58.63	59.45	70.68	75.30	99.57	0.08	138.09	213.11	14.83%
Mobile Banking	49.48	48.38	60.76	62.52	64.44	71.76	72.62	78.08	0.06	72.30	70.50	3.60%
Credit Card	24.51	24.86	25.09	25.54	25.94	26.38	26.86	27.34	0.01	27.71	28.09	1.37%
Debit Card	661.82	660.27	718.13	688.10	697.22	712.47	728.18	739.27	0.01	744.24	751.53	1.28%

Source : RBI payments and Settlements

**Table II**  
**Modes of Digital payments (In Volume)**

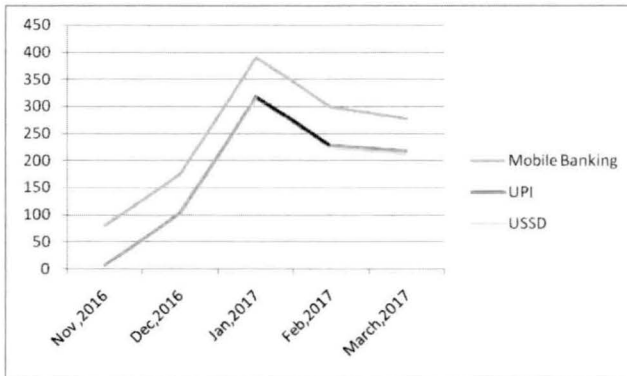
System	VOLUME (Before Demonetization)							VOLUME (After Demonetization)				
	March	April	May	June	July	Aug.	Sep.	Oct.	CAGR	Nov	Dec	CAGR
RTGS	1,22,783.80	86,459.34	95,526.09	1,06,101.49	96,016.24	98,591.56	1,10,564.06	97,554.34	-0.03	1,01,894.49	11,980.33	0.00
ECS DR	68.56	14.35	5.03	3.22	2.6	2.50	2.01	1.76	-0.37	1.20	1.39	-0.32
ECS CR (includes NECS)	87.7	34.15	8.97	9.64	7.49	9.65	8.35	16.03	-0.19	7.74	10.31	-0.19
EFT/NEFT	10,226.36	8,324.52	7,732.54	8,815.31	8,145.39	8,764.13	9,880.29	9,504.50	-0.01	8,807.88	11,537.63	0.01
Credit card Usage at ATMs	2.8	2.87	2.83	2.86	2.92	3.04	2.85	2.93	0.01	1.39	1.01	-0.10
Credit card Usage at POS	226.94	227.26	247.56	239.54	243.41	257.49	241.98	298.66	0.03	262.93	298.88	0.03
Debit card Usage at ATMs	2,245.82	2,244.34	2,310.25	2,198.31	2,191.65	2,196.58	2,219.78	2,420.64	0.01	1,252.97	1,062.66	-0.07
Debit Card Usage at POS	134.63	147.46	154.74	154.61	170.92	183.70	159.33	212.55	0.06	316.16	438.74	0.13
Mobile Wallet	23.79	22.93	24.35	27.74	27.6	30.74	<b>31.92</b>	33.85	0.05	<b>33.05</b>	<b>74.48</b>	0.12
Mobile Banking	572.8	519.17	608.45	662.72	668.04	1,038.97	<b>1,042.46</b>	1,134.93	0.09	1,372.78	1,485.83	0.10
Credit Card	-	-	-	-	-	-	-	-	-	0.00	-	-

Source : RBI payments and Settlements

**Table III**  
**Impact of Demonetization on Digital Payments (November 2016 - March 2017)**

2016	CAGR (in Volume)						CAGR (in Value)					
	Nov	Dec	Jan	Feb	March	%	Nov	Dec	Jan	Feb	March	%
USSD (unified unstructured supplementary structure data)	7.00	102.20	314.30	224.80	211.2	1.38	7,302.60	1,03,718.4	3,81,760.20	3,57,055.20	337962.40	1.64
UPI (Unified payment interface)	0.40	2.00	4.20	4.20	6.20	1.23	0.90	7.00	16.60	19.20	23.90	1.15
Mobile Banking	72.30	70.50	72.30	70.50	60.50	-0.01	1,372.78	1,485.83	1,206.70	1,080.00	1499.20	-0.06

Source : RBI payments and Settlements



**Figure 8**

### **Growth (in volume) of usage of Digital vs. Cash after Demonetization**

There can be a useful benchmark to revisit this question at a later stage though. Cash withdrawals through debit cards at ATMs were way ahead of other digital transaction methods such as use of debit/credit cards, mobile wallets or UPI in October 2016, the last month before demonetisation. Using ATMs to withdraw cash had been the default option for people to take care of their transaction demand for money in the pre-demonetisation period.

### **V. Suggestions**

Forbes believes, Prime Minister's real motivation is a desire to leapfrog the cash generation to digital payment solutions—a significant step in the development of India and the emergence of a truly cashless economy. To further quicken this process, the Central Government has decided on a package of incentives and measures for promotion of digital and cashless economy in the country. Augmented use of digital transactions will enable small and micro enterprises to access formal credit. Government will encourage SIDBI to refinance credit institutions which provide unsecured loans, at reasonable interest rates, to borrowers based on their transaction history.

To increase the value and volume of digital payments, following steps can be taken to enhance ease of usage and security concerns.

- To *create Awareness* about the advantages of cashless payments by educating customers.
- *Removal of E- payment costs*: Merchant Discount Rates and convenience charges associated with e-payments must be reduced. Service tax on debit card and credit card transactions should be waived of.
- *Incentive to people*: UPI apps to transfer money, make payments or online shopping are becoming popular. It could be proposed that if an individual uses UPI apps for making transactions they would get cash back in their account ranging from .5% to 1%. This would encourage people to opt this mode for making payments.
- *Incentive in terms of Tax rebates*: Apart from the Government to people payments, which are now being directly credited to accounts, an incentive (in terms of tax rebates) to individuals who make payments/remittances in accounts will see a major boost.

- *Incentives for booking travel tickets online:* Government has already provided incentives by way of discount up to 0.5 per cent to customers for monthly or seasonal tickets from January 1, 2017, if payment is made through digital means. Similar schemes could be launched for normal railway tickets. However, checks need to be put in place for preventing misuse of this scheme.
- *Strengthening Customer Grievance redressal mechanism:* Necessary guidelines should be framed to ensure enhanced customer grievance redressal mechanism.
- *Robust fraud and risk monitoring systems* should be developed.
- *Frame work to reduce customer liability* for unauthorised electronic transactions should be built.
- *Enhancing safety and security* by strengthening the safety and security of infrastructure .
- To enhance the speed and level of internet penetration .
- A proposal to mandate all Government receipts through digital means, beyond a prescribed limit, is also under consideration.

## VI. Conclusion

In the aftermath of the cancellation of the legal tender character of old ₹ 500 and ₹ 1,000 notes, there has been a surge in the digital transactions through use of credit/debit cards and mobile phone applications/e-wallets etc. Growth of UPI and USSD post demonetization is phenomenal. But in the month of February as the liquidity situation improved, there is a plunge in the volume of transactions . In order to increase the usage of the digital payments, they should be made more secure and simple and speed and level of internet penetration should also be improved and people must be educated on the benefits of cashless transactions. There are numerous benefits of cashless transactions for the country as well as the customers. It will lower the costs of storing and processing physical currency and increased tax collection for the government and for people convenience and reduced risk in payments and settlements which will fuel the growth of economy.

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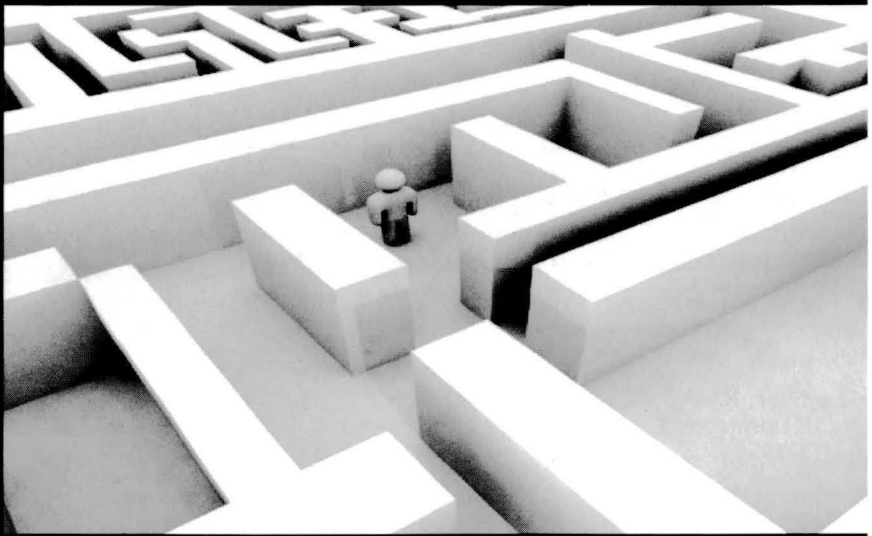
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# Capital Structure Decisions



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