

Manuscript ID : 00000-72434

Journal of Entrepreneurship & Management

Volume 7, Issue 1, February 2018, Pages 17-23, Page Count - 7



Source ID : 00000120

## Effect of Cashless Economy on Micro, Small and Medium Enterprises (MSMEs): A Study from Indian Perspective

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### Abstract

*The present study is to examine the impact of cashless monetary policy on micro, small and medium enterprises (MSMEs) in India. The government's initiative towards cashless economy triggers with demonetisation of high denomination currencies. Cashless economy is a financial environment that minimises the use of physical cash by providing alternative channels for making payments, and fosters a clean and digital economic culture. Demonetisation, for a while, slows down all economic activities and imputes to use digital mode for transactions. The MSMEs prefer to do all its transactions with conventional mode; sudden move by the demonetisation severely affected the MSME sector. Stringent reactive policies are required to this segment for surviving in a cashless economy. Economic reform without considering MSMEs will result negative impacts, it acts as a mediating role in economic growth. Currently the dealers and customers are adopting digital infrastructure and slowly it will create a digital economic culture. The objective of the study is to determine possible implications of a cashless economy on micro small medium enterprises in India. It also discusses challenges that MSMEs would face in a cashless society and points out some possible solutions. The study is based on secondary data and simple statistical tools are used for analysis.*

### Author Keywords

Cashless Economy, Demonetisation, MSMEs, Digital Culture, Electronic Payment

**ISSN Print:**

**Source Type:** Journals

**Publication Language:** English

**Abbreviated Journal Title:** JEM

**Publisher Name:** Publishing India Group

**Major Subject:** Social Sciences and Humanities

**Subject area:** Industrial Relations

**ISSN Online:** 2277-6850

**Document Type:** Journal Article

**DOI:**

**Access Type:** Restricted Access

**Resource Licence:** CC BY-NC

**Subject Area classification:** Business, Management and Accounting

**Source:** SCOPEDATABASE

### Reference