



## Effect of Demonetisation in the ambit of Distance Education Institutions in India

J. S. DOROTHY

IGNOU Regional Centre Kochi, Kerala, India

[js.dorothy@ignou.ac.in](mailto:js.dorothy@ignou.ac.in)

### ABSTRACT:

Distance Education Institutions (DEI) being a part of the society and has the legal binding to abide by the policy changes. During demonetisation, a Distance Education Institutions (DEI) has to take certain decisions to ensure that crunch for cash do not exist, inspite of the fact that most of the public Distance Education Institutions (DEI) resort either to fund transfer or to cheque payment. In India, demonetization of bank notes took place for the third time on 8<sup>th</sup> November, 2019. This paper enumerates the Procedure Adopted on the eve of demonetization, Financial literacy Awareness campaigns conducted on the use of digital money/cashless transactions upon demonetization, Employee movement to ATM/Bank for cash withdrawal, Facilitating withdrawal through a single person due to limited hard cash, Written circular to all the Learner Support Centres (LSC) about the procedure to handle cash, procedure of Petty cash transactions, Sale of Student Hand book and Prospectus containing the admission application form, Special Counter for Senior Citizens and Differently abled, Payment towards Travelling Allowance/Conveyance for participants in Meetings/Orientation Programme.

**Key words:** Distance Education Institutions (DEI), demonetization, Financial literacy Awareness campaigns, Learner Support Centres

### INTRODUCTION

It is said that 'even the dead body will open the mouth when the word money is uttered' and that 'from womb to tomb money is necessary for day-to-day living'. Distance Education Institutions (DEI) being a formal system existing in a society in a country also handles money/cash transactions (*as in sale of application form across the counter*) and electronic cash transactions (*as in online payment for admissions/examination*). The norms for handling cash/electronic money transfer/bank instruments are diligently followed by Distance Education Institutions (DEI). In addition, all the transactions related to the expenditure

incurred are subjected to both internal and external audit to ensure objectivity of purpose and transparency in dealing

In India, for 'the third time on 8<sup>th</sup> November, 2016, the bank note demonetisation took place, (the first time in 1946 and the second time in 1978)' [[http://blogs.times of India .India times.com/cash-flow/demonetization-in-1946-and-1978-stories-fromthepast/](http://blogs.timesofindia.com/cash-flow/demonetization-in-1946-and-1978-stories-fromthepast/); <https://qz.com/831674/rupee-currency-demonetization-a-brief-history-of-india-pulling-bank-notes-from-circulation/>]. The demonetisation in India in the year 2016 is the first time of demonetisation after the establishment of the India's first Open University in the year 1982.

'Demonetisation is the process in which a particular currency or valuable mineral is degraded as a legal tender' (Ritu Bhattacharyya and Sampurna Nand Mehta, 2016). According to [www.investopedia.com/terms/d/demonetization.asp](http://www.investopedia.com/terms/d/demonetization.asp), 'demonetisation is the act of stripping a currency unit of its status as legal tender'. 'Around the world, several countries are currently undergoing 'demonetisation' or currency reforms in which the government removes banknotes of a certain denomination from circulation and replaces them with new notes' (<https://www.project-syndicate.org/commentary/demonetisation-lessons-india-by-jeffrey-frankel-2016-12>),

#### FACTORS CONSIDERED DURING DEMONETISATION IN A DISTANCE EDUCATION INSTITUTIONS (DEI)

Indian Society is characterised by saving mentality even by foregoing basic comforts (*For example, using Public Transport instead of owning a vehicle for transport*) and gifting those who are younger by giving money (*For example, when an elder visits a family, at the time of leaving will bless the members younger to him/her with money-which is considered precious even if the amount is small*). In addition, it is a common practice for Indians to keep money beyond the Wallet/Purse (*For example, it has been observed keeping money inside mobile cover, religious book, inside the container of dry ingredients, inside shoe cupboard, inside medicine box, inside unused children toys*). The habit of saving is also nurtured from a younger age by means of maintaining *hundi* (*box to collect money*) which continues even when the individual grow into adults. It is also interesting to observe that in each family each individual will have a *hundi*,

into which one collects all the money received as gift and open the *hundi* only either after a specific period of time (*one year or when a favourite relative visits again*) or for an occasion (*Birthday/Wedding Anniversary/Graduation/House warming ceremony*). As such the money collected in *hundi* at times suffices the need arising in difficult time/emergency. The background of the society is essential to be known as it has an effect in their role as employee. In addition, modern Indian economy is 'monetary economy where money is used freely and widely in settlement of various economic transactions' (ECO09, 1991). The Factors considered during demonetisation in a Distance Education Institutions (DEI) are being discussed in the following pages:

**PROCEDURE ADOPTED ON THE EVE OF DEMONETISATION:** Since the information about demonetisation was disseminated after the working hours of a Distance Teaching Institutions (DTI), the Procedure Adopted on the eve of demonetisation is of significant importance. In a Distance Education Institution, the cash proceeds are mainly through the Sale of admission application form across the counter. The cash collected this way at the end of the day is generally certified for both the value of money and the denomination of money notes/coins by the competent authority assigned for the said task, In addition, cash are withdrawn for use to execute preplanned/preapproved/presanctioned tasks. Such specific assignment is like the Orientation Programme for Academic Counsellors/ Part-time functionaries of the Study Centre/Coordinator's meeting/ Programme In Charge meeting/ Purchase Committee Meeting. For such specific assignment, cash is withdrawn in advance by the competent authority assigned for the said task.

## DOROTHY

Upon hearing about the demonetisation process, the denomination of the banknotes which has been demonetised was counted separately from the cash in hand for depositing into the account from which it was withdrawn. For safety sake, the serial number found in the currency note was also noted for use if any arises at a later stage. Similarly, cash transactions entertained till the end of the working hours for the Sale of Application form was deposited denomination wise in single lot.

**FINANCIAL LITERACY AWARENESS CAMPAIGNS:** Upon hearing about the bank note demonetisation, awareness campaigns were conducted by the Distance Education Institutions (DEI) to the employees with the resource inputs available in the website with the main objective of what to do and what not to do. Explicit suggestions like “Not to help” others by depositing other’s cash in their Account was also given. Since, DEI is a place where in public movement exist, campaigns are conducted for both employees and public to disseminate information of what to do in relation to the activities at the DEI.

Since already the Government of India has initiated the use of Net Banking/Credit Card/Debit Card for payment, the Distance Education Institutions (DEI) together with the Bank conducted awareness campaigns of how to use the other means of payment/electronic transactions even for day to day expenditure when the cash circulation is curtailed.

The participants in the awareness campaigns were asked to look for the rupee note that were no longer legal tender in their places where they keep the money and encouraged to deposit in their own bank account.

**EMPLOYEE MOVEMENT TO ATM/BANK:** Frequent Employee movement to ATM/Bank was also a prominent activity among the employee present in the Distance Education Institutions (DEI). At times, the employee sought the permission from their Reporting Officer citing the cause which could not be refused in the interest of the individual welfare.

**FACILITATING WITHDRAWAL THROUGH A SINGLE PERSON:** In a Distance Education Institutions (DEI), movement to the bank by the Cashier happens at consistent intervals. Both the employees and the Cashier entrusted with the duty to visit the bank were encouraged to help in the withdrawal for those who need them. This was done to minimise the movement of the employees to the bank and that the employees present in the Office are available for executing the official task. In order to facilitate withdrawal of money for the employees through the Cashier who has to mandatorily visit the Bank, certain amount of trust /ability to entrust personal bank instruments was to be nurtured.

**WRITTEN CIRCULAR TO ALL THE LEARNER SUPPORT CENTRES (LSC):** A Public Distance Education Institutions (DEI) is unique in that almost all the payments made are either through the electronic fund transfer (*Example payment of honorarium/ remuneration to Part-time functionaries at the LSC*) or by Cheque (*Example payment of Counselling Charges to Academic Counsellor*). Upon the announcement about the demonetisation, a Written circular to all the Learner Support Centres (LSC) was sent informing certain guidelines (*like adding the cost of application form along with the Programme fee for the admission process; payment of the bills like telephone,*

*newspaper were to be paid by cheque*) of how to minimise the cash transactions at the field level.

**PETTY CASH TRANSACTIONS:** Hospitality Service for rendering refreshments to the visitors/Media representatives who kept the appointment of media coverage of the Chief Reporting Officer/Director is a common phenomenon in a Distance Teaching Institution (DTI). The Canteen Service at the premises is generally the local provider for the refreshments. Generally such expenditure on refreshments are considered as Petty cash transactions and paid by cash. It was interesting to note that due to demonetisation, the local provider for the refreshments volunteered to maintain a book indicating the utilisation of the services in the form of snacks and beverages with the countersignature of the person authenticated by the Distance Teaching Institution (DTI) to document the purchase and pay the entire expenditure incurred in the form of cheque at the week.

**SALE OF STUDENT HAND BOOK AND PROSPECTUS CONTAINING THE ADMISSION APPLICATION FORM:** One of the revenue generating activity by cash transaction is the Sale of Student Hand book and Prospectus containing the admission application form generally referred to as the Prospectus. Any person buying the prospectus is aspiring /having an intention to join a programme of Study at the Distance Education Institution (DEI). In order to optimise the use of the change available, each prospective – encouraged to download and add the Prospectus fee along with the programme fee for which enrolled. The practice of sending the hardcopy of the Prospectus to those who have used the downloaded Prospectus

already exist with the Distance Education Institution (DEI). The demonetisation issue and the related existence of minimum change augmented the process of procuring the Point of Sale (POS) machine which facilitated the use of Plastic Money (Debit/Credit card).

**SPECIAL COUNTER FOR SENIOR CITIZENS AND DIFFERENTLY ABLED:** Generally, a Special Counter for Senior Citizens and Differently abled individuals exist at a Distance Education Institutions (DEI) to ensure that the special group of clientele is given personalised service. While such facility of preferred service was rendered, vigilance was also exhibited of whether such counters are being used to get change of money after insisting to get a application form against cash payment (*eventhough the option of adding the cost of the application form to the admission fee*). It was highlighted during the dealings that such special counter is to target at redressal of issues rather than purchasing the application form.

**PAYMENT TOWARDS TRAVELLING ALLOWANCE/CONVEYANCE FOR PARTICIPANTS IN MEETINGS/ORIENTATION PROGRAMME:** Orientation Programme is an academic activity at a Distance Education Institutions (DEI), wherein either the Academic counselors (*Empanelled Faculty entrusted with the duty of academic transaction at the field level i.e., Study Centre*) or the part-time functionaries at a Learner Support Centre are informed in detail about the developments in the field of Distance education in general and the specific Distance Education Institutions (DEI) in particular. The Participants are generally pooled at a place to prevent duplication of expenditure and activity/expertise. The expenditure incurred towards Travelling

## DOROTHY

Allowance/Conveyance for participants in Orientation Programme are generally to be refunded as the initial expenditure was incurred by the Participants. While inviting the participants, explicit information that the expenditure incurred by the participants will not be disbursed by cash but by cheque payment, was disseminated.

For Meetings, where the participants have been invited by the Distance Education Institutions (DEI) than either the Travelling Allowance/Conveyance or the sitting fee is paid to the invited participants present physically. For example, Meetings of the Translators identified to translate the Study Material into the Regional language are held periodically in a Distance Education Institutions (DEI) and in such a case the Travelling Allowance/Conveyance was paid by Cheque. External Experts/Members of a Local Purchase committee called for to finalise the tender are paid Sitting Fee by means of the Cheque. Similarly, when a translator is paid as per the norms for the completed work than the same was paid by cheque. Many a time, the reputation of the Distance Teaching Institutions (DTI) makes the client to accept the cheque for their due payment.

### DEFINITION OF KEY WORDS

The definition of the keywords used in the ambit of this paper for the terms like Distance Education Institutions (DEI), demonetization, Financial literacy Awareness campaigns, Learner Support Centres, are given below:

**DISTANCE EDUCATION INSTITUTIONS (DEI) :** Distance Education Institutions impart the Programmes of study where the emphasis is on Open and Distance Learning using

diversified delivery system. “The Open and distance learning is not supplementary, complementary or alternative to the conventional system. It is part of the evolution of new methodologies in teaching and learning (Khan, 1999).

**DEMONETISATION :** According to [www.investopedia.com/terms/d/demonetization.asp](http://www.investopedia.com/terms/d/demonetization.asp), ‘demonetisation is the act of stripping a currency unit of its status as legal tender’.

**FINANCIAL LITERACY AWARENESS CAMPAIGNS :** According to <https://www.investopedia.com/terms/f/financial-literacy.asp>, “financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing”. Introduction of the various concepts like the use of digital money, investment and documentation for the declaration of income and savings for the tax purpose in regional language using the learners, employees of the Distance Teaching Institutions (DTI) was a part of the community awareness campaigns upon demonetization in India. For example, the dual mode Distance Teaching Institutions (DTI) Indira Gandhi National Open University (IGNOU) with National Jurisdiction in India, was given the responsibility to create awareness about the Digital money usage among the citizens using the learners and employees upon demonetization.

**LEARNER SUPPORT CENTRES:** Learner Support Centres (LSC) are field level functionaries of a Distance Education Institutions (DEI) where the academic transactions for the programme enrolled by a learner takes place. Peer interaction, tutor-learner interaction are the common feature in a Learner Support Centres (LSC) which enables sustenance

of the interest for the study in a learner who is always away from the certifying Distance Education Institutions (DEI).

## CONCLUSION

Distance Education Institutions (DEI) being a part of the society and has the legal binding to abide by the policy changes. During demonetisation, a Distance Education Institutions (DEI) has to take certain decisions to ensure that crunch for cash do not exist, inspite of the fact that most of the public Distance Education Institutions (DEI) resort either to fund transfer or to cheque payment. During the period after demonetization, the Distance Education Institutions (DEI) exhibited the social responsibility in educating the public and empowering them to use the alternative modes of payment besides strengthening its infrastructure (*like installing Point of Sale machines*) to handle less transactions involving real cash. ‘Whosoever loves money never has enough’ says King Solomon in Ecclesiastes (Chapter 5 Verse 10) seems true even during demonetisation.

## References:

Shankaran, S. (2016, November 15). Demonetization in 1946 and 1978: Stories from the past [Web log post]. Retrieved November 23, 2016, from <https://timesofindia.indiatimes.com/blogs/cash-flow/demonetization-in-1946-and-1978-stories-from-the-past/>

Frankel, J. (2016, December 22). Demonetization on Five Continents. *Project Syndicate*. Retrieved December 23, 2016, from <https://www.project-syndicate.org/commentary/demonetization-lessons-india-by-jeffrey-frankel-2016-12?barrier=accesspaylog>

Money Bible Verses [Web log post]. (2015, April 02). Retrieved January 23, 2017, from <https://www.biblestudytools.com/topical-verses/money-bible-verses/>

Bhattacharyya, R., & Mehta, S. N. (2016). Demonetisation –Worst Effected the Small Traders. *International Journal of Latest Technology in Engineering, Management & Applied Science, V* (XII), 52-58. Retrieved December 23, 2016, from <https://www.ijltemas.in/DigitalLibrary/Vol.5Issue12/52-58.pdf>

Bhattacharya, A. (2016, November 9). A brief history of India pulling bank notes from circulation [Web log post]. Retrieved November 23, 2016, from <https://qz.com/india/831674/rupee-currency-demonetization-a-brief-history-of-india-pulling-bank-notes-from-circulation/>

*Self-instructional Material of Money, Banking and Financial Institutions* (1991), In ECO09 Course, Unit 1, Block 1, (pp. 5). New Delhi: IGNOU. ISBN 81-7091-871-5

J. S. DOROTHY is currently the Regional Director for IGNOU Regional Centre, Kochi (Cochin), Kerala. Earlier to this place of work, she was on the employee rolls of Four IGNOU Regional Centre namely Jaipur (Rajasthan), Bangalore (Karnataka), Chennai (Tamil Nadu) and Bijapur (Karnataka). She was the first employee of Bijapur Regional Centre of IGNOU at the State of Karnataka and was responsible to make it functional. Contact: Dr. J. S. Dorothy, Regional Director, IGNOU Regional Centre, Kaloor, Kochi (Cochin), Ernakulam District 682 017, Kerala, India Phone: 9445120908, Email: <js.dorothy@ignou.ac.in>