

Hidden Agenda Behind Demonetization in 'Shining India'

By Maxim Nikolenko

The timeframe for the announcement was perfect. When newsrooms directed the attention of the global audience towards an election theater in the United States, when the embodiment of an imperialist system, Hillary Clinton, was losing states to the “caricature” character of Donald Trump, a rampant financial empire was preparing for a new phase of the invasion. The world’s second most populous country was embarking on a radical experiment, 1.3 billion people of which were guinea pigs. The potential beneficiaries were shareholders of corporate multinationals.

“To break the grip of corruption and black money, we have decided that the five hundred rupee and thousand rupee currency notes presently in use will no longer be legal tender from midnight tonight, that is 8th November 2016.”

(Narendra Modi)

An unanticipated announcement broke the calm like lightning cracks the darkness of an evening sky. It sounded like a bad joke, really. For a country where cash is used in 97 percent of all consumer transactions, a move to invalidate 86.4 percent of currency notes by value from circulation is ludicrous; in fact, insane.

It has been one year since the policy was implemented.

“India’s government did something that no other government had attempted before at the same scale,” correctly points a recently published [article](#) in the Harvard Business Review, to commemorate the anniversary since the demonetization was announced. Of course, a theme of discourse from Harvard ‘Business’ Review is predictable. An accent is placed on the promotion of “digital economy.” The method

which Indian government applied for that purpose is described as a necessary evil, with consequences for the vast majority of the population significantly downplayed, while critics are denounced as advocating for the “status quo interests” who will “lose out as a consequence of change.”

It was an unpleasant experience reading this from the Harvard Business Review. Indeed, a deadly poison is hidden in the spoon of honey, served to liberal-minded American economists and prosperous Indian immigrants with a ‘Westernized’ mindset, through a sense-catching bouquet of phrases such as “financial inclusion” and access of the poor to “government subsidy” via “digital infrastructure.”

Conspicuously, the decision of whether or not one needs to be connected to that ‘digital infrastructure’ did not rest with the people. They were forced into the system when they had to deposit the demonetized cash into banks, thus creating banks accounts and becoming connected to the ‘digital economy’.

This grotesque and vulgarly undemocratic process is described as “the Shock Therapy of demonetization.”

It is worth scaling back and examining the subjugated reality of that ‘procedure’.

The Shock Therapy

Long queues in front of cash-strapped ATM’s and banks was the immediate aftermath, as people across India desperately attempted to get rid of the banknotes which were turned into “worthless pieces of paper”, as Prime Minister Modi puts it. The highest denomination notes of 500 and 1000 rupees represent a bulk of savings held by Indian households. Depositing everything to the bank was the only option for them.

Citizens had only 50 days to deposit their cash into the banking system, though an ability to quickly withdraw the money back in form of the new banknotes (‘slowly’ introduced into circulation after November 8) was not realistic. Most banks were

empty of cash. Furthermore, if people were lucky to find banks with currency, they could only **withdraw a limited** amount: 4000 rupees (\$61) per day, with anything above that sum subjugated to tax laws and additional questioning by the authorities about the nature of money. To make the matters even more painful, an additional weekly ceiling was set for withdrawal, amounting to no more than 20,000 rupees (\$307) and 24,000 rupees (\$369) by the time the deadline for deposition of cash approached.

Such practices can perhaps be downplayed as the mere responsibility of delinquent bureaucrats. The incentive, however, to increase obstacles for the population to withdraw cash was perhaps deliberate, as we will later examine in this piece.

During the shock therapy, the real economy that represents over 90 percent of India's workforce, or the "informal sector", as it is called, was in a state of total calamity. Small enterprises had no hard currency at hand to conduct commerce and pay wages (employees sometimes received their salaries in old banknotes), and no customers could afford what used to be their routine purchases, thus pushing production to a halt. No precise estimates are available on the number of jobs lost and on the number of small businesses shattered. Victims of a catastrophe in the informal sector were the poorest, possessing little to no savings and selling their labor for meager wages.

In the West, the British Broadcasting Corporation was one of the few media conglomerates to break the silence about the unfolding crisis. On November 17, it **published a piece** about the impact of demonetization on rural communities, **representing** two-thirds of the country's population. Life in the countryside was indeed paralyzed, with people being forced to travel dozens of kilometers to deposit their savings in the nearest banks which, of course, had no cash to give in return. Only 27 percent of Indian villages have access to the bank within a radius of five kilometers. Shortages of money and labor (as people traveled back and forth to withdraw their deposits) impacted direly on production and wages. Some villagers were left with no money at home to buy even basic necessities.

Hunger in rural India is a subjugated symbol of this brutal demonetization.

Appeasing the Private Power

The Anglo-American media conglomerates were virtually unanimous in their silence about the conditions in the countryside. Apart from the article on the BBC, I encountered no significant reporting on the matter. In fact, the BBC article on November 17 was rather an exception.

The anomaly was fixed on the next day when the BBC **reported** on the billionaire 'crusader' against poverty and an emblem of bourgeoisie altruism in philanthropy, Bill Gates, "thrilled" and excited about the events in India. 'Financial digital revolution' was on his mind when he met with Prime Minister Modi, emphasizing that "the bold move to demonetize high-value denominations...is an important step to move away from a shadow economy to an even more transparent economy."

In translation to reality, the move is an important step to achieve a "cashless" economy, the "digital realm", as Mr. Gates describes it, where even the poorest citizens will be connected to the financial system, conducting commerce electronically on gadgets such as the mobile phone, buying goods and using services of multinational corporations. This capitalist incentive is vividly outlined in the article: "He [Mr. Gates] is looking forward to the entry of players such as mobile phone companies and others into the consumer finance market - something the Modi government has said it is poised to authorize."

All these will supposedly help to reduce poverty.

Just a few days later, on November 21, the BBC **demonstrated** what a cashless 'dream' looks like, publishing a report about Akodara, a small village in the Gujarat State, a place which is renowned as India's first cashless community. There, the salaries are paid directly into the bank accounts of employees. Villagers use the mobile phone to conduct transactions in shops. All aspects of trade involve cash, no more.

Akodara's digital economy is a result of an experiment conducted by the ICICI Bank (a privately-owned corporation), an exemplary amplified model in the report, the digital realm which Bill Gates (and other billionaires of the tech giants) strive to propel. Their narrative, according to the BBC and other major 'mainstream' media outlets, is worthy of prioritizing, as if they are predestined to sweep the ignorant masses into modernity. Civilizing the uncivilized, so to speak.

Such a narrative is poised to discipline the Western audience. The painful consequences of demonetization (if reported at all) are merely blamed on the government's approach towards a good policy, seen in the eyes of the business press, to require a short-term economic shock therapy.

Of course, both the business press and regular media apparatuses ignore the concealed agenda behind demonetization, though they do articulate the façade instructively, for example, the fact that Modi's government is acquiescent to enable foreign companies to enter the "consumer finance market", unlocked through demonetization.

A Darling of the Empire

To unveil the grotesque alliance which made the demonetization implementable, it is worth coming back to the election of Prime Minister Narendra Modi in 2014. Back during the elections month of that year, the BBC produced a **short broadcast** aiming to capture the mood of voters, particularly of those coming from the renowned Indian "middle class", as that is how the country's elites are labeled in the Anglo-American terminology. In a broadcast, the narrator spoke of an interesting phenomenon that the wealthy minority in India tends to be less participatory in polls than the poor majority.

Indeed, there is no need to vote. In the world's largest 'plutocracy', casting ballots for candidates is a task of the poor, as if they are merely players (not voices) of a system that is "a stage", camouflaging the rampant market capitalism under the masquerade of party differences and identity politics. Reluctance to change the

status quo is pervasive in the mainstream political parties. It is worth remembering how Sonia Gandhi, a daughter-in-law of Indira Gandhi, led the independence party of National Congress “to its unforeseen victory” in 2004, writes a renowned investigative journalist, John Pilger, in his book Freedom Next Time- “by speaking against poverty, though rarely against the elitism that controlled and entrenched it.” Back then, the New York Times covered the story with a **headline**: “In Huge Upset, Gandhi’s Party Wins Election in India.” **Unrecognizable** is the rhetoric of the New York Times a decade later when Narendra Modi and his far-right nationalist BJP were victorious against the National Congress.

Modi suddenly became a political hero, a darling of the Wall Street investors, after undergoing an image campaign which obliterated his record of an alliance with a fascist Hindu nationalist wing of the RSS. The record of Modi being barred from entering the United States – as he was investigated at home for his role in the 2002 ‘pogroms’ against Muslims – in the Gujarat State where he was the Governor, was forgotten.

“Business leaders in the U.S. and around the world applaud his credentials”, **elaborates** the Wall Street Journal following Modi’s election. Indeed, the winds of neoliberalism are blowing strong, powered by government’s pursuit of ‘reforms’. The “middle class” elites were indeed excited.

‘Shining India’ is once again a relevant slogan, first developed a decade earlier by an American advertising firm, Grey Global Group, attempting to paint a picture of a miracle, turned reality by the forces of free market, symbolized on the ground by call centers and high-tech offices of ‘Western multinationals’ in cities such as Bombay (or Mumbai) and Bangalore.

The nanny state, in the meantime, works to enable that free market miracle.

Prior to the demonetization ‘reform’, the United States Agency for International Development (USAID) enhanced its cooperation with the Indian Ministry of Finance. Pushing “back the use of cash in favor of digital payments”, reported a German

business journalist, [Norbert Haering](#), on [Global Research](#), is one of the agency's goals for "India and globally."

Spending an undisclosed sum of American tax dollars (an overall aid to India [has risen](#) to \$180 million), the USAID, along with its partners in New Delhi, funded the Inclusive Cashless Payment Partnership known as [Catalyst](#) in October 2016, less than a month before Prime Minister Modi announced demonetization. The effort was also powered by "40 partner organizations including private, public and non-profit sector organizations." The program itself is multidimensional, conducting research, facilitating "ground-level experiments" and influencing local government representatives to advance the aim, which is to "increase adoption of digital payments in India, using a targeted ecosystem approach."

Badal Malick, the appointed CEO of Catalyst emphasized the following about the initiative:

"Catalyst's mission is to solve multiple coordination problems that have blocked the penetration of digital payments among merchants and low-income consumers. We look forward to creating a sustainable and replicable model. (...) While there has been (...) a concerted push for digital payments by the government, there is still a last mile gap when it comes to merchant acceptance and coordination issues. We want to bring a holistic ecosystem approach to these problems."

The "holistic ecosystem approach" was well known within the highest realms of power in New Delhi. Thirteen months prior to demonetization, Prime Minister Modi traveled to the beating heart of the high-tech industry in San Jose. Sharing a stage with executives of the multinational corporation at the event titled "Digital India", in the heart of the Silicon Valley, Modi [orated a speech](#) where he praised technology as a weapon to 'attack poverty'.

An approach expressed in the speech is very revealing. Speaking openly about his intention to digitalize the economy, Modi placed an accent on the government's aim

to “transform governance, making it more transparent, accountable, accessible and participative.” Thus, “E-Governance”, he stated, “is a foundation of better governance – efficient, economical and effective.” Furthering the topic, Modi spoke about a concept of “M-Governance or mobile governance”, which in a country of one billion mobile phones will put “governance within everyone’s reach.”

Governance is a widely applied term in the business world. As a political writer, Diana Johnstone, **addresses**: it “refers to successful management of large corporations, united in a single purpose and aiming at maximum efficiency.” No wonder Prime Minister Modi used the term excessively while emphasizing Digital India. A policy of moving the country away from cash will connect the population to a structured digital infrastructure, bringing “governance – efficient, economical and effective”, “within everyone’s reach.” To top it off, Modi declared before the corporate executives: “We want paperless transactions. We will set up a digital locker for every citizen to store personal documents that can be shared across departments.”

The CEO’s were thrilled by the message, eyeing opportunities that lay in the concept of “governance within everyone’s reach.” Indeed, the sovereignty of citizens was not on the agenda. Widening the prevalence of a structure, the big brother, so to speak, is a traditional top-down approach of the bourgeoisie class, beneficial both for the government in its exercise of surveillance and the private power, emboldened and protected by a system that is state capitalism, though portrayed in a disciplinary manner to the general public as ‘free market’ and its expansion as ‘globalization’.

Translating Modi’s rhetoric into reality, however, is a major challenge, as it was found in the USAID-commissioned **report** titled “Beyond Cash.” Conducted in 2015, the study outlines that “merchants, like consumers, are trapped in cash ecosystems, which inhibits their interest.” The report lists ideas of how the cash ecosystem can be combated, for example, by using credit as a “hook” for small merchants to “accept digital payments.” The study’s findings are listed on the official website of the Catalyst initiative. Dozens of NGOs that supported both the Beyond Cash study and Catalyst, are the representing voices of distant Western corporations such as Microsoft, eBay, Visa and MasterCard.

Conspicuously, the initiatives of small-scale approach lack efficiency without the government's hand. A brutal earthquake was needed in the "cash ecosystem" to force the population into submission. The neoliberal policymakers and Prime Minister Modi pushed the ecosystem on November 8.

'Shining India' After Shock Therapy

Combating "corruption" that is hidden from authorities in "black money", a justification orated on the national television by Prime Minister Modi, "has been a failure of epic proportions", stated [an article](#) on BBC news while summarizing data from the Reserve Bank of India. Close to 99 percent of all invalidated banknotes have been deposited into the banking system since November 8.

Indeed, Modi's rationale behind demonetization is outright ludicrous. Quite remarkable is the fact that it went virtually unchallenged, only evaluated as "failure of epic proportions", before becoming a forgotten chapter in the book of contemporary history.

An economic slowdown that followed the shock therapy is described in the business press as temporary pain, a sacrifice worth enduring for a promise of high yields in the future. "It will be very good in the second half of the year (2017)", [emphasized](#) Adi Godrej, one of country's richest business 'moguls', in an interview with CNBC news. His optimism is unsurprising. When the overall GDP growth declined to 5.7 percent, Mr. Godrej saw his 'economy' [grow](#) by twelve percent. In fact, 2017 is on track to be a record-setting year for wealth gains among Indian elite. The last time I glanced at Forbes' superficial [billionaire list](#) on November 4, the combined wealth of India's 105 richest business tycoons was equivalent to \$417.9 billion, a 28 percent jump from \$325.8 billion recorded in the winter months of the same year. Topping that list is Mukesh Ambani, the chair of Reliance Industries which, among other things, owns the world's largest and rapidly expanding 4G LTE network, Jio. He saw his wealth almost double in 11 months. At the time of writing, the Times of India [declared](#) in a rather celebratory tone that Ambani's family is now the richest in Asia.

This is where the economic growth is concentrated, generating \$451 billion in new wealth, according to the latest report compiled by [Credit Suisse Research](#). Indeed, the capital is booming while the labor is stuck in recession and inconceivable poverty. India has become a hotspot for foreign investment, containing “incredible” potential, as American billionaire Warren Buffett describes. Western high-tech multinationals such as MasterCard and Visa are on the [hunting spree](#) for Indian customers, chasing profits from “governance within everyone’s reach.” The local bourgeoisie of e-economics such as Vijay Shekhar Sharma have gained hundreds of millions in wealth directly from the shock therapy of demonetization.

Supporting the expansionist initiatives of their own bourgeoisie classes, Western government praised the developments, too, negotiating for greater liberalization of the market and calling for bilateral cooperation. A strong belief in U.S-India relationship as one of “defining partnerships of the century” was the emphasis of President Obama when he met Prime Minister Modi in 2015. Obama’s message has been replicated under the presidency of Donald Trump, whose Secretary of State, Rex Tillerson, reiterated in [his recent speech](#) at the Center for Strategic and International Studies in Washington that both countries “share a vision of the future”, implementable via “strategic partnership” in defense and investment between the world’s biggest “democracies.”

The imperialist architects in Washington conspicuously seek maintenance of the ‘Shining India’ status quo. An increasing military budget under BJP government promises contracts for America’s military-industrial corporations, while modernized capabilities of the Indian security apparatus serves favorably to Washington’s hegemony in the region. China is a clear problem for American empire in the Asia-Pacific as it develops independently with sovereign foreign policy, or “less responsibly”, as Secretary Tillerson made clear in his remarks. India is a strategic base for the empire’s containment of that irresponsible Asian power.

Since demonetization, a more inclusive governance provides greater opportunities for tax authorities to duty their fellow citizens; perhaps, helping to payroll New Delhi’s militarist ambitions. Growing from the soil of transforming economic

ecosystem was another neoliberal reform, the Goods and Services Tax, put into action under cheers of high-profile guests who attended the midnight session of Indian Parliament on 30 June 2017. Indeed, there were reasons for excitement. The reform incorporated all Indian states into a “single market”, more accessible and less **taxable for corporations**, while taxable and hostile for small producers.

Hunger for more “game-changing reforms” is growing as neoliberalism carves out wealth for foreign capital and the cooperative Indian bourgeoisie. **An article** from Business Press expresses this appetite in a rather interesting symbiosis of phrases: “New Delhi’s work is far from over, however, with many calling for urgent labor and land reforms — issues Modi attempted to address in recent years but failed amid massive public backlash.”

Who the hell are those “many?”

Perhaps, those “many” are not the likes of Sunil Kumar, whose story was **reported in the New York Times**, back when the media outlet still reserved some space to amplify the impact of demonetization. Mr. Kumar used to support his wife and two children on 15,000 rupees (\$220 or \$55 per each family member) he earned at the job place, lost following November 8. The family’s livelihood was shattered.

Those “many” are not the likes of Rafiq Ali, who was forced to send his wife and two children back to their native village, after finding virtually no employment for two months and reducing his diet to “roti and potato with salt.”

Conspicuously, those “many” voices who advocate for reforms are not the 150 million workers who participated in the **world’s largest general strike** two months prior to demonetization, denouncing the neoliberal path the Indian government is taking.

Those are not the 330 million **citizens who** go to bed hungry, consuming too little food to maintain normal physical activity; those are not the parents of half of India’s children who are growing with stunted weight. They are not coming from the 29.5

percent of those who fall below the **poverty line**, living on less than 972 rupees (\$15) per month in the countryside and 1407 rupees (\$21.60) in cities.

Digital India is an ignorant joke for six out of ten Indians who lack even primitive infrastructure, even access to basic sanitation.

These countless human lives represent a voice of shining India made silent. Looking down at the country from the conference rooms of high-profile business gatherings, from the windows of skyscrapers which host offices of multinational firms and from the lens of corporate media outlets who prioritize their narrative, these hundreds of millions of voices are invisible. Absent! Their status is that of “unpeople”, predestined to be erased from the contemporary record.

It is as if India did not gain its independence in 1947, as if Jawaharlal Nehru never proclaimed in Tryst with Destiny that his country will wake up “to life and freedom”, as if Mahatma Gandhi never shined a wisdom that the “Earth provides enough for every man’s need but not for every man’s greed.”

The Empire which occupies India today is as pervasive as it is concealed.

Millions of people are becoming “collateral damage” to its economic gains.

Millions more, however, will continue the fight against this modern power.

Fighting against the empire of a globalized financial sector!

Fighting against neoliberalism!