

Impact of Demonetisation on Education Sector: A Paradigm Shift in Cashless Economy and Digital Push

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Abstract:

The ban on high-value notes announced by the government on November 8th 2016, has impacted on formal economy on earnings and the spending behaviour of a section of people. The role of Education sector is important in developing awareness of demonetisation drive among the students and other stakeholders for preparing them for future challenges and mitigating to formal cashless economy. Education plays a key role in the transition towards digital push, a clean economy and stable financial system.

The students, faculty, staff, management and the stakeholders have been affected by demonetisation reforms either in their earning, investing or spending patterns. This effect may be short term or long term. This research paper will survey in 12 colleges in Navi Mumbai area imparting higher education and investigated on major factors of demonetisation drive by using the awareness level, spending pattern, earning pattern, digital push within campus and preparedness as well as initiatives and development of cashless system, etc. The aim of this paper is to understand cashless campus initiatives by the colleges and their commitment towards digitization and clean economy as a whole. Further, this paper discuss on best way to mitigate demonetisation effect to be adapted among the students and staff of colleges.

Key words: Demonetisation, Cashless Economy, higher education.

Introduction

Education institutes around the world have important role to play in creating and preparing academic community to either adopt or mitigate complex challenges of demonetization drive. The demonetization reforms announced by government on 8th November 2016 to withdraw high value currency to eradicate black money, curb counterfeit currency, stop terrorist funding, catch tax evaders to boarder effect on clean and cash less economy. The demonetization has been truly considered to be one of the most disruptive innovations undertaken by India after independence to have financial stability and ability of future generations to go for cashless economy and digitization.

The education sector has also been hit by the demonetization drive. Mostly, students and their parents, faculty and college staff, management and other stakeholders have been affected by the demonetization reforms. This has changed the behaviour and pattern of

spending, investing and earning by education sector stakeholders. The present research paper will study on above factors to understand the impact of the demonetization on education sector and its effect for short term or long term.

II. Objectives of the studies

The role of higher education institutions is crucial in tackling the economy issues and to address the needs of the digital India and the environment to build a better and more stable financial world. Considering the complexity of the academic activities involving students, faculty and staff members to transform innovative digital campus initiatives, the objective of the study are as follows:

- (i) To study awareness level among stakeholders in education Institutions about demonetization and digital campus initiatives.
- (ii) To understand and analysis effort done by academics and research

on cash less economy system issues in colleges/ Institutes.

- (iii) To study the spending, investing and earning pattern adapted by the various college staff and students towards demonetization in Navi Mumbai

III. Review of Literature

There are several instances of demonetisation in different parts of world in last few years with certain cause such as fighting black marketing, hyperinflation, organised crime, exchange of old bank notes, banking crisis, preventing counterfeiting, common currency, money laundering, fight corruption, black money and terrorism (Economic Survey, GOI, (2016-17)]. This has effected in consumer prices stabilized, smooth transition, economy stabilized, job losses, public panic, protests, losing banking system confidence, etc., (Economic Survey, GOI, 2017-18). The country tried to demonetization are Ghana(1982), Myanmar(1985), Brazil(1993), Venezuela(2016), India(2016).

IMF annual country report on India(2017) states that India's demonetization led to huge cash shortages that 'adversely affected' consumption. It also states that demonetization drive is like a 'Vacuum Cleaner' succeed in cash & then currency replacing was slow. OECD's (2017) economic survey for India, States that demonetization will not affect investment or jobs but something on consumption pattern in this quarter, India is moving towards a less cash society.

SBI's report (2017), states that GDP estimates imply minimal impact of demonetisation. BofAML report (2017), is expected to clock a GDP growth of 6.9 per cent this fiscal, which is likely to recover to 7.2 percent in 2017-18, partly on base effects of the ongoing demonetisation shock. The Central Statistics Office (CSO) [2017] showed that private final consumption picked up in the third quarter to grow 10.2 per cent against 5.1 per cent in the second quarter. IMF (2017), India's

demonetisation led to huge cash shortage that it adversely affected consumption and its impact of demonetisation will be temporary and short time on consumption.

Different studies/reports state about impact of demonetisation on economy as transitory impact with short-term costs (OCED report, 2017). negative impact on the economy in the near term through weaker private consumption[IMF(2017)], long term benefits. Curb tax evasion & fight black money [OECD, 2017]. According to economist point of view demonetisation has impact on economy to be a temporary disruption (Finance Ministry), negate the negative speculation on demonetisation (Shaktikanta Das, Economic Affairs Secretary, GOI), Impact not severe as expected (D.K.Joshi, Chief Economist, CRISIL), the CSO data may not fully capture the impact of the note ban as estimates of Q3 GDP rely heavily on available data from the formal sector (Aditi Nayar, Principal economist, ICRA Ltd.), and Hugh Young, MD, Aberdeen Asset Management Asia states that minor impact on business and the economy that to short term hiccup effect.

TOI (23 Nov 2016), articles discuss on Mumbai college students change their lifestyles post demonetisation and students are cutting their food intake outside and staying in campus to cut cost. Students are using public transport and thinking on saving cash and utilising credit cards. Students have stopped lavish dates and taking notes through emails. College canteen are also supporting use of plastic money.

One positive thing of demonetisation on Mumbai colleges is of more jobs offers and better pay packages in degree colleges for getting placement cells in start-ups.[HT (4th Jan 2017)]. On the other hand educational institutions are hit hard by demonetization in payment of fee and capitation fee in professional courses (such as MBBS or MD). Most of the institute insist on cash and demonetisation has badly affected college management's finances [TOI (10th Nov 2016)].

IV. Research Methodology

The study was done among 12 colleges in Navi Mumbai. The completed questionnaires designed to assess awareness level on demonetisation, commitment to the cash less economy, willingness to encourage digital payment, and further to understand research and academic activities and various digital campus initiatives. The questionnaire designed to assess the extent to which campuses are aware of demonetisation information has been collected from staff, students, faculty and administrators. The secondary data has been collected from different newspapers, books, magazines, Journals, Govt. Gazette and internet websites.

Sampling Procedure

Stratified random sampling is adopted for this study as it attempts to obtain a sample of 12 colleges in Navi Mumbai area. Around 152 questionnaires were collected from students, faculty, staff, management and other stakeholders.

Scope of the Study

The area of scope of the study is confined to Navi Mumbai area only. The sample includes all the institutes in Navi Mumbai area having graduate and post graduate courses in campus were selected.

Limitation of the study

Various limitations faced in conducting the study were mainly:

- (i) Data was collected in the month of December 2016 and January 2017 for two months only.
- (ii) It needn't cover all the colleges in Navi Mumbai only selected sample of 12 colleges were taken into consideration.
- (iii) The sample of the study doesn't represent entire Navi Mumbai area.

V. Data Analysis Interpretation(in %age)

I. Awareness Level about demonetisation in campus among

Stakeholders (in %age)

Table 1.1: Awareness level about demonetisation

Awareness Level	Respondents	Yes	No	Can't Say
Have you heard about demonetisation	Faculty & Staff	72	27	1
	Students	55	37	8
Cash less system	Faculty & Staff	60	40	0
	Students	58	34	9
Digital push	Faculty & Staff	64	36	0
	Students	54	38	8
Clean formal economy	Faculty & Staff	60	38	2
	Students	49	42	9

The questionnaire was asked to 152 respondents involving faculty members & staff and Students about awareness level on demonetisation is represented in Table 1.1. The result indicate that awareness level is more among the faculty & staff (72%) against students (55%), when asked about cashless system it indicates that faculty & staff (60%) and students (58%), that means both are equally aware of cash less system. The question regarding digital push of payment asked then it was found that faculty & staff (64%) and students (54%). Finally when asked about clean formal economy, the faculty & staff (60%) and students (49%) are awared.

II. Implementation after demonetisation effect on cashless transaction and digital push among of Campus (in %age)

Table 2.1 Cashless Transaction & Digital Push

Implementation	Respondents	Yes	No	Can't Say
implementation of cash less transaction in campus is necessary	Faculty & Staff	87	4	13
	Students	85	6	9
believe in digitization your campus	Faculty & Staff	94	4	2
	Students	91	4	5

The respondents when asked about implementation of cashless transaction in

campus, faculty & staff agreed upon (87%) and students (85%) whereas, when asked about their believe on digitization of campus all faculty & staff and students were above 90% agreed for going digitization. This indicates the faculty & staff and students are strong believe that cashless transaction in campus is necessary and do believe in digitization of campus in Navi Mumbai area colleges.

III. Encourage on Digital India Development Issues(in %age)

Table 3.1: Digital India Push

Digital Push	Respondents	Yes	No	Can't Say
Colleges should encourage digital payments to professionals and practitioners	Faculty & Staff	83	6	11
	Students	81	10	9
College staff and students are willing to cash less transaction knowledge help to improve formal economy and development	Faculty & Staff	79	6	15
	Students	79	8	11
Newly updates financial apps on digital push play important role in campus	Faculty & Staff	64	9	27
	Students	72	13	15
College have Mission statement about digital transaction and clean economy on campus	Faculty & Staff	51	28	21
	Students	58	26	16

The respondents were asked about the colleges to encourage digital payments to professionals and practitioners, the faculty & staff and students agreed which is above 80% and when asked about knowledge of cash less transaction both have agreed 79%. Regarding financial apps on digital payment it is seen that students are much aware 72% and faculty & staff only 64%. The respondents when asked about colleges to include digitalisation and clean economy in campuses to include in mission

statement then it is found that more than 50 per cent in both category agreed. This indicates that the education sector stakeholders are in favour of digital payment push and shift towards cashless economy and clean ecosystem. They are also interested to include in short as well as long term in colleges mission statement including digitization.

IV. a) Spending Patterns by Institution stakeholders(in %age)

Table 4.1: Spending Patterns & Cashless System

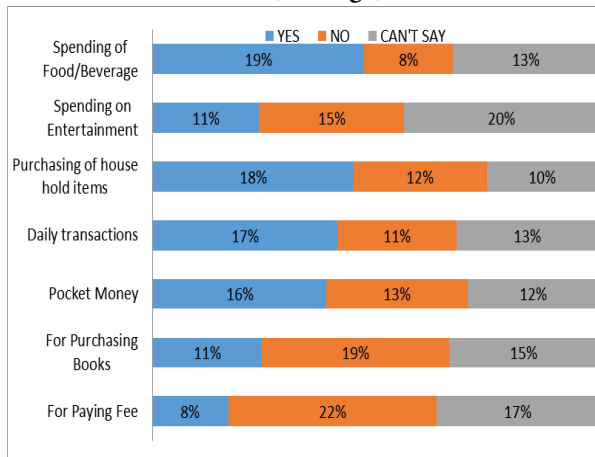
Cash less Campus	Respondents	Yes	No	Can't Say
For payment of Fee to college and remuneration to staff	Faculty & Staff	72	10	18
	Students	83	10	7
For purchase of books to students and store purchases by staff	Faculty & Staff	77	4	19
	Students	71	17	12
For daily transportation or mobility option (carpool, cycle, public transport, etc.,) for stakeholders	Faculty & Staff	64	13	23
	Students	71	18	11
Purchase of household items, food/ beverages	Faculty & Staff	53	24	23
	Students	59	30	11
Spending on Entertainment	Faculty & Staff	59	30	11
	Students	53	24	23
Emergence spending such as medical	Faculty & Staff	77	4	19
	Students	71	17	12

The respondent were asked about spending patterns by education stakeholders regarding students payment of fee to college agreed on cashless transaction 83% and for remuneration to staff it was agreed upon 72%. When asked about grocery purchase by staff, it is seen that 77% have agreed on cashless payment and purchase of books by students they had agreed to 71%. When asked about

mobility option most of them had agreed on carpool or public transport use and faculty and staff are to extent of 64% and students 71% agreed. Similarly, when asked about household items purchase, on entertainment and on medical spending most of them above 50% have agreed on cashless transaction. This indicate that college faculty and staff and students are ready for cashless transaction and it shows paradigm shift from cash to cashless system and big push to digital payment.

b) Effect of Demonetisation on day to day life on student consumption patten.(in %age)

Fig 4.1: Spending pattern of students after demonetisation (in %age)



The fig 4.2 shows the students spending pattern post demonetisation, most of their spending is on food/ beverages (19%), then purchase of household items (18%), on date to date transactions (17%), for regular pocket money (16%) they receive, on entertainment and purchase of books weightage is same (11%), and finally for payment of fee it is found to be 8% agreed.

This figure indicates that students are well planned about the spending and consumption of their funds and priority on spending when cash is less and had to pay by digital payment. And long run it shows willing to go cashless in future.

V. a) Action and Activities taken up (in %age)

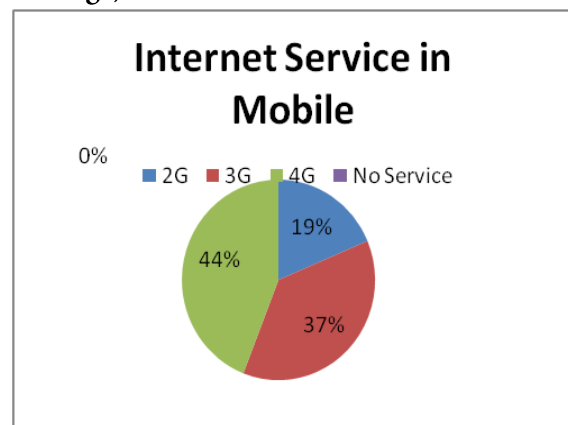
Table 5.1: Purpose of Digital Transaction in Campus

Digital transaction to be done in the campus	
Paying utility bills	45
Checking bank balance	15
Paying Service bills	22
Transferring Money	10
fund raising event	4
Other payments	4

The respondents were asked for digital transaction to be done in the campus and services used for the doing the payment like paying utility bills (45%), Paying service bills (22%), Checking bank balance (15%), and transferring money (10%), rest on other purposes.

The digital payment has been seen in rise because education sector stakeholders are taking advantage of the government incentives. And also new form of payment apps and technology had made them pay by digital form and take discounts, credit period and free offers, etc.

b) Internet service in Mobile us by student. (in % age)



The respondent when asked about the network service the students are using, it was found that most of them are using 4G services (44%), 3G (37%) and 2G (19%).

This is due to mostly availability of Jio service free during demonetization period that's why the students were getting 4G services and few where using their subscribed network with 2G

or 3G services.

I. Importance of Activities towards Digital Push Campus (in %age)

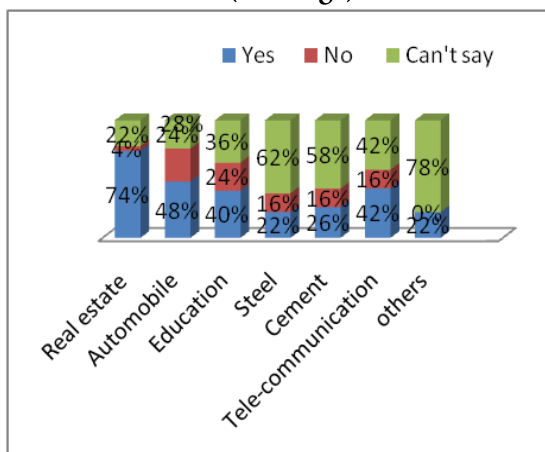
Table 6.1: Type of Apps and Fin Tech application for payment mode

Activity	Priority /Importance
UPI	31
Paytm/ Mobiwik	30
BHIM	16
Bank Apps	03
RTGS	14
Other FinTech Apps	06

The respondents were asked about the type of Apps used for digital payment used by the campus stakeholders, the apps or fin tech are UPI (31%), Paytm/Mobiwik (30%), BHIM (16%), RTGS (14%) and others.

The application of above utility apps and fin tech application because of their advertisement and offers made people to use these for payment tool.

II. Effect of Demonetisation on Various of Sectors.(in % age)



The respondent when asked about effect of demonetization on various sectors it is found that more effect on real estate (74%), automobile (48%), Telecommunication (42%), education (40%), Cement (26%) ,Steel (22%) and Others (22%).

This indicates that most of the respondent has felt real estate and automobile are major sector affected by demonetization.

VI. Conclusion

Education plays a crucial role in addressing Cash less system and digital development, both formal and informal Economy. Digitisation initiative development is not possible without education and stakeholder engagement. This could be an opportunity to map out a new course curriculum and innovative training for institute/ universities to move to Cash less platform in terms of their own practices and how they teach. It would help institutions to produce clean economy and responsible students in development of financial stable decision making workforces capable of building clean economies and societies.

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