

Cashless Transaction: Opportunities and Challenges with special reference to Kodagu district of Karnataka

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Abstract: Kodagu is a rural region with most of the economy based on agriculture, plantation and forestry. Most of the peoples are depending more on agricultural cultivating crops like coffee, paddy, black pepper, cardamom and many other spices for their lively hood and often discriminated in revenues and wages. But now a day's people are more reliable with banking service .Hence cashless transaction has emerged as an important mechanism to reach all the people, so majority peoples have accepted cashless transactions. This paper analyse cashless transactions in rural region. The study mainly focuses on evaluations the challenges and opportunities faced by cashless transactions in selected rural area of Kodagu district of Karnataka.

Key words: Coffee plantation, cashless transaction, challenges, opportunities, growers etc.

I. Introduction:

With limited cash in hand and an indefinite crunch, most people are rushing to cashless transaction.”Digital transactions bring it better transparency, scalability and accountability. But coffee planters have certain problem in cashless transaction. Some of the people are literate and some are illiterate, so they are getting so many problems such as dealer’s problems, workers problems, networks problems, and bank branch also very far. But coffee planters have certain advantages that whatever amount they earn which is exempted from tax.

II. Definition:

“Cash –less designating or of financial transactions handled as by means of credit cards , bank transfers, and cheques, with no bills or coins handed from person to persons: some say we are headed toward a cashless society.”

III. Methodology:

- Primary data collected through questionnaire sample size 100
- Secondary data: Books, journals and websites.

IV. Limitations:

- Due to time constraints it was not possible to include more sample size.
- The study is confined to only three taluks in coorg district.
- Primary information obtained is mainly based on the interviews. Hence there may be bias in the opinion given by the respondents.
- Whatever information collected is considered for the analysis and interpretation.
- Many planters are not ready to give actual information
- In the present study of cashless transaction, mainly concentrated on coffee planters.

V. Objectives of the study:

- To analyse the challenges among the coffee planters under cashless transactions
- To study the opportunities opens to coffee planters
- To know the role of cashless transactions in Kodagu
- To study the performance of coffee planters in cashless society.

VI. 10 Safe ways go for cashless transaction:

As India is going through a major change in the economy i.e **Demonetisation**, it has very difficult for economy to do transaction for goods and services, payments etc without the currency in hand. The purpose of this is not just to remove black money but also to encourage cashless transaction. It is not an easy task to stand in the long queues for withdrawing cash. To overcome this situation a big opportunity is to go cashless in this modern era .Here are some ways to go cashless.

- Cheque
- Demand draft
- Online transfer
 1. National electronic fund transfer
 2. Real time payment service
 3. Immediate payment service
- Credit or Debit cards
- E-Wallets
- Mobile Wallets
- Unified payment interface app.

- Gift cards
- Aadhaar enabled payment system
- Unstructured supplementary service data.

VII. Challenges of cashless transaction:

Government's demonetisation drive is also supposed to benefit cashless economy. Still

There are several constraints as well as prospects in the journey towards cashless economy.

- **Cyber Security:** The prime minister is motivating people to move to a cashless society. If does not have cyber security in that place while a card is cloned, it takes several months to recover someone's hard earned money from the banks and pin details might have been leaked due to which customer were advice to change the pin's of their ATM-CUM-DEBIT card .Stringent steps issuing new cards were also taken just month a later. How can people assured that swiping cards at small shops
And vendor will not be a risk to revealing our card details.
- **Network connectivity:** Since the day demonetisation was announced ,people are trying to use more of card transaction to save that dreaded trip to the bank and to save the last penny of the hard cash in hand. However a sudden surge in card transaction has led to connectivity issues. Several people have faced trouble while standing in line to pay for a transaction at a shop when the card machines have stopped working due to an overload on the networking connectivity issues must be resolved before dreaming about cashless society.
- **Internet cost:** The internet cost in India is still substantially high. There is no Wi-Fi at public places and if people do not get their monthly data packs recharged .There is no way they can be collected to make online payments. Internet connectivity is needed even for the **e-wallets**. In orders to convince people to do cashless transactions ,the cost of the internet should be lowered and free Wi-Fi should also be provided at public places
- **Charges on cards online transactions:** Heard of convenience charges? Of course. You would have if any do online transactions. These are additional charges that are levied by the vendors when they offer an online payment facility. But when the government forcing us to go cashless should not this compulsory fee on online transaction is taken off.
- **Non –tech-savvy:** While the new generation is glued to their phones and gadgets, computer literacy among the people in the over 50 age group is still low. Not many people are comfortable using computers or mobile phones and depend on their children when it comes to using the gizmos. Before promotions a cashless society, efforts need to taken to educate people on how to use phones for transactions.
- **Smart phone affordability:** Several companies have come up with new and in expensive phones, but they still not affordable for most of the population in the country. More affordable option should be launched by the government for people to buy smart phones for cashless transaction.
- **Infrastructure/ phone battery:** India still lacks when it comes to supporting a mobile security. It is extremely difficult to find a public charging point if the phone battery discharges. Even metro stations or railway stations in the tier one cities do not provide that infrastructure.
- **Not enough bank accounts:** Most people still do not have bank accounts. Most often there is just one account per family which also limits the numbers of cards people can have individually. A family of even four people cannot be dependent on just one earned for all house hold expenditure.
- **Internet blockage:** Where the internet is the first thing that is blocked. In such circumstances ,neither is it possible to use cards for transactions nor it is possible to use e- wallets
- **Are banks ready:** A cashless society needs a proper infrastructure? The banks need to be fully equipped to handle the surge in e-transactions. Infrastructure is also needed in terms of opening more accounts in the banks.
- **Encourage people to spend:** spending by cards often encourages people to spend more. Giving cash by hand helps people keep a check on their expenses but paying buy cards give people a free hand. Not just through credit but even the debit cards give that impression that you can make that payment immediately.

VIII. Opportunities of cashless transactions:

- It will be very convenient for everyone if cashless transactions are widely accepted. No Hassels to carry cash and less risky.
- You can view history of your expense easily and manage your budget smartly.
- All cashless transactions become above ground and visible or traceable. So they are taxable and also encourage people to transact legally and pay taxes.
- Tax collection will increase significantly and that revenue can be used for the benefit of society such as building infrastructure, helping poor and less privileged people, education, health care etc.
- As tax collection increases; tax rates can be reduced and tax rules simplified
- Any monetary helps to poor and needy people can be through bank transfers. No instance of middle men siphoning off the aid and exploiting the poor .This is coupled with infrastructure so that those people can use the money in their bank accounts for cashless transactions.
- It will be difficult to have counterfeit currency and support criminal activities and terrorism.
- Much better data of Indian's GDP including informal and service sector to understand what sector to understand what sector are growing and where support is needed.
- Less need to print paper currency and replace it so reducing those costs.
- Wealth stored with banks as savings accounts. FDs or investments are used for productive use instead of wealth lying unused as stacks of currency bills hidden under mattresses and in cupboards.

IX. Government provides push for a cashless economy by announcing incentives for digital payments.

- **Discount on fuel purchases:** 0.75% discount on buying petrol diesel through debit cards, credit cards and e-wallets.
- **Pont of sale machines in village:** Currently there are 6.5 lakh point of sale machines across the country. Villages with a population of up to 10000 will get 2 point of sale machines free of cost and that one lakh villages will be selected for this scheme of availing free point of sale machines
- **Ceiling on monthly charge on point of sale machines:** Monthly rental for post terminal or micro ATMs or mobile point of sale given by banks will be capped at Rs 100. This is aimed at bringing small merchants on board of the digital payments eco-system
- **Discount on suburban railway tickets:** Discount of 0.50% for purchase of suburban railway monthly and seasonal tickets from 1 January 2017.
- **Insurance cover for rail travellers:** Railways will provide free accident insurance coverage of Rs 10 lakh for passengers who are booking the tickets online. Currently 58% passengers buy tickets online.
- **Discount on rail utilities:** Railways will also offer 5% discount on digital payment for accommodation, catering and retiring room booking at railway stations.
- **Service tax exemption:** No service tax will be charged on credit and debit card payments on transaction of up to Rs 2000 in a single transaction.
- **Discount on highway toll :** For online payment of toll on national highways using RFID card or fast tags a discount of 10% will be offered
- **Discount on insurance premiums:** Customers paying payments through online gateways of public sector general insurance companies will be given a 10% discount. The discount will be 8% for premium of new policy made through the portal of Life Insurance Corporation.
- **Rupay cards to farmers:** Rural regional banks and co operative banks to issue rupay kisan cards to 4.32 crore kisan card credit card holders. This will benefit farmers of 1 lakh village covering a total population of nearly 75 crore who will have facility to transact cashless by in their villages for their agri needs

X. Data analysis and interpretation:

The study was carried out in madikeri, somavaret and virajpet of coorg district in Karnataka. The study involved interviewing various coffee formers. In the study area 100 farmers randomly selected and were interviewed with a questionnaire based on this interpretation drawn.

Table 1: Demographical factor

Age			qualification			Marital status			Family members		
25-30	20	20%	Illiterate	30	30%	married	70	70%	nuclear	90	90%
30-50	50	50%	Up to 10 th std	20	20%	unmarried	20	20%	Joint family	10	10%
50-70	20	20%	Puc	20	20%	widow	10	10%			
Above 70	10	10%	Above puc	30	30%						

Table 1 reveals that majority of the respondents are between 30 to 50 years of age. Table also reveals that 30% of the respondents are illiterates. Those who have studied up to 10th STD are 20% and puc 20% and above puc 30%. Table also states that 70% of the respondents are married and 20% are unmarried and 10% are widow. 90% are lives in nuclear family and only 10% lives in joint family.

Table 2: Land used by coffee growers for cultivation

SLNO	Factors	Respondents	Percentage
1	Less than 10	60	60%
2	More than 10	40	40%

Interpretation: The above table shows that 60% of respondents say that less than 10 acres of land is used for coffee cultivation and 40% of respondents say that more than 10 acres of land is used for coffee cultivation.

Table 3: Kind of workers

SLNO	Factors	Respondents	Percentage
1	Permanent workers	65	65%
2	Temporary workers	35	35%

Interpretation: The above table shows that 65% of respondents say that permanent workers are used for coffee cultivation and 35% of respondents say that temporary workers are used for coffee cultivation.

Table 4. Cashless transaction used for the payment of wages

SLNO	Factors	Respondents	Percentage
1	Used	10	10%
2	Not Used	90	90%

Interpretation: The above table shows that 10% of respondents using cashless transaction for payment of wages and 90% of respondents not using cashless transaction for payment of wages.

Table 5. Workers are ready to take cashless transaction payment

SL.NO	Factors	Respondents	Percentage
1	Ready	0	0
2	Not ready	100	100%

Interpretation: The above table shows that 100% of respondents says that workers are not ready to take cashless payment.

Table 6. Cashless transaction at the time of selling the coffee

SL.NO	Factors	Respondents	Percentage
1	Ready	68	68%
2	Not Ready	32	32%

Interpretation: The above table shows that 68% respondents ready to do the cashless transaction at the time of selling the coffee and 32% of respondents are not ready to do the cashless transaction at the time of selling the coffee

Table 7. Weekly wages paid to the workers

SLNO	Factors	Respondents	Percentage
1	Up to 10000	24	24%
2	10000-20000	24	24%
3	20000-30000	28	28%
4	Above 30000	24	24%

Interpretation: The above table shows that 24% of the respondents paid the weekly wages up to Rs10000, 24% of the respondents paid the weekly wages at Rs 10000-20000, 28% of the respondents paid the weekly wages at Rs 20000-30000, and 24% of the respondents paid the weekly wages more than 30000.

Table 8. Beneficial from the cheque

SL.NO	Factors	Respondents	Percentage
1	Beneficial	60	60%
2	Not beneficial	40	40%

Interpretation: The above table shows that 60% of the respondents says that beneficial from the cheque and 40% of the respondents says that not beneficial from the cheque.

Table 9. Mode of cashless transaction preferred

SLNO	Factors	Respondents	Percentage
1	Mobile wallet	4	4%
2	Plastic money	20	20%
3	Net banking	12	12%
4	cheque	52	52%
5	All the above	12	12%

Interpretation: The above table shows that 4% of the respondents using the mobile wallet, 20% of the respondents using the plastic money, 12% of the respondents using the net banking, 52% of the respondents using the cheque, and 12% of the respondents using the all the above modes.

Table 10. Mobile wallet and Net banking problem

SL.NO	Factors	Respondents	Percentage
1	Yes	16	16%
2	No	56	56%
3	Not applicable	28	28%

Interpretation: The above table shows that 16% of the respondents says we are facing many problems under cashless transaction, 56% of the people don't have any problem; remaining 28% of the people are not using mobile wallet and net banking.

Table 11. Krishi card overdraft facility

SL.NO	Factors	Respondents	percentage
1	Yes	4	4%
2	No	96	96%

Interpretation: The above table shows that 4% of the respondents say that we have Krishi card facilities, 96% people do not have Krishi card facilities.

Table12. Growers' opinion about withdrawal of Rs 24000 per week

Sl.NO	Factors	Respondents	Percentage
1	Problem	60	60%
2	Not problem	40	40%

Interpretation: The above table shows that 60% of respondents say wages paid to the workers with Rs 24000 impossible, 40% of the respondents says we can manage to pay the wages to the workers with Rs 24000.

XI. Findings and suggestion:

- 1) Most of the coffee growers are using permanent workers only.
- 2) 90% of the coffee growers are not ready to accept cashless transaction for paying the wages.
- 3) Workers are not ready to take cashless payment because they have so many problems. If they are receiving cheque they have to go to bank again, workers are not aware that the growers have sufficient balance in the account, if farmers are using mobile wallet and net banking, in the right time workers does not get wages because of net work problem.
- 4) If weekly wages are more than Rs.25000 we cannot pay the wages with Rs.24000 withdrawals from the bank. And now a day's ATM facilities are also closed in some of the area, so they have to depend on bank in the town or city, it will be wasting of time.
- 5) When the farmers selling the coffee, they are not ready to accept the cheque because farmers are not aware that the dealers have sufficient balance in the account and if they receive the cheque more time will be taken for the collection of cheque. Most of the people depend on coffee income only. So in the emergency case it is not comfortable. And one more problem faced by the farmer is when they are selling the coffee if they are not ready to accept the cheque dealer will give fewer prices for their coffee.
- 6) Most of the farmers are now aware of the digitalisation so farmers are ready to receive the cheque.
- 7) In the cashless society most of the farmers are using the cheque because in some of the area there is no ATM facility and also people don't about how to use the ATM cards.
- 8) Most of the farmers are not using Krishi card over draft facility. If Banks provides this facility to the farmer they will move to the digitalisation.

Conclusion:

If government implements any policy and programme there will be both pros and cons. But we have to leave the negative part and put effort to get the positive things in order to move towards internet economy.

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