

“AN ANALYSIS OF THE USE OF PLASTIC MONEY IN CHHATTISGARH ”**Dr. PREETA LALL**

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Abstract

Spending pattern through plastic money has changed drastically. Travelling, dining and jewellery are some the top purchases that Indians make through credit cards. The recent growth in the use of plastic money mainly credit and debit cards has been phenomenal. In a young state like Chhattisgarh, which is a business hub, having ample prospects of development and growth ,a study on the Plastic Card usage becomes all the more important.

Therefore, the statement of the problem is How can plastic cards usage be increased and how can a state like Chhattisgarh make maximum use of plastic cards. Responses for various variables affecting use of plastic money in Chhattisgarh were collected from respondents. The relationship between use of plastic money and factors affecting it was determined using regression analysis. Detailed description is presented in paper.

Key Words: Plastic Money, Regression, Chhattisgarh**Introduction**

Money is regarded as a medium of exchange and payment tool. Initially barter system was used as the significant mode of payment[1]. Over the years, money has changed its form from coins to paper cash and today it is available in formless form as electronic money or plastic card.

Spending pattern through plastic money has changed drastically[2]. Travelling, dining and jewellery are some the top purchases that Indians make through credit cards. Few years ago, it was jewellery and apparel purchases that formed the largest chunk of purchases through plastic money. Fuel accounts for a very small portion of credit card purchases as these are largely paid through debit cards[3]. This growing trend will soon rise up to the point where the plastic money will completely replace the need for carrying cash.

The recent growth in the use of plastic money mainly credit and debit cards has been phenomenal. After the Demonetization by the Prime Minister Mr Narendra Modi and his emphasis on Cashless Transaction, Initially positioned as a status symbol ,these plastic cards have caught on in a big way amongst the educated population of the country[4].

The plastic money in the form of cards was introduced by banks in India in 1990's. But it

was not very popular among Indian consumer at the time of its introduction. The change in demographic features of consumers in terms of their income, marital status, education level etc. and upgradation of technology and its awareness has brought the relevant changes in consumers' preferences. These changing preferences have also modified their outlook and decision regarding the acceptance and non- acceptance of particular product and services in the market. Thus, the plastic cards are gaining popularity among bankers as well as customers and getting accepted in the market place [5].

The plastic money can be in the form of Credit cards or Debit cards. Debit and credit cards offer more than a way to access money without having to carry around cash or a bulky checkbook. **Debit cards** are like digitized versions of checkbooks; they are linked to your bank account (usually a checking account), and money is debited (withdrawn) from the account as soon as the transaction occurs. **Credit cards** are different; they offer a line of credit (i.e., a loan) that is interest-free if the monthly credit card bill is paid on time. Instead of being connected to a personal bank account, a credit card is connected to the bank or financial institution that issued the card. So when you use a credit

card, the issuer pays the merchant and you go into debt to the card issuer.

There are many type of credit cards like Master card, Visa card, International Card etc. \ An indepth analysis of use of cashless transactions in the Indian economy particularly in a developing new born state ie. Chhattisgarh, is hence required to estimate and analyze cashless transaction behaviour of house hold families, because now a days the use of plastic mode of transaction in C.G. is very much popular. Transition from the existing cash-based retail payments to cashless payments can occur by promoting payment through debit cards, credit cards or smart cards. This will require rationalizing costs associated with the use of plastic money, making it more secure mode of payment and conducting focused financial education programmes for increasing public awareness. This transition would lead to saving currency management costs and generate valuable information on spending behaviour of the masses.

Research Methodology

In a young state like Chhattisgarh, which is a business hub, having ample prospects of development and growth ,a study on the Plastic Card usuage becomes all the more important.

Therefore, the statement of the problem would be :-

1. How can plastic cards usage be increased?
2. How can a state like Chhattisgarh make maximum use of plastic cards?

Objectives

Primary objective:-

To know the perception of people towards plastic money.

Secondary objectives :-

- To know the importance of plastic money in the daily life of consumers.
- To study the benefits of debit card and credit cards.
- To find out the market leader among the various banks/companies issuing credit and debit cards
- To know the problems faced by respondents using plastic money.

- To study the satisfaction level of consumers towards plastic money.

Research Design.

The research was an exploratory followed by descriptive one because the entire research was based on questionnaire and analysis which is of exploratory nature followed by the detailed description and analysis so the research is of descriptive design also.

After the descriptive analysis the Regression Coefficients were worked out by using SPSS to see the causative relationship between the various factors influencing credit card usage. Significant factors were identified and suggestions given for increasing the Plastic Card usage.

Sample Unit

Individuals who are salaried people and students of various colleges.

Sample Size

Total Sample size: **300**

Sampling Technique

The sampling method used was Non probability Convenience sampling because the respondents chosen for filling the questionnaire were chosen conveniently from the area of study which was entire Chhattisgarh State.

Data Sources

Primary Sources: This data include both qualitative and quantitative data. Data were generated through questionnaire as a research instrument.

Research Approach: Survey method

Research Instrument: Questionnaire

Types of Questionnaire: Structured

Type of Questions: Open-ended and Close-ended questions

Secondary Sources: The data was collected from journals, internet, reports and publications

Analysis of Data

The data was collected from 300 respondents by means of Questionnaire/Schedules and then analyzed. The Findings of Analysis were as follows :-

Regression Analysis

Regression analysis for determination of relationship between dependent and

independent variables has been presented below.

Anova Summary for the Regression Model

Regression Statistics	
R Square	0.826344
Adjusted R Square	<u>0.792215</u>
Observations	300

ANOVA

	df	Significance F
Regression	<u>16</u>	<u>4.35E-23</u>
Residual	<u>283</u>	
Total	<u>299</u>	

From the table above it is evident that the model can explain **79.2** % variation in dependent variable using independent

variable. From the significance F observation it is evident **that model is a legitimate model as significance F is less than 0.01.**

Regression Summary

	Coefficients	P-value
Intercept	0.436419	0.389015
Convenient	0.814022	1.12E-13
Utility	0.783	0.18
Bl_preference	-0.05062	0.677398
Travel_pref	0.056311	0.0067701
Safe	0.058399	0.00506779
Misuse_pc	-0.14436	0.020757
Creditc_exp	0.102113	0.114387
Cheaper	0.051943	0.00430256
Beneficial	0.12375	0.00778566
Reliable_sec	0.10415	0.0000196523
Duplicity	-0.04877	0.00557386
Penetrate_society	0.029743	0.00705545
Curb_bl_money	0.044061	0.604956
Incres_pl_money	0.033934	0.722554
Corruption	-0.17849	0.055512
Soc_eco_stata	0.084514	0.367784
Consu_spending	0.00674	0.000940328

The variables in Bold have significant relationship with dependent variable. From the table it is evident that one level rise in the

convenient to pay from plastic money will lead to likeliness to pay by plastic money by 0.81 level, one level increase in misuse of plastic

money will lead to decrease in use of plastic money by 0.14 level while one level increase in corruption will lead to decrease in use of plastic money by 0.17 level. (The significance level used for the analysis is 10% significance level, 90% confidence level). One level up in safety will lead to use of plastic money by 0.06 level. One level up consumer spending will lead to rise in use of plastic money to 0.0067 level. One level up in beneficial level of use of plastic money will lead to rise in use of plastic money by 0.123 level. A one level rise in reliability will lead to rise in use of plastic money by 0.145 level. A one level rise in penetration in society will lead to rise in use of plastic money by 0.029 level. A one level rise in likeliness of you being financial minister of country will lead to rise in use of plastic money by 0.033 level in country.

Conclusion and Suggestions

Looking at the broad scenario, there is no doubt that the plastic money is rising up in the market. The day will come when all the transaction will be done through plastic money, yet there are more further technologies which have been implemented in Japan and US but India is still growing in its first phase. The day will come when all the train tickets would be purchased by credit cards. People will start keeping bunch of cards in their pockets instead of currencies. The day will come when the cinema tickets will be purchased through credit cards. Thus in these growing phenomenon there doesn't seem any declination instead it growing at a higher rate. Consumers are preferring these cards mostly for shopping online E-commerce has given a better way to use the plastic money. It can be concluded that plastic money has a very bright future in the coming years because of the increasing trend of e-commerce.

21ST Century banking has become wholly customer-driven & technology driven by challenges of competition, rising customer expectations & shrinking margins, banks have been using technology to reduce cost & enhance efficiency, productivity & customer convenience. Technology intensive delivery

channels like net banking, mobile banking, etc have created a win-win situation by extending great convenience & multiple options for customer. From educating customers about credit cards there is a need to educate them about the differentiating factors of the cards. Because visa and master card are advertising regularly and thereby increases awareness. The strategy should be to emphasize on its differentiating characteristics. They also need to identify potential customers and target those using mailers. As internet is growing at a fast rate the net users can be targeted by having interactive sites. The prospective company's card personality could also be used in the home page to solve customer queries in the 'Best Possible Manner'.

Talking about our study out of the 18 independent variable which influence the usage of Plastic money in Chhattisgarh, 9 variables were found to be significant in the study. The model used in the study was that of Regression and it was found that the model can explain 79.2 % variation in dependent variable using independent variables so it can be said to be a legitimate model. On the basis of the analysis, the following suggestions can be given to increase the Plastic card usage :-

1. It was found that people in Chhattisgarh don't prefer to pay their utility bills like Telephone Bill, Electricity Bill etc by Plastic cards. In the changing scenario of today where everything is going paperless and cashless, there is a great need to educate and motivate the people to pay their utility bills by Plastic money.

2. It was Found that people find cards as a convenient way of payment. Gone are the days which required people to carry huge amount of cash to make their payments. emphasis on Cashless transactions in banks, departmental stores, grocery outlets, Apparel stores etc, now the people in Chhattisgarh are adapting to this new way of transaction.

3. Reduction in Cashless transactions will also lead to the restriction of the influx of Duplicate money from abroad. Safety measures pertaining to the fund transfer need to be increased to encourage and assure

people so that the use of Plastic money increases.

4.Safety in the Plastic money is an important factor that induces its usage.Multiple level of security should be insured like Password,OTP (One time password), use of Shttp (secured sites)instead of http etc.

5.Transaction charges on online transactions should be waived off to induce the people to use Plastic cards more.

6. Subsidy on Electronic Transactions can also lead to increased usage of Plastic cards.

7. People should be motivated to make more use of Plastic cards while travelling. Travel Companies can give discounts to lure the customers to make the use of Plastic cards.

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