

GS-3 - Economy

2. Despite many advantages, there is still no satisfactory substitute for cash. Examine

Central bank recently provided incentives for low cash digital payment, debit card, payment.

Performance of digital payment

Unified Payment Interface

Transaction	Value
₹780 cr (2022) ↑ ₹62 cr (2018)	₹12 L crore (2022) ↑ ₹1 L crore (2018)

Cash still on top

Cash currency in circulation ⇒ increased from ₹18 L cr to ₹32 L crore (2022); currency to GDP ratio also increased from 12.1% to 13.1%

Factors & Reasons

1. Shadow economy - "Meharjee report global payments" → in India - 65% of all delivered still cash delivered & cash payment still hold 80%.

2. Field study ^{by} bridge → Rural villages.
more 3-7% ⇒ digital adoption of tax. Digital
transaction.

3. unbanked adults - 22% and 35% adults
still not paying digitally. according to
Global index report of world bank

4. Real estate → Local circle survey →
cash dominates bidding ≈ 50% cash

5. Election system - unaccounted / hidden money
of: ₹6 crore seized (Telangana) - in single
constituencies

6. Tax evasion - > 8200 or cases are pending
with central board of direct taxes. Deep influence
of cash in Indian culture.

Way forward

paper currency has some virtues like - useful
in emergency, security (cyber crimes), unbanked
low income household, mainly, no satisfactory
substitute for cash, made. cash circulation
increasing despite increase in digital payment