

Demonetisation: One Year After Towards a Synoptic View

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sacw.net – 28 November 2017
<http://www.sacw.net/article13578.html>

Prefatory Note

Demonetisation is, beyond doubt, the most talked of action taken by the incumbent Narendra Modi regime, as yet, which came to be in place in May 2014¹, just over three and a half years back replacing the UPA regime, with the Congress at the head, soundly defeating it in the national poll held a while earlier.^{2, 3, 4}

One of the major promises made by Narendra Modi, and his party BJP, during the poll campaign was to end the *policy paralysis* under the UPA-II⁵, led by, scholarly, soft-spoken and rather reticent Dr. Manmohan Singh, who, btw, had never ever won a direct election, at whatever level. The alleged *paralysis*, in turn, was at least partly an outcome of the various corruption scandals that the old regime got embroiled in.⁶ Modi, a fiery and raucous orator, a complete contrast from the public persona of Singh - in very many ways, rather expectedly used this opportunity to the hilt.⁷

Be that as it may, November 8 2017 was observed by the various opposition parties, including the Congress, as a *black day*, terming *demonetisation* as a Modi-made disaster. The BJP, on the other, celebrated it, in response, as the *anti-black money day*.^{8, 9, 10}

So, it'd be quite in the fitness of things to make a factual evaluation, even if from a specific standpoint, of the measure, its actual impacts and to what extents it has succeeded or failed to meet its initially, and also subsequently, stated goals over the span of the last one year.

The announcement

*In a shock and awe move, Prime Minister Narendra Modi announced [today, Nov. 8, late evening] withdrawal of Rs.500 and Rs.1,000 notes in a bid to check black money and cross-border monetary transactions of counterfeit currency. "Notes of Rs.500 and Rs.1,000 not valid from midnight November 8, 2016," said Modi in a late-evening address to the nation, evoking strong reactions from the man on the street to his political opponents.*¹¹

Prefaced with some pep talk which included a laundry list of the various welfare schemes introduced by his government ostensibly for the benefit of *common* Indians and his determination to fight *corruption*, the *shock and awe* rather burst forth:

*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.*¹²

While the tag *shock and awe* was quite apt if the reaction of the lay public is taken as the criterion, the other qualifier *surgical strike* – as emblazoned in the very caption of the subject news report, implying precision targeted lethal attack (with no, or at the most rather minimal, collateral damage), was quite visibly utterly misplaced.

Reportedly, as a consequence of the move, 86% of the currency was overnight sucked out of the Indian economic system, which had been heavily cash dependent - with the cash-to-GDP ratio being over 13%¹³ and, as per one recent estimate,¹⁴ 97% of retail transactions are cash-based.¹⁵

Thus, the announcement just triggered panic and chaos all around¹⁶ as regards how to go on with one's daily, even if in so many cases rather miserable, life.

Critics, however, did compare the move with firing cannonballs to kill mosquitoes.^{17, 18}

The goals of this earth-shaking measure were, however, pretty tersely laid down:

*This step will strengthen the hands of the common man in the fight against [I] corruption, [II] black money and [III] fake currency.*¹²

He, however, had also, elsewhere, talked of four goals:

*fight against corruption, black money, fake notes and terrorism.*¹²

So, *fight against terrorism* constituted the fourth goal.

The rest of the speech was made up of a list of modalities of implementation and a final emphatic appeal to Indian citizens to *ignore the temporary hardship* in order to *fight corruption and black money* so as to *ensure that the nation's wealth benefits the poor*.

The Political Context

In early 2011, India saw the triggering of a series of massive protests against corruption in high places at the initiative and under the leadership of Anna Hazare, a self-styled Gandhian from Maharashtra backwater. The central demand was to get a new law legislated and enacted to appoint a

(non-elected) non-party effective overseeing body, both at the central and state levels, in order to monitor and eradicate corruption. The campaign spilled into 2012, because of perceived government apathy and, at times, active hostility. Eventually, however, the government and the parliament had to give in, at least very substantially, and the Parliament of India enacted the *Lokpal and Lokayuktas Act, 2013* in December 2013.¹⁹ But, by that time, the image of the then incumbent regime had got severely soiled. And, this anti-corruption campaign provided strong tailwind to the main opposition, Hindu nationalist, BJP and its prime leader Narendra Modi in the early 2014 poll campaign. Along with the theme of *Hindu nationalism*, good governance, development, job creation etc. etc. the issue of *black money* was also emphatically harped upon.

In one video clip, which has since gone viral, the Prime Ministerial aspirant Modi is heard claiming, in his signature style, that if the black money stashed in *foreign banks* by *thieves and looters* is brought back to the country then every poor of the country is going to get richer by Rs. 15-20 lakh just like that. Of course, the Congress was the culprit overseeing and effecting this loot. And if he comes to power he'll immediately ensure bringing this huge heap of wealth back to the country.²⁰

The then national president of the BJP, Rajnath Singh had reportedly promised to do this in the first 150 days.²¹ As per another, he had promised to do that in just 100 days.²²

It is rather needless to point out here that after the BJP in fact coming to power nothing of that sort happened. Of course, a Special Investigation Team (SIT) was appointed to unearth black money stashed in foreign banks, in July 2014, but only under the instructions of the Supreme Court.²³ But, not a single rupee of *black money* came back from *foreign banks*. Not a single list of people having suspicious accounts in *foreign banks* was made public by the government. Not till November 8 2016. (Not till today.)

On the other, a major high-profile economic offender, Vijay Mallya, with a number of serious charges pending against him, had smoothly slipped away to London, in early 2016, from under the very nose of this regime.²⁴ Prior to that, another high profile economic offender, Lalit Modi, publicly acknowledged having *sought and received help from External Affairs Minister Sushma Swaraj and Rajasthan Chief Minister Vasundhara Raje* while in the UK, where he had earlier escaped to.²⁵

After coming to power at the Centre, Modi persisted with developing an unabashedly business-friendly image promoting *development*, without, of course, abandoning the theme of Hindutva (Hindu nationalism).

A rather revealing representative illustration is how this regime persistently tried to nullify the peasant-friendly amendment effected via the *Land Acquisition, Rehabilitation and Resettlement Act, 2013* by repeatedly issuing ordinances to bypass the hurdles posed by the upper house of the Indian parliament.²⁶

Another poor-friendly Act, National Rural Employment Guarantee Act, had been publicly scoffed at by Modi.²⁷

All these led to the government being labelled as a *Suit-Boot ki Sarkar*.²⁸ The label appeared to have stuck all the more as Modi had strutted in an allegedly Rs. 10 lakh suit with his own name written all over with gold thread to greet the then US President Barack Obama, on a three-day trip to India having been invited as the Chief Guest at the Republic Day function in 2015.²⁹

Even Modi's pre-election promise, sort of further endorsed by the then BJP national President Rajnath Singh, of bringing back Rs. 15 lakh for every (poor) Indian from the foreign banks turned into a popular butt of a joke in the social media and also in the *real* world.

So much so, the new BJP President Amit Shah, considered to be too thick with Modi, was constrained to issue a clarification of sorts that it was only a political *jumla* (or customary empty campaign rhetoric).^{30, 31}

This, in turn, would attract a hail of flak.

More importantly, soon after, in an early February poll for the Delhi assembly, the BJP had to suffer a humiliating defeat.³²

This was further accentuated by a resounding loss in a Bihar poll by the end of the year.³³

An astute politician that Modi is, that set the stage for repositioning the brand *Modi*, without too much tweaking the product itself.

Apart from continuing with the image of an unrelenting (economic) *Reformist*, as has been currently highlighted in the act of single-minded pursuit of the (disruptive) GST³⁴ (and also, for that matter, the celebratory din over the, apparently economically unviable,^{35, 36} Ahmedabad-Mumbai Bullet Train,³⁷ India's markedly improved ranking by the World Bank in terms of *ease of doing business*^{38, 39} and upgrading of India's *sovereign ratings* by Moody's,⁴⁰ while maintaining stoic silence over the slippage in *Global Hunger Index*⁴¹ and the widening gender inequity,⁴² which rather compellingly underlines that *ease of doing business* and *ease of living life* are just not the one and the same thing), albeit with a somewhat fluctuating emphasis, a calibrated dose of *populism*, with two interconnected constitutive elements, is to be added now.⁴³

One is a *pro-poor* stance, and the other is an enhanced emphasis on *Hindutva*, as would be graphically illustrated in the choice of Ajay Singh Bisht aka Yogi Adityanath, a fire-eating and utterly controversial head

priest of a major Hindu temple, as the Chief Minister^{44, 45} of UP, the most populous Indian state with the highest number of parliamentary seats and the subsequent virtual ban order⁴⁶ on cattle sale in cattle markets. The rather stunning act of demonetisation is the most dramatic and eye-catching component of the former element.⁴⁷

Past History of Demonetisation in India

There were two demonetisations in the past.

The first time India had demonetisation under British rule on January 12 1946.

In the post-war scenario, demonetisation of high denomination notes was effected following in the footsteps of several foreign countries, including France, Belgium and the UK itself, ostensibly to fight against black market money and tax evasions which had understandably assumed enormous proportions.

Interestingly, even then the Reserve Bank was reportedly not in alignment and the outcome appeared to be a failure:

*The measure did not succeed, as by the end of 1947, out of a total issue of Rs. 143.97 crores [sic] of the high denomination notes, notes of the value of Rs. 134.9 crores [sic] were exchanged. Thus, notes worth only Rs. 9.07 crores [sic] were probably 'demonetised', not having been presented.*⁴⁸

The next time, it was on January 16 1978, under the Morarji Desai government (of the Janata Party) with H M Patel as the Finance Minister. The declared aim was broadly similar. Rs. 1000, Rs. 5000 and Rs. 10000 notes, a rather rarity in those days, were demonetised. Understandably, the common people were not at all affected. Yet, it triggered chaos and long queues before the banks. Only three days had been allowed for exchange of old notes.

The then RBI Governor, I G Patel, had very interestingly noted:

*such an exercise seldom produces striking results. Most people who accept illegal gratification or are otherwise the recipients of black money do not keep their ill-gotten earnings in the form of currency for long. The idea that black money or wealth is held in the form of notes tucked away in suit cases [sic] or pillow cases is naïve. **And in any case, even those who are caught napping—or waiting—will have the chance to convert the notes through paid agents as some provision has to be made to convert at par notes tendered in small amounts for which explanations cannot be reasonably sought. But the gesture had to be made, and produced much work and little gain.***⁴⁸

Governor Patel, additionally, indicated that for some people in the Janata government the demonetisation was a measure specifically targeted

against the allegedly *corrupt* predecessor governments or government leaders.

The outcome, apparently, was nothing to talk of.⁴⁸

Whose Idea, This Time?

While, in absence of any definitive info, it is hard to pinpoint wherefrom the idea emanated this time. One can only engage in informed speculations.

But, even then, one is on a far surer ground as regards whose idea it was not.

Raghuram Rajan, an economist of considerable international repute, who was the Reserve Bank of India (RBI) Governor from Sept. 5 2013 to Sept 4 2016,^{49, 50} i.e. almost up to two months before the declaration of demonetisation, has since gone on record saying that on being asked he had opined against the move both verbally and also in writing making out that the short term costs of the measure would considerably outweigh its long term gains. Yet, he had listed out a number of necessary steps to be taken for best implementation in the event of his advice being ignored. These also appeared to have been just overlooked.

"I was asked by the government in February 2016 for my views on demonetisation, which I gave orally. Although there might be long-term benefits, I felt the likely short-term economic costs would outweigh them and there were potentially better alternatives to achieve the main goals. I made these views known in [no] uncertain terms," Rajan wrote.

He added that he had handed over a note to the government outlining the potential cost and benefits of demonetisation as well as alternatives to achieve similar aims.

He further said: "If the government, on weighing the pros and cons, still decided to go ahead with demonetisation, the note outlined the preparation that would be needed and the time that the preparation would take. The RBI flagged what would happen if preparation was inadequate."⁵¹

His successor Urjit Patel was, at that time, quite new in his seat, occupying it for just over two months. So, plausibly, he could have had not played a major role here.

In any case, here is a report giving out the official RBI version⁵² of its role in the decision making:

SO far, the Government has suggested that the decision to withdraw 500-rupee and 1,000-rupee notes came from the Reserve Bank of India. But in its submission to a Parliamentary panel late last month, the RBI, agreeing with

the Government's rationale behind the move, has made it clear that it was the Government which "advised" it to do so.

"Government, on 7th November, 2016, [just the day before making the announcement, not by the RBI, not by the Finance Minister, but by the Prime Minister] advised the Reserve Bank that to mitigate the triple problems of counterfeiting, terrorist financing and black money, the Central Board of the Reserve Bank may consider withdrawal of the legal tender status of the notes in high denominations of Rs 500 and Rs 1,000," said the RBI in a seven-page note submitted on December 22 [2016] to the Parliament's Department Related Committee of Finance headed by Congress leader M Veerappa Moily.

Here is another interesting nugget from an analytical note:⁵³

But in this case, Central Board [is supposed to have] played a crucial role as demonetisation happened on their recommendation. That is [at least] what [the] law says as per Section 26 (2) of RBI Act. Again repeating it:

(2) On recommendation of the Central Board the [Central Government (in original text)] may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender...

I mean the whole exercise is so confusing. One knows that just 2 persons from RBI (Governor and 1 DG) knew of the exercise. They were part of the Central Board but not the board. The Full Board as we know was informed by the government at 6 PM on 8 Nov 2016. So [that] one can say: "The Central Board based on government orders recommended the government to declare that Rs 500 and Rs 1000 currency have ceased to be legal tender....".

...

Previous two denominations [read: demonetisations] were via ordinances and did not require RBI Board recommendation as government ceased them via fiat. This time also it was fiat but in a round about [sic] way.

As regards whose idea, there are (somewhat divergent) reports that one Anil Bokil, a mechanical engineer turned financial theorist and currently heading a Pune-based group Arthakranti Sansthan that advocates financial reforms in India, had suggested it to an attentive Modi back in 2015.

As per his claim, he had put forward a, more than sixteen-year old five-point plan, including one of replacing all taxes by a single point 2% tax on all transactions that should be routed only through banks.

None of the other points appear to have been paid any heed to. He had also recommended scrapping of Rs.100 notes.^{54, 55, 56} It makes a nice story for the media, but that's all as it appears.

Here is quite another story,⁵⁷ apparently, planted by the regime's spin doctors:

Prime Minister Narendra Modi handpicked a trusted bureaucrat, little known outside India's financial circles, to spearhead a radical move to abolish 86 percent of the country's cash overnight and take aim at the huge shadow economy.

Hasmukh Adhia, the bureaucrat, [then Revenue Secretary and now appointed as Finance Secretary on Nov. 6 2017⁵⁸] and five others privy to the plan were sworn to utmost secrecy, say sources with knowledge of the matter. They were supported by a young team of researchers working in two rooms at Prime Minister Modi's residence, as he plotted his boldest reform since coming to power in 2014.

When announced, the abolition of high-value banknotes of 500 and 1,000 rupees came as a bolt from the blue.

...

The 58-year-old served as principal secretary to Mr Modi from 2003-06 when he was chief minister of Gujarat, establishing a relationship of trust with his boss and introducing him to yoga.

...

Mr Adhia was named revenue secretary in September 2015, reporting formally to Finance Minister Arun Jaitley. In reality, he had a direct line to Prime Minister Modi and they would speak in Gujarati when they met to discuss issues in depth.

...

Immediately after the address, Mr Adhia sent a tweet: "This is the biggest and the boldest step by the Government for containing black money."

The boast harked back to Prime Minister Modi's election vow to recover black money that had resonated with voters fed up with the corruption scandals that plagued the previous Congress government.

Over more than a year, Prime Minister Modi commissioned research from officials at the finance ministry, the Reserve Bank and think-tanks on how to advance his fight against black money, a close aide said.

...

Under Mr Adhia's oversight, the team of researchers assembled and modeled [sic] the findings in what was, for it, a theoretical exercise.

(A more elaborate and further touched up version⁵⁹ has been repeated later, on the eve of the first anniversary of demonetisation.)

So, here, a major credit is attributed to a trusted career bureaucrat - of course of Gujarat cadre, having a *PhD in yoga* (currently) in the Finance Ministry, not an *economist*, by any stretch. Presumably, to neutralise the criticism that no independent expert input did go into, not even of the Chief Economic Adviser Arvind Subramanian,⁶⁰ and no due diligence was undertaken in the run-up to the allegedly rash and reckless move. Of course, at that time the story of completely ignoring the advice of Raghuram Rajan, the preceding RBI Chairman and a noted economist, was yet to become public.

Finally, it'd be worth taking note of an observation⁶¹ of an analyst carried by the *Times of India* website on the first anniversary of demonetisation:

Evidence emerging over the last fortnight clearly indicates that not a single economists [sic] of any significance has been consulted while conducting this demonetization exercise.

A Noteworthy Critical Response to the Announcement

Within the very first week of the *announcement*, a number of well-known, and not-so-well-known, social activists, including a few prominent Leftist economists and other luminaries, came out with a fairly detailed critique⁶² of the move - pretty harsh in tone.

It asserted, among other things:

Black money is generated through evasion of taxes on income from lawful activities and money generated from illegal activities. In the absence of steps to curb the generation of black money, demonetization is a futile exercise, as it proved to be in 1978.

And, further underlined:

In the last 5 years, IT raids have found that only 5-6% of black money is kept in hard cash. Moreover, those who have amassed sizable black money are equipped to find ways around demonetization by converting their existing cash to bullion, gold jewellery, real estate and foreign currencies through brokers and middle-men. In fact, organized middle-men and touts have already emerged to convert black money into white for a commission.

It listed out a number of instances allegedly establishing the government's utter insincerity as regards the fight against black money. It made a special mention:

A key campaign promise was to bring back black money stashed abroad and deposit Rs 15 lakh each from the proceeds in the account of every citizen. Why has the Government not made public the names held by it of Indian account holders in offshore banks?

It emphatically claimed:

It is evident that demonetisation will not achieve its stated intent of eliminating black money but has thrown the entire country's economic system in disarray. Related developments also call into question Government's [very] intentions.

The RBI Annual Report

While speculations and debates were raging over the net outcome of demonetisation, especially because of the RBI stonewalling various queries on the issue from various quarters,^{63, 64, 65, 66} on August 30, the RBI came out with its (routine) Annual Report (2016-17)⁶⁷.

And:

*On page 195 of this year's **Reserve Bank of India (RBI) annual report** lies the answer to the question many Indians have been asking for close to 10 months.⁶⁸*

It⁶⁷ puts rather blandly:

Until June 30, 2017, SBNs were received by the Reserve Bank either directly or from bank branches/post offices through the currency chest mechanism. Some of these SBNs are still lying in the currency chests. The value of the SBNs received by the currency chests has been credited to the banks' account on "said to contain basis". Till such time these notes are processed by the Reserve Bank for their numerical accuracy and authenticity, only an estimation of SBNs received back is possible. Subject to future corrections based on verification process when completed, the estimated value of SBNs [Specified Bank Notes] received as on June 30, 2017 is (Rs.) 15.28 trillion. ...

Therefore, the value of notes in circulation is subject to adjustments to be made after the completion of the verification process of the SBNs received as also for the notes to be received from DCCBs [District Cooperative Banks] and Nepalese citizens/ Financial Institutions.

It is quite noteworthy that only after the release of the Report, the RBI shared this info with the Parliamentary Standing Committee on Finance:

Last week in its annual report, the RBI finally made public the details of the junked notes that have come back into the system putting the figure at Rs 15.28 (rpt) 15.28 lakh crore.

The same figure has now been shared with the Parliamentary Standing Committee on Finance.

And, even then:

The RBI has told a parliamentary panel that it has "no information" on how much black money has been extinguished as a result of demonetisation of Rs 500/1,000 notes or about unaccounted cash legitimised through exchange of currency post note ban.⁶⁹

Be that as it may, the sum and substance of the subject disclosure is rather crisply captured here:

According to Reserve Bank of India's (RBI) annual report released Wednesday, 98.96% of Rs 500 and Rs 1000 notes (by value) that were invalidated due to the demonetisation exercise had been returned by the end of June.

*...
The RBI annual report said that "subject to future corrections based on verification process when completed," the estimated value of the banned notes it "received" was Rs 15.28 trillion. This compares with the Rs 15.44 trillion of the invalidated notes that were in circulation as of 8 November, according to data provided by minister of state for finance Arjun Meghwal to Parliament on 21 January.⁷⁰*

The significance of 99.96% of banned notes amounting to Rs. 16,000 crore coming back to the banks, which, with the possibility of some more amounts lying with the various DCBs and Nepali citizens, even if not the amounts still lying with Indian citizens for a variety of reasons, coming back to the system, may still further go up, even if only marginally, comes out rather starkly when read together with the following:

Following Prime Minister Narendra Modi's surprise announcement of the invalidation of old high-value currency notes on 8 November, estimates suggested that around Rs 3 trillion would not return to the banking system because it was unaccounted or black money. While defending demonetisation in the Supreme Court in November, then attorney general Mukul Rohatgi said around Rs 4-5 trillion would probably not find its way back into the system.⁷⁰

There are also other reports endorsing the same narrative.⁷¹

So, against an anticipated Rs 4-5 trillion (i.e. 4-5 lakh crore), or at least 3 lakh crore, only an amount of Rs. 16,000 crore, which may still get a bit further reduced, has eventually not come back.

No amount of spin is going to alter this core fact.

Let's not forget, it's the AG, the highest law officer of the Union Government, who had claimed before the highest court of the land that Rs. 400-500 lakh crore is expected to be extinguished because of demonetisation.

*And, it eventually turned out to just Rs. 16,000 crore.
That's the essential unvarnished fact.*

There were, of course, very many other unofficial estimates. Here is one by the India's leading pink paper, known to be generally supportive of the incumbent regime's economic policies:

According to initial estimates, a significant chunk of the Rs. 15 lakh crore in high-denomination currency was not expected to come back into the system. But that estimate has been steadily scaled back with some pegging the returned amount at as much as Rs 10 lakh crore. This hasn't been independently verified.

In any case, the unreturned amount is likely to be less than early estimates as the government has allowed a settlement option at 50% tax for unaccounted income. Some estimate that amount of unreturned notes will be Rs 3-4 lakh crore.⁷²

Seizure of Fake Currency

In his late evening address to the nation on Nov. 8 last year, announcing the momentous decision of demonetisation, the Prime Minister had clearly identified *fight against fake currency* as one of the three (or four) drivers listed by him on that occasion.

And, this is also a claim that is the easiest to evaluate.

The Reserve Bank of India (RBI) on Wednesday said detection of counterfeit notes in 2016-17 was 20.4 per cent higher than the previous year. Barring Rs 100 notes, the detection of counterfeit notes increased across denominations — notably Rs 500 and Rs 1,000 — during 2016-17, the RBI said in its Annual Report. The value of fake demonetised Rs 500 and Rs 1,000 notes was around Rs 41 crore. According to the RBI, 2,56,324 Rs 1,000 notes valued at Rs 25.63 crore were detected during FY17. It reported that 3,17,567 Rs 500 notes valued at Rs 15.87 crore were detected.⁷³

Interestingly, even the new Rs 2,000 notes, issued after demonetisation, are already being counterfeited. The report says 638 fakes of this denomination [sic] were detected.⁷⁴

Not only that:

In the nearly one year since Rs 2,000 and new Rs 500 notes were introduced, their counterfeit versions have improved from easily identifiable in the beginning to "highest quality" in recent times, according to [the Department of Revenue Intelligence] officials who track FICN (fake Indian currency notes) cases.

...

... [According to a senior DRI official,] "(c)urrency seized just after demonetisation were of low quality, visible to the naked eye, but the quality of the notes recently seized have improved and a common man now cannot immediately distinguish whether it is fake or genuine."⁷⁵

Yet another, still more recent, report further confirms this trend.⁷⁶

Two points, here, need be noted.

One, of Rs. 15.28 lakh crore which came back to the banks out of a total of Rs. 15.44 lakh crore demonetised, the value of fake notes *actually detected* is only Rs. 41.50 (= 25.63 + 15.87) crore.

That's too measly a sum, just 0.0027% of the notes returned, in terms of value.

It's regardless of the various estimates of fake notes circulating in Indian economy.^{77, 78, 79}

Here, one has to keep in mind that, at any given point of time, the overwhelming bulk of the fake notes would be in circulation as the creators of these notes, regardless of their specific motive(s) - plain (illicit) financial gain or sabotaging the Indian economy or both or whatever else, would have no interest in keeping these notes piled up on their tables.

So, these would, mostly, be in the hands of unsuspecting possessors. And, there is no reason to suspect that these people, quite unaware of the counterfeit nature of these notes, shied away from rushing to the bank branches to deposit these back along with the rest of the demonetised notes, as everybody else did.

Only those directly linked to the fake note network would scrupulously stay away.

The second point of interest is that:

638 counterfeit notes of new Rs 2,000 notes [amounting to Rs. 12.76 lakh] ... were also detected.

(And, the quality of counterfeiting has considerably improved over the last one year making it difficult for a lay person to tell a fake note from a genuine one.)

So, the inescapable conclusions that follow are:

One, the quantum of fake notes circulating in the Indian economy is too miniscule to justify the hugely disruptive demonetisation.

Two, even then, demonetisation has made actually little, if at all any, impact on generation and transmission of fake notes.

The Other Two, of the First Three, Goals: How Have These Fared?

These two goals as enunciated by the Prime Minister on the momentous evening of November 8 last year are to:

strengthen the hands of the common man [read government] in the fight against [I] corruption, [II] black money.

As *corruption* is a generic term, we'd first take up the issue *black money*.

Fighting (or Eliminating?) Black Money

*Black money is generated through evasion of taxes on income from lawful activities and money generated from illegal activities.*⁶²

It has been pointed out by umpteen number of knowledgeable commentators that only a minor fragment of the *black money* is held in hard Indian currency.

As far back as in 1978, the then RBI Governor, I G Patel, as regards the efficacy of the demonetisation undertaken then had opined, as already pointed out above:

*The idea that black money or wealth is held in the form of notes tucked away in suit cases [sic] or pillow cases is naïve.*⁴⁸

Here is a more contemporary observation by a knowledgeable commentator:

*people do not hold all their black money in the form of cash in their homes. They convert it into gold and real estate, and move it abroad to tax havens. From there it comes back through Foreign Institutional Investors (FIIs) and is invested in the stock market as well as debt market.*⁸⁰

He further illustrates and buttresses his argument by providing in a tabular form the figures related to the outcomes of the search and seizure operations carried out by the Income Tax Department over a period of six years (2006-07 - 2011-12) and summarises as under:

If we look at data for the period of six years of close to 24,000 seizure and search operations, cash formed 4.9 per cent of the undisclosed wealth. Also, the proportion varied from 3.7 per cent to 7.4 per cent over the years. What this data tells us is that people who have black money do not store it in the form of cash. There are better ways of storing that wealth.

Here is another:

*Cash recovery has been less than 6% of the undisclosed income seized from tax evaders, shows an HT analysis of data from tax raids from financial year 2012-13 onwards.*⁸¹

Apart from the fact that demonetisation was in no way, repeat no way, a move towards bringing back allegedly stashed black money in foreign banks, as had been promised by the PM aspirant Modi, the data cited above underline a big basic flaw in conceptualising demonetisation as the most effective way to fight black money.

Be that as it may, as had been pointed out earlier, the then Attorney General of India, Mukul Rohatgi, had informed the Supreme Court of India:

*around Rs 4-5 trillion (4-5 lakh crore) would probably not find its way back into the system.*⁷¹

The leading pink paper of India, the *Economic Times*, known to be generally supportive of the incumbent regime's economic policies, almost a month after demonetisation, carried a speculative report as regards a possible government move to issue an ordinance to enable the RBI to *extinguish*, i.e. *cancel*, the demonetised notes that are not returned by December 30.

In this it propositioned:

*Only when the unreturned currency is cancelled can it be made available to the government, possibly via a dividend paid by RBI. Once this is done, the government could consider the amount so recovered for its budget that's scheduled to be presented on February 1.*⁸²

In this specific context, it further noted:

According to initial estimates, a significant chunk of the Rs 15 lakh crore in high-denomination currency was not expected to come back into the system. But that estimate has been steadily scaled back with some pegging the returned amount at as much as Rs 10 lakh crore [emphasis added]. This hasn't been independently verified.

In any case, the unreturned amount is likely to be less than early estimates as the government has allowed a settlement option at 50% tax for unaccounted income. Some estimate that amount of unreturned notes will be Rs 3-4 lakh crore [emphasis added].

Based on such unreal estimates, which would soon turn out to be simply absurd, there were also inspired speculations in the media that every Jan Dhan account, at least those with zero balance, would be credited with Rs 10,000.00, or some such sum, out of the windfall gain.^{83, 84, 85}

On the ground, rumours that *Rs 50,000 or Rs 75,000* would be deposited were reported by a sceptical reporter.⁸⁶

What a grand example of wild daydreaming!

But must be quite reflective of the anticipations in the official circles in those days, as testified by the AG's remark before the Supreme Court.

Hence, the demonetisation, clearly, turned out to be a huge flop as far as mopping up of black money is concerned, in terms of the original projections and hopes raised.

That did not, however, stop the spin doctors of the regime from going on an overdrive to prove that white is black.

A report in the *Times of India*, the leading national newspaper of India, which very much unabashedly reads like an unedited government handout carried on the day after the release of the RBI Report, boldly proclaims:

*The Government had expected all the SBNs [Specified Bank Notes] to come back to the Banking system to become effectively usable currency.*⁸⁷

The obvious question, apart from the stark mismatch with the expectations aired earlier, that arises is that if the government's intention, all the while, was to make the black money come back to the system then what was the need for so much of *secrecy* and *drama*⁸⁸, or why the District Cooperative Banks were not being allowed to return the SBNs accepted by them from Nov. 10-14 2016^{89, 90}, till they were specifically barred, why ordinary Indian citizens have been debarred from returning these notes to the RBI till March 31st this year, beyond 30th December last,⁹¹ thereby trashing the original commitment⁹² by the Prime Minister himself?

On the day of the first anniversary of demonetisation, the *Indian Express*, a leading national newspaper, has carried an article by a prominent member of the freshly formed Economic Advisory Council.⁹³ The author, Surjit S. Bhalla, tells us with a straight face, in a way echoing the *handout*, in the very caption of the article:⁹⁴

It (demonetisation) is an acknowledged political success and early 'returns' indicate an economic success story as well.

Now the reworked refrain is essentially twofold.

One, with almost all the SBNs (Specified Bank Notes) having come back, the tax base has expanded.

Two, the operation unearthing black money has really started now and is in full swing with the identification of the suspicious amounts deposited.

We'll, in the following, examine both the claims, one after the other.

Expanded Tax Base (and Gain)

In a front-paged report,⁹⁵ evidently based on official inputs, carried by the *Indian Express*, on this November 7, i.e. the eve of the first anniversary of demonetisation, it is claimed:

Tax compliance also got a boost in the months following demonetisation. A scrutiny of tax department data available until June 30, 2017 shows that for financial year 2016-17, 1.26 crore new taxpayers, including return filers and non-filers making tax payments, were added to the tax base of the country.

The total number of all returns, electronic as well as paper, filed during the entire financial year 2016-17 was 5.43 crore, 17.3 per cent more than the returns filed during 2015-16. The number of e>Returns of individual taxpayers filed till the due date of August 5, 2017 increased to 2.79 crore from 2.22 crore returns filed during the corresponding period last year, an increase of about 25.3 per cent.

...

The benefits of addition of new taxpayers, however, did not translate into a rise in tax payments, as was stated in the second volume of the Economic Survey, which was released in August. The Survey stated that the growth of taxpayers post-demonetisation was significantly greater at 45 per cent as against 25 per cent than in the previous year.

"The addition amounted to about 5.4 lakh taxpayers [emphasis added] or 1 per cent of all individual taxpayers in just a few months," it said. The addition to the reported taxable income of these new taxpayers, however, was about Rs 10,600 crore. "The tax base did expand after demonetisation. It is, however, interesting that the average income reported of the new taxpayers — Rs 2.7 lakh — was not far above the tax threshold of Rs. 2.5 lakh[emphasis added], so the immediate impact on tax collections was muted," the Survey authored by Chief Economic Adviser Arvind Subramanian said.

If we keep aside the increase in number of taxpayers and rather focus on additional amount of actual (income) tax payable on account of enhanced reporting, the following emerges.

5.4 lakh additional tax payers are to pay tax each on an (average) amount of Rs. 20,000 (= Rs. 2.7 lakh - Rs. 2.5 lakh) @ 5%⁹⁶, the lowest tax slab.

That works out to just Rs. 54 crore. What a princely sum!

This had been noted, in slightly different words, in an earlier analysis⁹⁷ as well:

The latest Economic Survey estimated that demonetisation added 5.4 lakh new taxpayers in the financial year 2016-17. However, the average income quoted by these new tax payers is only Rs 2.7 lakh, which would mean that they were required

to pay tax for an income of Rs 20,000 only, as income upto Rs 2.5 lakh is granted exemption.

Interestingly, the Chairman of the Central Board of Direct Taxes (CBDT) has in an interview⁹⁸ posited:

As a result of organised efforts under operation clean money, both tax collections as well as the tax base have shown a growing trend post-demonetisation. There is increase of 17.6% in number of ITRs filed under all categories till October 30, with 23% increase in ITRs filed by individuals. The increase in number of ITRs and tax collection [emphasis added] shows the positive effect of demonetisation.

The point to be noted is that while giving out figures related to increase in number of ITRs filed, there is just no mention of how much of additional tax has actually been paid and collected. Quite strange, considering the fact that the taxpayers are to pay their due taxes, as calculated by them, while filing the income tax returns.

Not too strange, of course, if the relevant figure is Rs. 54 crore or of that order.

Operation Unearthing Black Money

The ministry is probing deposits of over \$1 billion [i.e. about Rs. 6,500 crore] made by around 20,000 companies during the cash ban last year, while its Serious Fraud Investigation Office is investigating 1,505 companies for allegedly violating the Companies Act. It is examining another 809 listed companies, found untraceable by SEBI, to check their status, existence of their offices and directors, the minister said.⁹⁹

And, the Chairman of the CBDT informed,⁹⁷ presumably on Nov. 7 this year:

Apart from taking punitive actions, tax department has shared data of over 22,000 beneficiaries identified in the enforcement actions, evading income of over Rs 13,300 crore through 1,155 shell companies. Criminal prosecution complaints were filed in 47 cases and actions for criminal prosecutions in more than 100 cases of entry operators/ beneficiaries identified is under way.

He did further add:

During this year we have selected less than 1% cases for scrutiny [emphasis added, obviously the department is constrained by its limited resources, if not anything else as well] out of returns filed in last year, accepting 99% cases [emphasis added]. This shows that the department largely

believes in tax payers and cases are taken up for scrutiny only where there is prima facie evidence of tax evasion.

A Press Information Bureau (PIB), a Union Government wing, on August 1 2017, in a press release,¹⁰⁰ informed as under:

There was no official estimation of quantum of black money in India. However, post demonetization, the Income Tax Department (ITD) conducted searches in 900 groups of persons during November 2016 to March, 2017 leading to seizure of Rs 900 crores and admission of undisclosed income of Rs 7961 crores. During the same period, 8239 surveys were conducted leading to detection of undisclosed income of Rs 6745 crores. Information of various kinds of wrong-doings by about 400 persons was also shared with other law enforcement agencies such as Enforcement Directorate and Central Bureau of Investigation for appropriate action.

Further, during the current financial year (01.04.2017 to 30.06.2017) the ITD has conducted searches in 102 groups, seizing assets worth Rs. 103 crore. The persons searched have admitted undisclosed income of Rs. 2670 crore. During the same period surveys conducted in 202 cases (01.04.2017 to 31.05.2017) led to detection of Rs. 150 crore as undisclosed income.

The Department has also launched 'Operation Clean Money' on 31st January 2017 with the mission to "create a tax compliant society through a fair, transparent and non-intrusive tax administration where every Indian takes pride in paying taxes". Broad outcome of the operation so far is as under:

i. About 18 lakh persons whose cash transactions did not appear in line with their tax profile were identified and approached through email/sms.

ii. More than 9.27 lakh responses were received giving information on 13.33 lakh accounts involving cash deposits of around Rs.2.89 lakh crore. Out of this record number of 5.27 lakh responses were received in the first 12 days of the operation.

iii. Advance data analytics tools were deployed which further identified 5.56 lakhs new cases and about 1 lakh those cases in which either partial or no response was received in the earlier phase. Besides, about 200 high risk clusters of persons were identified for appropriate action.

This was stated by Shri Santosh Kumar Gangwar, Minister of State for Finance in written reply to a question in Rajya Sabha today.

These claims have been duly picked up, and sensationalised, by the media.¹⁰¹

More or less very similar claims have been made in a more recent communication,¹⁰² apparently mass emailed on November 10 2017, by the Prime Minister's Office (PMO).

That's, undoubtedly, all very good as far as it goes.

What, however, in this context, one ought to keep in mind has been pretty succinctly captured by an analyst:¹⁰³

The amounts under investigation so far, however, constitute a drop in the ocean. Yes, demonetisation delivered leads, but establishing criminal evasion and ensuring that the corrupt are punished is a monumental effort. Plus, the tax department's past record of proving evasion is unlikely to be giving offenders nightmares. The faulty system is skewed in their favour. Procedures are time-consuming; there are limitations of administrative and judicial capacity, handicaps the government seems to be grossly underestimating. It could well be years before any serious large-scale clean-up is accomplished, representing at best a promise of a deferred payback from demonetisation [emphasis added].

Another challenge is that of measurement. Although the chief goal of demonetisation was to place a check on black money, the central theme of the Prime Minister's policy agenda, the government has no official estimate of the size of the black economy. Unofficial estimates range from a third of the white economy to as much as the country's GDP. Without an official estimate, it is impossible to meaningfully evaluate by how much demonetisation successfully down-sized the black economy, if at all.

But, by far the most enlightening revelation⁹⁴ has come from none other than Bhalla, a senior functionary of the regime and also its consistent backer.

At a moment of unusual candour, he has noted, with a palpable degree of resignation:

In my view, it is very positive that all the cash got returned because now the black money can be identified as black. This is [now entirely] up to the tax authorities and a legitimate legal process is underway. Only if [emphasis added] the income tax authorities are with the anti-corruption

programme will DM be a grand success. Everyone knows that the Indian tax authorities have been accomplices in tax evasion. If they change, India will change for the better, faster [emphasis added].

He has, though, provided no clue whatever why *the Indian tax authorities* would change post-demonetisation.

Any comment on the implications of Bhalla's observation would be rather superfluous.

All in all, the actual outcome of the much trumpeted actions, as listed above, lies very much in the womb of some undefined and uncertain future.

And, the past track records do not leave much room for optimism.

Fighting Corruption

As had been pointed out above, *corruption* is a rather generic term. In case of demonetisation, the demon of *corruption* was meant to be worsted via the elimination of black money, in turn, achieved through demonetisation.

In the foregoing, the fight against black money has already been dealt with, in considerable details.

Here, additionally, we'd list out just five landmark facts exemplifying the actual attitude of the incumbent regime towards *corruption*, as distinct from its customary shrill rhetoric.

I. First, let's have a look at the plight of the *The Lokpal and Lokayuktas Act, 2013*.

The Act was eventually passed by the previous UPA government, after much feet shuffling, under the impact of the huge anti-corruption campaign led by Anna Hazare, which had received the full-throated support of the BJP, in December 2013 and came into force on Jan. 16 2014.¹⁰⁴

Almost three and a half years have elapsed since Modi taking over power as the Prime Minister of India.

Yet nothing has been done towards selecting the Lokpal, let alone making the actual appointment, despite specific directive¹⁰⁵ issued by the Supreme Court of India in April this year.

II. The business-politics nexus is widely acknowledged as a major driver of corruption and black money in India.

Here's a terse comment,¹⁰⁶ to that effect, by a former Chief Election Commissioner of India:

Money power is the only unsolved problem in Indian elections, the root cause of all corruption. If a candidate spends crores on an election, he will collect a lot more once in office —

through government contracts, licences, quotas, extortion, etc.

Transparency and accountability is understandably a major tool to combat it.

III. Yet, in the very midst of all the loud claims as regards fight against corruption and black money, the incumbent regime tweaked the relevant rule to let *corporations anonymously donate unlimited amounts of cash to the political party of their choice.*¹⁰⁷

That too was done as a part of the Finance Bill, to dodge effective oversight by the Rajya Sabha and, then again, through a last moment amendment^{108, 109} to escape any meaningful deliberations on this specific move even in the Lok Sabha.

IV. The BJP had, of course, even earlier reversed its previous stand to oppose the plea for applicability of the Right to Information (RTI) Act soon after coming to power at the Centre.^{110, 111}

V. Recent disclosure of the *Paradise Papers*¹¹² has again put the spotlight on such disclosures, by private agencies, and the inaction or evasive actions on the part of the Indian government:

*Congress said Liechtenstein documents, and Panama and Paradise papers have named 2,432 account holders and the government should disclose those names.*¹¹³

Though a recent report,¹¹⁴ dtd. Nov. 19 2017, claims, quoting unidentified *official sources*, that the IT Department has now *slapped criminal charges under the new anti-black money Act and launched fresh assessment of stashed offshore income against over half-a-dozen Indian entities in the (Panama Papers) list*, yet the identities of those presumably charged remain undisclosed.

So, this report, authentic or not, makes hardly any impact on the overall picture of lack of governmental actions in this regard.

Demonetisation to Fight 'Terrorism'

It's hardly any wonder that the government would claim remarkable success even on this front.

Unsurprisingly, this is almost solely based on the claim that demonetisation has hit the terrorists by depriving them of the funds to carry out their nefarious activities and very thin, if at all any, actual evidence.

The headline¹¹⁵ of a news report carried by the *India Today* on the occasion of the first anniversary of demonetisation is a typical illustration:

Arun Jaitley calls demonetisation a success, says terrorists hit by fund shortage

Rather interestingly, the actual report does not at all touch upon the issue of "terrorism".

The then Defence Minister, Manohar Parrikar, had also made similar claims soon after demonetisation. Here is an analytical note¹¹⁶ tearing apart his arguments and listing out the string of actual instances of numerous terrorist attacks committed in the immediate wake of the move:

Demonetisation's Strike on Terrorism is another Blatant Lie by the Government.

Now, a communication,¹¹⁷ apparently mass emailed, by the PMO (Prime Minister's Office) has claimed:

Stone-pelting incidents in Kashmir came down by 75% from the previous year as one of the multi-dimensional benefits of DEMONETISATION!

As if stone pelting in Kashmir Valley was supposed to continue for eternity but for the demonetisation.

In any case, here is a very different account¹¹⁸ offered by none other than India's Chief of the Army Staff:

Stone pelting in Kashmir has come down "to some extent" said Indian Army Chief Bipin Rawat today (Nov. 10 2017). The army chief said that combined efforts of the Indian Army, BSF, CRPF, and the J&K Police has helped. "Solution to this can't be achieved overnight. Government, intelligence agencies, state administration all are making efforts. Will be successful if things go in this direction, can say this with belief," he added.

No mention of demonetisation, just none!

And, at any rate, *stone-pelting* cannot be counted under the category of *terrorism*.

Furthermore, P Chidambaram, a senior Congress leader and former Union Finance and Home Minister, has recently testified:¹¹⁹

"As of November 10, the number of infiltrations, the number of militants neutralised, the number of civilians killed and the number of jawans martyred, all are larger than the numbers for the corresponding period in 2016."

And, this public testimony, by no Tom, Dick or Harry, remains uncontradicted.

Subsequently Added Objectives

Formalisation of Informal Sectors and Less-Cash Economy

The proponents of demonetisation have (now) given a new spin [emphasis added] (as almost 99 per cent of the Rs 15.44 lakh crore of the demonetised currency returned to government's coffers). They portray the return of the notes as

a success. They claim that those with black money were forced to deposit their illegal hoards in the banks and they can now be caught by the tax department and made to pay additional taxes. This, the argument goes, would expand the tax base. Further, they argue that the idle black money is now in the banks and that would lead to efficiency because the cash-to-GDP ratio would decline. They believe there is a formalisation of the informal economy and that the economy is moving towards a less cash economy. These are the long-term benefits even if there was short-term pain [emphasis added].¹²⁰

It's on November 27 2016, eighteen days after the launch of demonetisation, the PM had made his first public appeal¹²¹ to the nation through his monthly radio programme *Mann ki Baat*, the youth of India in particular, to take a pledge to become part of a *cashless society* for a corruption less, black money-free India.

This was done against the backdrop of common people's dire struggle to cope up with the severe cash crunch, badly affecting their daily lives, triggered by demonetisation.

From that point onward, moving towards a *cashless* economy was, by and by, added¹²² as another virtuous goal of demonetisation. The *cashless* would, however, in view of its sheer absurdity as highlighted by the critics of demonetisation, be, after a rather short while, modified¹²³,¹²⁴ to *less-cash*.

This does not, however, necessarily rule out, or for that matter rule in, the possibility that this goal had already been in the minds of those launching demonetisation.^{125, 125a, 126}

One may, here, like to recall the full front-paged ads¹²⁷ in leading newspapers that the leading e-wallet company Paytm came up with, on the very morning following the *announcement*, congratulating PM Modi.

But, to be sure, the goal of moving towards a *cashless*, or rather *less-cash*, economy did figure nowhere in the November 8 speech.^{127a} Its subsequent addition, whatever be the driver(s), strongly suggests an admission, even if only indirect, of the failure of meeting the originally announced goals. (So is, arguably, Jaitley's branding^{128, 129} of demonetisation, on the eve of its first anniversary, as *ethical* and *moral* decision.

Similarly, the goal of formalising the informal sectors of the Indian economy would also be added while on the go.

And, it gained considerable traction with a World Bank report, reported widely by Indian media in early June, strongly championing¹³⁰ the cause of demonetisation as a driver for formalising the informal economy.

The twin objectives of moving towards a *less-cash* economy and formalisation of informal economy are fairly interlinked.

A *formal economy* provides a better ecosystem for the emergence of a *less-cash* economy and, conversely, a *less-cash* economy provides a nudge towards *formalisation*.

Before we proceed to examine the success or otherwise in meeting these two goals, it is necessary to briefly look into their essential rationale and desirability.

Manmohan Singh, in a recent interview,¹³¹ in his characteristic soft tone has put it this way:

We are a nation of small and medium enterprises. There are certain characteristics inherent in these small and medium businesses. They tend to be less organised, more informal and use cash as the primary mode of transaction. The underlying economic policy objective in our country should be to find ways to help these small businesses become larger which will then help us reap the efficiencies of scale economies. But we need to be able to achieve these objectives without any disruption to these small enterprises in their current form. Objectives such as a less cash or digital economy are laudable pursuits. But we also need to get our economic priorities right. It is unclear that these goals of cashless economy will indeed help small enterprises become larger and achieve scale efficiencies. That should be our priority. These small and medium enterprises are the backbone of India's economy and labour markets.

He has further added:

In India, we refer to an informal economy as one that is not officially registered, is outside the tax net but plays an important role in the economic value chain. I do not think India is unique among emerging economies in its share of the informal economy. Given our size of the overall economy, the absolute size of the informal economy seems very large. The value created by the informal sector will be captured in the form of income, wealth or consumption effects. Hence, we must be cautious about sweeping generalisations about the informal economy and passing moral judgments about the entire sector.

Having said all this, it is very important for a nation such as ours to build strong state capacity to lift our standards of governance. This is possible only when we increase our share of tax revenues. If formalisation of the informal sector means

widening of the tax base, it should be welcomed. But the means is as important as the ends.

(Never mind the irony of Manmohan Singh mouthing the need to protect *small and medium enterprises.*)

Prior to that, Raghuram Rajan had put it¹³² rather crisply:

"One has to be careful on separating intent from cost," Rajan said. "Intent is to reduce the extent of non-compliance with taxation, which in the long run would be good in terms of generating more revenue. The problem is at what cost?" Rajan asked.

Here is a more hardline view:¹³³

The informal sector, however, is not an aberration in our growth process. It is an integral part of the process of transition from a traditional economy to a modern economy. While it may not pay taxes and is largely dependent on cash, it plays an important role in providing jobs to millions of first-time workers and to millions of others who are moving out of agriculture to the non-agricultural sector. It provides the first exposure to many of these illiterate and low-skilled workers to the new economy. At the same time, it is also the biggest agency which does the painful task of re-skilling the majority of these workers—much more than any government scheme. Any attempt to reduce the role of the informal sector is only going to make the transition arduous and difficult for the economy.

But in the rhetoric of 'everybody is a thief', the real casualty are the informal enterprises. Attempts at forcing informal enterprises to become formal may kill the golden goose which has been taking care of the transitional pains of the economy by providing jobs. It has also acted as a sponge, creating incomes and demand when the agricultural sector was in stress. The short-term benefit of formalisation of the economy is at the cost of long-term loss of the crucial agency of the informal sector. The net benefits to the economy through income generation, employment creation and re-skilling of labour by the informal sector far outweighs any short-term benefits of tax collection through a process of forced formalisation.

The need of the hour is to protect and nurture the informal sector and handhold it to become formal in the process of growth rather than through surgical strikes a la demonetisation.

Yet another¹³⁴ of broadly the same genre:

In public discussion, 'formalisation of the informal' emerged as a new rationale for Demonetisation 2016 after the event.

Demonetisation and then digitalisation of monetary transactions would compel, it was argued, the informal sector to be henceforth more tax compliant. It was also argued that the introduction of the Goods and Services Tax (GST) would only strengthen this process. It is indeed well-known that in large sections of the informal sector—real estate, retail and wholesale trade, and professional services—payment of taxes is often not the norm. Demonetisation and digitalisation may drag these economic agents into the formal sector and lead to greater tax compliance. However, the fundamental problem with the 'formalisation of the informal' argument is that the much larger informal sector that ekes out its livelihood on the margins does not avoid paying taxes, it just earns too little to fall into the tax bracket. Formalisation of production by the tiny enterprises in industry, road-side service establishments, and by small- and medium-sized farmers would not lead to a gain to society. It would, in fact, put an additional burden on these producers who are already struggling by earning low incomes.

The foregoing, if nothing else, at least clearly demonstrates that the view put across by the said World Bank report, also very much shared and propagated by the proponents of the incumbent regime, is by no stretch an uncontested one.

In fact, there is a large body of opinions, arguably no less informed than that of the World Bank, which strongly holds that coerced formalisation of India's informal economy, which is estimated to employ 90% of India's workforce,^{135, 136} poses the very palpable and serious danger of proving traumatic for the sector and would, in that event, trigger large scale misery and, maybe, even social unrest. Notwithstanding the lure of better tax compliance and resultant enhanced tax revenue going to the government coffers.

But then, it could very well be that the real aim is just that: Destroy the micro, small and medium enterprises to clear the field for indigenous and global corporates.^{125a}

Apart from that, analysts after analysts have shown that there obtains no definite relationship between the cash-to-GDP ratio and either corruption or development.

A most recent example¹³⁷ is: *Demonetisation Has Failed to Tackle Black Money* by Karan Thapar. And, also noteworthy:¹³⁸ *Economic Rationale of 'Demonetisation: Scrutiny of the Government's Claims'* by Vineet Kohli and R Ramakumar.

Here are two insightful short excerpts from the Karan Thapar's article:

I. *The country with the highest cash to GDP ratio is Japan with a figure of 19.40%. It also happens to be one of the least*

corrupt. Almost at the bottom is Nigeria, with a cash to GDP ratio of 1.55%. It's one of the world's most corrupt. According to the same ranking, Singapore, Switzerland, Hong Kong and the whole of the Eurozone have cash to GDP ratios significantly above India's. They're also significantly less corrupt. On the other hand, Argentina, Colombia, South Africa and Brazil have cash to GDP ratios that are around half or less India's but they're perceived to be as corrupt.

The truth is the cash to GDP ratio is not a test of corruption or corruptibility because how much cash you hold doesn't make or tempt you to be corrupt.

II. The total value of digital transactions according to the NPCI in November 2016 was [Rs.] 94 lakh crore. They reached a high point of 149 lakh crore in March 2017 and then fell to 107 lakh crore in July 2017. In August, they were almost the same at 109 lakh crore. However, in September, they rose to 124 lakh crore but collapsed in October to 99 lakh crore. The October figure is accurate only until the 29th of that month. Much the same is true of the volume of digital transactions. They were 671.49 million in November 2016, rising to 957.50 million in December, before falling to 862.38 million in July and, thereafter, remaining stable. In October they were 863.9 million.

So, the NPCI data shows that in value terms, digital transactions in October 2017 were almost exactly what they were in November last year [emphasis added]. In volume terms, however, they increased by nearly 42% between November and December but, thereafter, declined significantly and flattened out.

More importantly, the NPCI data includes all debit and credit card usage as well as pre-paid instruments and NEFT. It also includes Bhim and UPI, e-wallets and Paytm.

The second one, obviously, deals with the level of success in bringing about digitisation of Indian economy, regardless of its merit or otherwise, via demonetisation.^{139, 140}

As regards formalisation of informal sectors, it is necessary to note here, right or wrong, the GST is *the* tool to effect it.

Demonetisation is at the utmost, a rather superfluous, auxiliary measure. And, there is no hard evidence to suggest any significant formalisation of the informal sectors of the economy over the last one year.

Shoddy Implementation

Despite the much well-orchestrated projection of a super-efficient Mody - a Rambo Modi,¹⁴¹ over the last few years, the implementation was nothing less than shoddy making the resultant chaos even more chaotic. It clearly spoke of lack of preparations and well thought out plans notwithstanding fabricated claims⁵⁹ to the contrary.

There were problems from the very word go.

The sizes of the new Rs. 500 and 2,000 notes, meant to replace the now scrapped old Rs. 500 and 1,000 notes, were changed, for no apparent good reasons.

That necessitated recalibration of the cassettes holding the notes to be dispensed via more than 2.15 lakh ATM machines¹⁴² spread all over India causing additional delay.¹⁴³

Then, going against the very grain of the move to eliminate black money, the Rs. 1,000 notes were replaced by notes of still higher denomination - Rs. 2,000.¹⁴⁴

Apparently, to hasten up the process of remonetisation.¹⁴⁵

But, during the initial days, these notes, in the absence of sufficient Rs. 500 notes in circulation, were virtually useless scraps of paper in the hands of commoners who needed currencies to make small purchases for day-to-day needs.¹⁴⁶

And, then the RBI kept on changing the rules only too frequently. Between Nov. 8 2016 and the following March 31st the rules were changed/reframed no less than 21 times, excluding the notifications issued on Nov. 8 itself.¹⁴⁷

Arguably, the two most significant of these notifications were: (i) on November 14, the RBI debarred the District Cooperative Banks from accepting the scrapped notes¹⁴⁸ and (ii) the withdrawal of facility, as had been committed by the Prime Minister on November 8, to ordinary resident Indians to exchange SBNs at RBI branches beyond Dec. 31 till June 30th¹⁴⁹ showing valid reasons for delay.

These changes caused a lot of additional difficulties for a large number of people and also for the District Cooperative Banks as the RBI had refused to accept the scrapped notes received by them since demonetisation till Nov. 14th.

All these only go to show the sheer shoddiness of the implementation process further exacerbated by serious inadequacies in advance planning and due diligence.

Quite interestingly, a leading and extremely vocal and voluble BJP MP, Subramanian Swamy, even if known for being a sort of loose cannon, had also publicly aired such a view.¹⁵⁰

Nobel laureate Richard Thaler, one of the very few eminent economists applauding the idea of demonetisation, would also note that the *rollout was deeply flawed*.¹⁵¹

The Negative Outcomes Following Demonetisation

The list is rather long.

The main points are, however, summarised as under.

I. In a heavily cash-dependent economy, overnight scrapping of 86% of all currencies threw life of a common Indian into utter turmoil.

A funny Tamil song in video format,¹⁵² released recently, provides an effective peek into that profoundly unfunny situation.

II. More than 100 people reportedly died standing in the queues.¹⁵³

III. An estimated 1.5 million jobs were lost in first four months of 2017.^{154, 155}

IV. Disastrous effects on the MSMEs, the unorganised sector, in particular.

Here're a few fragments of noteworthy observation.

*A. The unorganized sector in India will be the worst hit by the November demonetization of high value currency, while lots of industries in the organized sector would be impacted by the shortage of cash required to run business, a market analyst said on Monday. "The unorganized sector is expected to bear higher brunt of demonetization. Within the organized space, a lot of industries would get impacted owing to the sucking out of daily liquidity needed to run the business," Centrum Wealth Research said in a report.*¹⁵⁶

B. The above propositions (including the one that the growth rate of the informal sector would be even lower than overall because of the predominant use of cash in sales and purchase in this sector, and its overwhelming dependence on informal cash credit) are not just based on armchair theorising, but are supported by newspaper reports and independent surveys. In Ranchi, a survey led by Jean Drèze (Delhi School of Economics and University of Ranchi) reports a 45% decline in earnings of small shopkeepers/businesses; in Amritsar, Prateek Sibal (Paris Institute of Political Studies) reports a similar figure of 46%. In Delhi, a survey of small shopkeepers and casual labourers by Vyom Anil (Jawaharlal Nehru University) finds a much larger drop in average income about 60%. Another study for Delhi, by social activist Harsh Mander, points to a 60% cut in supply of jobs to labourers, a decline in wages, and loss in profits for small shops.

In Mumbai, Deepa Krishnan (SP Jain Institute of Management) and Stephan Siegel (Michael G. Foster School of Business, University of Washington) report a very significant loss of 44% in the earnings (relative to the pre-note ban period) of the self-employed in slum areas. Some of the surveys also indicate huge income losses for casual workers: 50-70% in Jaipur (conducted by PUCL Rajasthan), and 72% among domestic workers in Delhi (by Vyom Anil). A larger survey by India Development Foundation (IDF) covering nine states asked owners of small and medium enterprises (SMEs) whether there were output and job losses (Chaddha et al. 2017). With regard to output loss, 61% of respondents in Telengana [sic], 94% in Andhra, and 80% in Gujarat answered in the affirmative. For job losses, the corresponding incidence was similar in Telengana [sic] and Gujarat, slightly lower in Andhra, but very high in Uttar Pradesh (87.5%), which also saw significant wage decline. The income losses reported by these independent surveys are large and mutually consistent. There is also no sign of remission over the weeks since demonetisation; some newspaper reports even suggest that the ban is biting more with the passage of time and there are spillover effects on the formal sector. These adverse changes have been accompanied by a 60% spike in the demand for MNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) work in December 2016 (as per report of the Ministry of Rural Development), confirming the accuracy of independent surveys, and necessitating urgent policy action.¹⁵⁷

V. The District Cooperative Banks (DCBs) got financially crippled.¹⁵⁸

VI. In the latest financial quarter (April-June), the GDP has slipped by 2.2 percentage points, from 7.9% to 5.7%, year-on-year basis.¹⁵⁹

Subsequently, it is reported¹⁶⁰ that :

India's trade deficit widened to its highest in 35 months in October (2017) as merchandise exports declined for the first time in 14 months, government data showed.

Exports during October 2017 were valued at US \$23,098.18 million as compared to \$23,360.61 million during October 2016, registering a decline of 1.12%, according to data released by the Ministry of Commerce and Industry on Tuesday (Nov. 14 2017).

Imports, meanwhile, expanded at the slowest pace in 10 months, at 7.6%. Imports during October 2017 were valued at US \$37,117.01 million as compared to US \$34,495.09 million in the same period in 2016.

VII. RBI profit dwindled and instead of ballooning dividend payout to the government, as had been initially expected (discussed above), it actually radically shrivelled.¹⁶¹

Demonetisation was the one of the main reasons for Reserve Bank of India's lower-than-usual profits. The government too received a lesser dividend from the central bank as compared to what it received in the previous financial year. RBI transferred a meagre Rs 30,659 crore as dividend to the government for the year ended June 2017, which is less than half of what it gave to government a year ago, Rs 65,880 crore to be precise[emphasis added].

While income for the year 2016-17 decreased by 23.56 per cent, the expenditure increased by 107.84 per cent. The year ended with an overall surplus of Rs 30,659 crore as against Rs 65,876 crore in the previous year, representing a decline of 53.46 per cent.

The net income from domestic sources decreased by 17.11 per cent from Rs 52,157 crore in 2015-16 to Rs 43,232 crore in 2016-17 mainly due to higher net expenditure on interest on account of absorption of surplus liquidity in the banking system post withdrawal of Specified Bank Notes [emphasis added].

RBI incurred a total expenditure of Rs 7,965 crore on printing currency notes in 2016-17 [emphasis added], [as against Rs. 16,000 crore not returned] which is more than double the Rs 3,420 crore spent year before that. The rise in cost of printing could be attributed to printing of new currency notes during remonetisation.

"The upsurge in expenditure during the year was on account of change in the production plan of printing presses due to the introduction of new design notes in higher denominations as well as the requirement of larger volume of notes for replacement of the demonetised currency," RBI said in its annual report.

Conclusion

1. To begin with, demonetisation was a measure adopted going against the express opinion sought and obtained from the then RBI Governor Raghuram Rajan.

No recognised economist, not even the Union Government's Chief Economic Advisor, was known to have been taken into confidence.

And, it was, of course, no move towards bringing back illegal money allegedly stashed in foreign banks, as had been promised by Modi, as the Prime Ministerial aspirant.

2. It was pretty shoddily implemented.

3. It has decisively failed to mop up black money as had been initially projected and expected.

A miniscule amount of fake currencies was detected. And new fake currencies are already back.

No visible impact on *terrorism*.

4. It has, of course, opened up the possibility of identifying sizeable amounts of earlier undeclared black money and thereby, eventually, jacking up tax revenue.

But the actual prospect, right at this point of time, remains pretty much a big question mark.

More so, given the quantum of data/cases involved and the past track record of the concerned departments, the IT, in particular.

Not only that, given the already established track record¹⁶² of the incumbent regime, there is room for very reasonable apprehensions that these cases may only be selectively pursued in order to blackmail, silence and arm-twist.

5. As regards the subsequently added goals, no appreciable rise in digitisation of economy.

Formalisation of informal sector has presumably been initiated under the impact of GST, again badly planned. No appreciable impact of demonetisation demonstrated.

It is yet another matter that the very desirability of forcing the pace of these two goals, under current Indian conditions, remains a much contested issue.

6. The actions by the regime, especially, in refraining from selecting and appointing a Lokpal, even after three and half years, and allowing uncapped anonymous corporate donations to political parties, that too craftily dodging any effective parliamentary scrutiny, raise serious doubts as regards its real intentions vis-à-vis fighting *corruptions*.

So, does the lack of actions as regards various so-called papers leaked by private parties giving out details pertaining to a large number of Indians and Indian entities parking money in secretive foreign bank accounts.

And, also the fact that the Gross NPAs (Non-Performing Assets – bad unrecoverable loans, mostly lent to large corporates) of the Public Sector Banks (PSBs), under the watch of the incumbent regime, rose from Rs. 234,583 crore, in June 2014, to Rs. 733,136 crore, in June 2017.¹⁶³ A more than three-fold rise, over a period of three years.

Even if we, for the moment, just opt to set aside the various alleged scams,¹⁶⁴⁻¹⁶⁷ of pretty serious nature, that have surfaced only recently directly involving the Modi regime and the BJP National President, on the

ground that these charges yet remain to be duly established before a court of law.

7. The impact on the economy, as a whole, at least on the short term, was decidedly negative.

The impact on the unorganised sectors, employing about 90% of the workforce, was just disastrous.

8. Day-to-day lives of ordinary Indians were severely affected.

More than a hundred reportedly lost lives.

Millions lost means of livelihood.

9. All in all, it appears to be primarily a *political* move, meant to reap political dividends, with scant regard for actual economic consequences, though packaged very much in those terms.¹⁶⁸

10. Finally, it also indicates a degree of readiness on the part of the BJP, led by Modi-Shah duo, to tweak its traditional core constituency and, in the process, even hurt the small and medium business - in the interest of big money¹⁶⁹ and also to occasionally play to the gallery of the Indian have-nots, even if not all of them.

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67. See: <https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/RBIAR201617_FE1DA2F97D61249B1B21C4EA66250841F.PDF>.
68. Source: *'Viewpoint: Why Modi's currency gamble was 'epic failure'* by Vivek Kaul, dtd. August 30 2017, at <<http://www.bbc.com/news/amp/world-asia-india-41100610>>.
69. Source: *No clue on note ban impact on black money: RBI*, dtd. Sept. 4 2017, at <<http://www.deccanherald.com/content/631412/no-info-black-money-removed.html>>.
70. Source: *RBI says 98.96% of Rs 500, Rs 1000 notes returned after demonetisation*, dtd. Aug. 31 2017, at <<http://www.livemint.com/Industry/e73ZjH3vLuj6tln2b6wSJ/RBI-89-million-out-of-67-billion-Rs-1000-notes-not-return.html>>.
71. See, e.g.: *RBI says 99% of demonetised Rs 500, Rs 1,000 returned to banking system*, dtd. Aug. 31 2017, at <<http://www.hindustantimes.com/business-news/rbi-says-99-of-demonetised-rs-500-rs-1000-returned-to-banking-system-after-pm-modi-s-surprise-move/story-jPFYdNpNw5nuEYcFNunknI.html>>.
72. Source: *Demonetisation: Government may take ordinance route to cancel unreturned currency*, dtd. Dec. 7 2016, at <<https://economictimes.indiatimes.com/news/economy/policy/demonetisation-government-may-take-ordinance-route-to-cancel-unreturned-currency/articleshow/55843084.cms>>.

73. Source: *Demonetisation: Value of Rs 500 and Rs 1,000 fakes around Rs 41 crore, says RBI Annual Report*, dtd. Aug. 31 2017, at <<http://indianexpress.com/article/business/economy/value-of-rs-500-and-rs-1000-fakes-around-rs-41-crore-rbi-annual-report-4821458>>.

74. Source: *RBI Data Shows Amount Of Fake Currency Insignificant*, dtd. Aug 30 2017, at <<https://www.bloombergquint.com/business/2017/08/30/rbi-annual-report-demonetisation-detection-of-fake-counterfeit-currency-jumps-rise-in-suspicious-transaction-reports>>.

75. Source: *One year of demonetisation: Rs 2,000, Rs 500 fakes are now of 'highest quality'*, dtd. Nov. 8 2017, at <<http://indianexpress.com/article/explained/demonetisation-narendra-modi-fake-notes-currency-pakistan-terror-funding-black-money-4927210/>>.

76. Ref.: *Fake Rs 2,000 notes seized: Here's how similar they are to real currency*, dtd. Nov. 18 2017, at <<http://www.hindustantimes.com/delhi-news/fake-rs-2-000-notes-seized-here-s-out-how-similar-they-are-to-real-currency/story-daxE7QAOQ2cMyAyQsSBfIM.html>>.

77. Ref.: *Fake notes more than double of what was estimated: RBI*, dtd. Aug. 30 2017, at <<https://economictimes.indiatimes.com/news/economy/policy/7-62-lakh-pieces-of-counterfeit-notes-detected-in-fy17-rbi/articleshow/60294718.cms>>.

78. Ref.: *Secret study pegs value of fake notes in circulation at Rs 400 crore*, dtd. Nov. 15 2016, at <<https://economictimes.indiatimes.com/news/defence/secret-study-pegs-value-of-fake-notes-in-circulation-at-rs-400-crore/articleshow/55424455.cms>>.

79. Ref.: ANSWER (a), on p. 1 at <<http://164.100.47.190/loksabhaquestions/annex/9/AU3285.pdf>>.

(As per the answer provided by the concerned Minister of State in the Lok Sabha, on, presumably, Aug. 5 2016, the combined value of seized counterfeit Rs. 1,000 and Rs. 500 notes in the year 2015 was Rs. 32.78 crore.)

80. Ref.: *Demonetisation: How Much of Black Money is in Cash* by Vivek Kaul, dtd. Dec. 13 2016, at <[https://www.equitymaster.com/diary/detail.asp?date=12/13/2016&story=3&title=De monetisation-How-Much-of-Black-Money-is-in-Cash](https://www.equitymaster.com/diary/detail.asp?date=12/13/2016&story=3&title=De%20monetisation-How-Much-of-Black-Money-is-in-Cash)>.

81. Source: *Why govt's demonetisation move may fail to win the war against black money*, dtd. Feb. 16 2017, at <<http://www.hindustantimes.com/india-news/cash-has-only-6-share-in-black-money-seizures-reveals-income-tax-data/story-JfFuTiJYtxKwJQhz2ApxIL.html>>.

82. Source: *Demonetisation: Government may take ordinance route to cancel unreturned currency*, dtd. Dec. 7 2016, at <<https://economictimes.indiatimes.com/news/economy/policy/demonetisation-government-may-take-ordinance-route-to-cancel-unreturned-currency/articleshow/55843084.cms>>.

83. Ref.:
After demonetising Rs 500 and Rs 1,000 notes, the government is considering depositing Rs 10,000 in the Jan Dhan accounts, particularly those with zero balance. This grand, populist gesture of turning a political jumla into a tangible benefit for people, could be carried out before the crucial elections in Uttar Pradesh, Punjab and Goa.
There are nearly 25 crore Jan Dhan accounts in the country, of which nearly 5.8 crore are zero-balance accounts.
Depositing Rs 10,000 in zero balance Jan Dhan accounts is expected to cost the government nearly Rs 58,000 crore. Analysts have calculated that the government's demonetisation move will result in a windfall of Rs 3 lakh crore to the RBI which it will pass on to the government.
Highly placed sources said that after targeting black money hoarders, the government "has to send a signal to poor farmers, among others, that the benefits are being passed on to them." A reward for their hardship, perhaps.

This step, if taken, could be a game-changer and impact Assembly elections expected to be held by April next year.

(Source: *Age Exclusive: Jan Dhan accounts may get Rs 10,000*, dtd. Nov. 20 2016, at <<http://www.asianage.com/india/all-india/201116/jan-dhan-accounts-may-get-rs-10000.html>>.)

84. Ref.: *Government to credit Rs 10,000 in every zero balance Jan Dhan account*, dtd. Nov. 20 2016, at <<http://www.india.com/news/india/government-to-credit-rs-10000-in-every-zero-balance-jan-dhan-account-1655369/>>.

85. Ref.:

(I)mplementation (of demonetisation) has been badly bungled, and will hit economic growth for two or more quarters. In a worst-case scenario, this will mean a serious recession. Voters willing to tolerate temporary travails could turn savagely against Modi if a sinking economy crushes employment. Without new reforms, demonetisation cannot kill black money, which will soon boom again.

Yet Modi could emerge in total triumph, by combining imaginative accounting, populism and good economic sense. ...

Nevertheless, not all hoarders of high-value notes will be able to exchange or launder them by December-end. Nobody knows how large this un-encashed hoard will be. I suspect it may be 20% of the total, worth Rs 3 lakh crore.

...

What will Modi do with this windfall? He can transfer a whopping Rs 10,000 into each of 250 million Jan Dhan accounts that have been opened since he came to power. This will absorb Rs 2.5 lakh crore, leaving Rs 50,000 crore for other purposes like infrastructure. He could also hold a lottery to distribute part of this Rs 50,000 crore to all other citizens, giving every voter a chance to benefit from the bonanza.

(Source.: *Now, Modi can turn kala dhan to Jan Dhan* by Swaminathan S Anklesaria Aiyar, dtd. Nov. 27 2016, at

<<https://blogs.timesofindia.indiatimes.com/Swaminomics/now-modi-can-turn-kala-dhan-to-jan-dhan/>>.)

86. Ref.: *Rs 50,000 or Rs 75,000? Allahabad poor debate rumour that government will put cash in their accounts*, dtd. Nov. 30 2016, at <<https://scroll.in/article/822853/hope-rumours-and-a-glimmer-of-anger-in-allahabad-after-demonetisation>>.

87. Source: *Tax collection up since demonetisation, says government*, dtd. August 31 2017, at <<https://timesofindia.indiatimes.com/india/tax-collection-up-since-demonetisation-says-government/articleshow/60302304.cms>>.

88. Ref.:

(T)he note ban would not eliminate black money. The same objective could be achieved even with the old notes circulating for two or three months and citizens being given enough time for replacing the old notes.

(Source: *The fish, crocodile and note ban* by T M Thomas Isaac, dtd. Nov. 9 2017, at <<http://indianexpress.com/article/opinion/columns/demonetisation-anniversary-pm-narendra-modi-note-ban-indian-economy-arun-jaitley-cashless-job-loss-4928735/>>.)

89. Ref.: *Government asks banks to deposit junked notes at RBI by July 20*, dtd. June 22 2017, at

<<https://economictimes.indiatimes.com/news/economy/policy/district-central-cooperative-banks-allowed-to-deposit-demonetised-notes-with-rbi/articleshow/59248483.cms>>.

90. Ref.: *RBI refuses to deposit Maharashtra cooperative banks' Rs200 crore in old notes*, dtd. July 22 2017, at <<http://www.hindustantimes.com/mumbai-news/rbi-refuses-to-deposit-maharashtra-cooperative-banks-rs200-crore-in-old-notes/story-eehl1kjbJiww13ih3UM2O.html>>.

91. Ref.:

Making another serious observation on the government's demonetisation deadline that stopped people from exchanging their old notes beyond December 30, the Supreme Court today said the government can't deny citizens, who have valid reasons, the right to swap the scrapped notes.

(Source: *SC asks govt to explain why 'genuine people' can't exchange old Rs 500 and Rs 1000 notes*, dtd. July 4 2017, at

<<http://www.businesstoday.in/current/economy-politics/demonetisation-note-exchange-old-notes-rs-500-rs-1000-notes-supreme-court/story/255742.html>>.)

92. Ref.:

9. *There may be some who, for some reason, are not able to deposit their old five hundred or thousand rupee notes by 30th December 2016.*

10. *They can go to specified offices of the Reserve Bank of India up to 31st March 2017 and deposit the notes after submitting a declaration form.*

(Source: *Here's The Full Text Of Modi's Speech On The Discontinuation Of ₹500*

And ₹1,000 Bank Notes, dtd. Nov. 9 2016, at

<http://www.huffingtonpost.in/2016/11/08/heres-the-full-text-of-modis-speech-on-the-discontinuation-of_a_21601525/>.)

93. Ref.: *Meet the five members of PM Narendra Modi's Economic Advisory Council*, dtd. Sept. 26 2017, at <<http://www.hindustantimes.com/business-news/meet-the-five-members-of-pm-narendra-modi-s-economic-advisory-council/story-ZPQysCvXj68C88q7L0rKeO.html>>.

94. Ref.: *No Proof Required: Demonetisation and its contents*, dtd. Nov. 8 2017, at <<http://indianexpress.com/article/opinion/columns/demonetisation-anniversary-narendra-modi-note-ban-arun-jaitley-indian-economy-cashless-economy-manmohan-singh-4927164/>>.

95. Ref.: *One year of demonetisation: Tax compliance better, more funds for banks*, dtd. Nov. 7 2017, at

<<http://indianexpress.com/article/business/economy/demonetisation-tax-compliance-better-more-funds-for-banks-4925958/>>.

96. Ref.: *New Income Tax Slabs and Rates for Financial Year: 2017-18* at

<<https://www.iciciprulife.com/insurance-library/income-tax/income-tax-slabs-rate-deductions.html>>.

97. Ref.: *WAS DEMONETISATION WORTH IT AT ALL?* by Basant Potnuru, dtd. Sept. 19 2017, at <<http://www.dailypioneer.com/columnists/oped/was-demonetisation-worth-it-at-all.html>>.

98. Ref.: *'With increasing use of data analytics tools, tax department's capabilities of data mining have increased manifold'*, dtd. Nov. 8 2017, at

<https://blogs.timesofindia.indiatimes.com/the-interviews-blog/with-increasing-use-of-data-analytics-tools-tax-departments-capabilities-of-data-mining-have-increased-manifold/?utm_source=facebook.com&utm_medium=social&utm_campaign=TOIBlogs>.

99. Source: *India Unearths \$1 Billion of Suspicious Cash in Corruption Crackdown*, dtd. Oct. 24 2017, at <<https://www.bloomberg.com/news/articles/2017-10-24/india-s-crackdown-on-shell-companies-set-to-intensify-minister>>.

100. Ref.: *Recovery of undisclosed income post demonitization* at <<http://pib.nic.in/newsite/PrintRelease.aspx?relid=169407>>.

101. Ref., e.g.: *EXCLUSIVE | Demonetisation: How crores of undisclosed cash moved into lakhs of bank accounts*, dtd. Nov. 15 2017, at

<<http://www.moneycontrol.com/news/business/economy/demonetisation-exclusive-how-crores-of-undisclosed-cash-moved-into-lakhs-of-bank-accounts-2439129.html>>.

102. Ref.: *[Political] [Demonitisation] Got this mail from the PMO today.*, posted on Nov. 10 2017, at

<https://www.reddit.com/r/india/comments/7bze48/political_demonitisation_got_this_mail_from_the/?st=j9tw7mck&sh=6d50a9d7>.

103. Ref.: *Discordant notes: a year after demonetisation* by Puja Mehra, dtd. Nov. 8 2017, at <<http://www.thehindu.com/opinion/op-ed/discordant-notes/article19999299.ece>>.

104. Ref.: <https://en.wikipedia.org/wiki/The_Lokpal_and_Lokayuktas_Act,_2013>.

105. Ref.:

*The Supreme Court on Thursday (April 27 2017) directed the government *to immediately implement the Lokpal and Lokayuktas Act and appoint a Lokpal* [emphasis added].*

The statutory post of Lokpal has been vacant since the law was enacted in 2013.

A bench comprising justices Ranjan Gogoi and Navin Sinha rejected the government's contention that a Lokpal cannot be appointed because certain amendments to the law are pending before Parliament.

"There is no justification to keep the enforcement of the Act under suspension till the proposed amendments are carried out," the court said.

(Source: Supreme Court directs govt to implement Lokpal and Lokayuktas Act, dtd. April 27 2017, at

<<http://www.livemint.com/Politics/AbWCR6NTBSLK1SaPQIgvXN/SC-says-its-not-justifiable-to-keep-Lokpal-Acts-operation.html>>.)

Also see: Anna Hazare says Narendra Modi averse to appointing a Lokpal, dtd. Oct. 02 2017, at <<http://www.livemint.com/Politics/PpnTI41QK3UGJYDxiTIdvK/Anna-Hazare-says-Narendra-Modi-averse-to-appointing-a-Lokpal.html>>.

106. Source: *At Stake In Chhattisgarh* by S Y Quraishi, dtd. Dec. 31 2015, at <<http://indianexpress.com/article/opinion/columns/at-stake-in-chhattisgarh/>>.

107. Ref.:

An omitted proviso and a tweaked sub-section, buried deep in a money bill passed in Parliament's recently concluded Budget Session, has fundamentally altered India's democracy by letting corporations anonymously donate unlimited amounts of cash to the political party of their choice.

...

... (C)ritics say removing funding caps and disclosure norms will buy corporations -- both Indian and foreign -- disproportionate influence over regulatory policy, and offer a lucrative tax-free conduit to launder money through India's 2,041 registered parties -- most of whom have never fought an election and exist only in name.

(Source: Finance Bill: Minor legislative tweaks prompt major fears for democracy's future, dtd. April 14 2017, at <<http://www.hindustantimes.com/india-news/finance-bill-minor-legislative-tweaks-prompt-major-fears-for-democracy-s-future/story-YwIAiVs71ZF3pcM4pm94LP.html>>.)

Also relevant is the fact that the Rajya Sabha had duly noted the dangerous implications of the amendment enabling uncapped anonymous donations to political parties.

But the Lok Sabha, where the BJP enjoys brute majority, summarily, by voice vote, rejected the five amendments, including one reversing this provision, passed by the Rajya Sabha.

Ref.:

Parliament on Thursday [March 30 2017] approved the Finance Bill 2017 after the Lok Sabha rejected five amendments moved to it by the Upper House with regard to curbing more powers to taxmen and a cap on donation by companies to political parties.

...

The government had yesterday faced major embarrassment in the Rajya Sabha as five amendments moved by the Congress and the CPI(M) to the Finance Bill were adopted and approved by the House.

...

The Rajya Sabha also approved an amendment that there should be a cap of 7.5 per cent of net profit of the last three financial years for donation to political parties. It also approved a provision to disclose the name of political parties to which contribution has been made by a company.

(Source: *Parliament approves Finance Bill 2017 in its original form; Lok Sabha rejects amendments by Rajya Sabha*, dtd. July 18 2017, at <<http://www.businesstoday.in/current/economy-politics/parliament-finance-bill-2017-rajya-sabha-amendments-lok-sabha/story/249003.html>>.

108. Ref.: *It's a tragedy the media failed to see how Finance Bill endangers idea of India*, dtd. March 24 2017, at <<https://www.dailyo.in/politics/finance-bill-2017-lok-sabha-media-tax-aadhar-arun-jaitley/story/1/16345.html>>.

109. For a reasoned analysis of the implications, see: *The Big Corporate Takeover of Political Funding*, dtd. May 14 2017, at <<https://www.thequint.com/news/politics/finance-bill-2017-anonymous-political-donations>>.

For another revealing analysis of the sinister implications of this move: *The danger of electoral bonds* by G Sampath, dtd. Nov. 20 2017, at <<http://www.thehindu.com/opinion/op-ed/the-danger-of-electoral-bonds/article20602008.ece>>.

110. Ref.: *BJP reverses stand on bringing parties under RTI*, dtd. Aug 1 2014, at <<http://www.livemint.com/Politics/PQxOBEI2XaS1UoAFqzP0mO/BJP-reverses-stand-on-bringing-parties-under-RTI.html>>.

111. Ref.: *Can't bring political parties under RTI, Centre tells Supreme Court*, dtd. Aug. 24 2015, at <<http://www.thehindu.com/news/national/political-parties-cant-be-under-rti-act-centre-tells-sc/article7575584.ece>>.

112. Ref.: *Why Paradise Papers Matter: Two Explanatory Notes*, posted on Nov. 6 2017, at <[https://groups.google.com/forum/#!searchin/greenyouth/Why\\$20Paradise\\$20Paper\\$20Matter\\$3A\\$20Two\\$20Explanatory\\$20Notes%7Csort:date/greenyouth/e7A2q_Sd2y4/qAGTTAF4AwAJ](https://groups.google.com/forum/#!searchin/greenyouth/Why$20Paradise$20Paper$20Matter$3A$20Two$20Explanatory$20Notes%7Csort:date/greenyouth/e7A2q_Sd2y4/qAGTTAF4AwAJ)>.

113. Source: *Paradise papers: Congress dares PM to sack Jayant Sinha, Left says black money fight has failed*, dtd. Nov. 7 2017, at <<https://timesofindia.indiatimes.com/india/paradise-papers-congress-dares-pm-to-sack-jayant-sinha-left-says-black-money-fight-has-failed/articleshow/61538352.cms>>.

114. Ref.: *Panama papers: I-T slaps criminal charges under new anti-black money law*, dtd. Nov. 19 2017, at <<https://timesofindia.indiatimes.com/india/panama-papers-i-t-slaps-criminal-charges-against-indian-entities-under-new-anti-black-money-law/articleshow/61714392.cms>>.

115. Ref.: *Arun Jaitley calls demonetisation a success, says terrorists hit by fund shortage*, dtd. Nov. 8 2017, at <<http://indiatoday.intoday.in/story/arun-jaitley-demonetisation-success-digital-india-terrorism-fund-shortage-note-ban/1/1084722.html>>.

116. Ref.: *Demonetisation's Strike on Terrorism is another Blatant Lie by the Government* by Saquib Salim, dtd. Dec. 3 2016, at <<http://www.indiaresists.com/demonetisation-strike-terrorism-another-blatant-lie/>>.

117. Ref.: *[Political] [Demonitisation] Got this mail from the PMO today.*, posted on Nov. 10 2017, at <https://www.reddit.com/r/india/comments/7bze48/political_demonitisation_got_this_mail_from_the/?st=j9tw7mck&sh=6d50a9d7>.

118. Ref.: *Stone pelting incidents have come down 'to some extent': Army Chief Bipin Rawat*. dtd. Nov. 10, at <<https://timesofindia.indiatimes.com/india/stone-pelting-incidents-have-come-down-to-some-extend-army-chief-bipin-rawat/articleshow/61588913.cms>>.

119. Ref.: *Modi Government Likely To Get Corruption Tag As UPA-II: Chidambaram*, dtd. Nov. 19 2017, at <<https://www.ndtv.com/india-news/modi-government-likely-to-get-corruption-tag-as-upa-ii-chidambaram-1777396>>.
120. Source: *Calling black white* by Arun Kumar, dtd. Sept. 8 2017, at <<http://indianexpress.com/article/opinion/columns/calling-black-white-demonetisation-black-money-note-ban-narendra-modi-4833527/>>.
121. Ref.: *Narendra Modi urges youth to lead move to a cashless society*, dtd. Nov. 28 2016, at <<http://www.livemint.com/Politics/yRKO6Z01fFcW4Y8b5Mr9FK/Mann-Ki-Baat-Modi-says-government-will-act-against-benami-p.html>>.
122. Ref.: *BJP launches drive to raise awareness on cashless transactions*, dtd. Nov. 29 2016, at <<http://indianexpress.com/article/india/india-news-india/bjp-launches-drive-to-raise-awareness-on-cashless-transactions-4401903/>>.
123. Ref.: *Arun Jaitley Says Cashless Economy Is A Less Cash Economy And Not Fully Cashless One*, dtd. Dec. 15 2016, at <<https://www.scoopwhoop.com/Arun-Jaitley-Says-Cashless-Economy-Is-A-Less-Cash-Economy-And-Not-Fully-Cashless-One/#.8ejsp1zi2>>.
124. Ref.: Tweet by Amit Shah, posted on De. 17 2016, at <<https://twitter.com/BJP4India/status/810176620803788800>>.
125. For an impressively argued concise list of assessed motivations, ref.: *Death By Demonetisation* by Satya Sagar, dtd. Nov. 17 2016, at <<http://www.countercurrents.org/2016/11/17/death-by-demonetisation/>>.
- 125a. Also noteworthy, the view proffered by a very eminent grassroots activist: *This is an anti-poor policy. This decision by Narendra Modi will in no way help to curb black money. Everyone knows this, including the prime minister himself. Modi has a list of 2,000 people whose net worth is upward of \$1.3 trillion. Why doesn't he go after them? If he wants to catch those that mint black money and evade taxes, go after them. Surgically strike them instead of going after the entire population of 120 crore.*
- ...
- (The agenda is to) move everyone to what they call a 'plastic economy'. To force the masses - a huge percentage of which has no access to banks, don't have accounts and deals only in cash - to shift to online transactions. [Emphasis added.]*
- We are now entering a new world, the world of 'cashless' economy. But small traders, vegetable vendors, labourers, farmers or sanitation workers don't live in this world. Only the rich inhabit this new world. Everyone swipes their card in this new world and uses Paytm. I did not know till yesterday what Paytm is. And those who don't conform to the rules of this new world are being punished. This is only to make richer even richer and to punish the poor for being poor, by keeping them out of major financial activity.*
- If you remember, the list of billionaires shot up after the 1990 reforms. After this move, you can expect the same to happen, on a much larger scale.*
- (Source: *Agenda driving Modi govt's demonetisation move is clear: activist Bezwada Wilson*, dtd. Nov. 20 2016, at <<http://www.catchnews.com/india-news/agenda-driving-modi-govt-s-demonetisation-move-is-clear-activist-bezwada-wilson-1479644979.html>>.)
126. Quite a different view, from Satya Sagar, again pretty neatly argued, would, however, be put across by C Rammanohar Reddy, an economist and author of the book *Demonetisation and Black Money*..
- Ref.: *Hiding a catastrophe*, dtd. Nov. 6 2017, at <<http://www.tribuneindia.com/news/in-focus/hiding-a-catastrophe/493150.html>>.
127. Ref.: Tweet by Prashant Bhushan, posted on Nov. 9 2016, at <<https://twitter.com/pbhushan1/status/796350959240626176?lang=en>>.
- 127a. Ref.: *Speaking at an event organised by "Lokshahi Bachao Abhiyan", where former Gujarat chief minister Suresh Mehta was also present, (Yashwant) Sinha said,*

“Demonetisation was considered so important that the PM decided that he himself will announce it, instead of allowing the RBI Governor or the Finance Minister to do it. While announcing it through an hour-long speech, he mentioned black money 74 or 75 times. Fake currency and terrorism were also mentioned, but nowhere [sic] was digital and cashless economy mentioned [emphasis added].”

(Source: *Demonetisation has caused a loss of Rs 3.75 lakh crore, economy standing on one leg: Yashwant Sinha*, dtd. Nov. 15 2017, at <<http://indianexpress.com/article/india/demonetisation-has-caused-a-loss-of-rs-3-75-lakh-crore-economy-standing-on-one-leg-says-bjp-leader-yashwant-sinha-4938026/>>.

128. Ref.: *Demonetisation anniversary: Note ban ethical, moral decision, says Arun Jaitley*, dtd. Nov. 8 2017, at <<http://indianexpress.com/article/india/post-demonetisation-note-ban-ethical-moral-decision-arun-jaitley/>>.

129. Ref.: *No moral halo: Demonetisation needs to be examined and debated, primarily and above all, for its economic merits and consequences.*, Indian Express Editorial, dtd. Nov. 8 2017, at <<http://indianexpress.com/article/india/post-demonetisation-note-ban-ethical-moral-decision-arun-jaitley/>>.

130. Ref., e.g.:

The World Bank report is of the view that demonetisation has the potential to accelerate the formalisation of the economy.

Informal economy accounted for over half of India's GDP as of 2008-09 and 82 per cent of non-agricultural employment.

"Demonetisation promotes a reallocation of resources from the informal to the formal economy ... Many firms that had been reluctant to formalise now adopted digital payments, moving a step closer to formalisation, thanks to the demonetisation exercise," it added.

Formalisation is ultimately a positive transformation that can lead to greater efficiency, World Bank said, adding that India's low aggregate productivity is in part due to the prevalence of a large number of informal unproductive firms.

(Source: *Successful Demonetisation To Help Increase Revenue In Long Run: World Bank*, dtd. 2016, at <<http://profit.ndtv.com/news/economy/article-successful-demonetisation-to-help-increase-revenue-in-long-run-world-bank-1707768>>.)

131. Ref.: *Demonetisation: Manmohan Singh To Modi - Time For Politicking Over, Let's Rebuild The Economy*, dtd. Nov.. 6 2017, at <<https://www.bloombergquint.com/politics/2017/11/06/demonetisation-manmohan-singh-to-narendra-modi-on-economy-inequality-jobs-formalisation-rbi-digital>>.

132. Ref.: *A 'Jhatka' To Push Formalisation In The Economy Could Come At A Cost: Raghuram Rajan*, dtd. Sept. 8 2017, at <<https://www.bloombergquint.com/business/2017/09/08/a-jhatka-to-push-formalisation-in-the-economy-could-come-at-a-cost-raghuram-rajana>>.

133. Ref.: *Demonetisation, inequality and informal sector* by Himanshu, an Associate Professor at Jawaharlal Nehru University, dtd. Nov. 6 2017, at <<http://www.livemint.com/Opinion/4d7dGQxSBhrgy00IrlAmRK/Demonetisation-inequality-and-informal-sector.html>>.

134. Ref.: *An extract from 'Demonetisation and Black Money'* (by economist C. Rammanohar Reddy), dtd. March 20 2017, at <<http://www.thehindu.com/books/an-extract-from-demonetisation-and-black-money/article17540241.ece>>.

135. Ref.:

More than 90% of the workforce in India is working as informal labour. These workers, who are without any written contract, social security benefit and security of tenure, have seen their numbers swell in not just the unorganized sector, which is almost entirely informal, but also in the organized sector. According to the 2011-12 employment and unemployment survey of the National Sample Survey Office (NSSO), nearly 50% of workers are employed as informal workers. The share of workers in the private organized sector is as high as two-thirds of all employment.

Increasing recourse to contractual workers by the organized sector is a trend that has gained momentum in the last decade, swelling the ranks of informal workers. But the informal sector, which contributes to almost half of national income and employs more than 90% of all workers, remains neglected in most policy initiatives. It was also the biggest sufferer in the demonetization drive last year but has bounced back since then. Despite its overwhelming contribution to the economy and employment, it is generally seen as parasitic with no contribution to tax income of the government and also because it is unregulated.

(Source: *Is informal the new normal?* by Himanshu, dtd. May 22 21017, at <<http://www.livemint.com/Opinion/wbGabfgoBnHwJPWHBZbPLI/Is-informal-the-new-normal.html>>.)

136. Ref.:

About 370 million workers constituting 92% of the total workforce in a country were employed in the unorganized sector as per NSS Survey 1999-2000. It plays a vital role in terms of providing employment opportunity to large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganised sector to the net domestic product and its share in the total NDP at current prices has been over 60%. In the matter of savings the share of household sector in the total gross domestic saving mainly unorganised sector is about three fourth.

(Source: *Indian Informal Sector: an Analysis* by Dr. Muna Kalyani, p. 80/81 in the 'International Journal of Managerial Studies and Research (IJMSR)', Volume 4, Issue 1, January 2016.)

137. Ref.: *Demonetisation Has Failed to Tackle Black Money* by Karan Thapar, dtd. Nov. 11 2017, at <<https://thewire.in/196251/demonetisation-black-money-corruption/>>.

138. Ref.: *Economic Rationale of 'Demonetisation': Scrutiny of the Government's Claims* by Vineet Kohli and R Ramakumar, dtd. Dec. 31 2016, at <<http://www.epw.in/journal/2016/53/web-exclusives/economic-rationale-%E2%80%98demonetisation%E2%80%99.html>>.

139. Ref.: *One year after demonetisation, cash is still king* by Roshan Kishore, dtd. Nov. 8 2017, at <<http://www.livemint.com/Industry/S0AwBRAYuGbJw0SoXOaUaO/One-year-after-demonetisation-cash-is-still-king.html>>.

140. Ref.: *India's dream of going cashless is just that...a dream* by Nupur Anand, dtd. Nov. 13 2017, at <<https://qz.com/1127614/demonetisation-indias-grand-plan-to-go-cashless-has-failed/>>.

141. Ref.: *Modi's Himalayan Miracle* by Abheek Barman, dtd. Nov. 26 2013, at <<https://blogs.economictimes.indiatimes.com/folk-theorem/modi-s-himalayan-miracle/>>.

142. Ref.:

According to the Reserve Bank of India (RBI) data, India had 215,039 ATMs at the end of June 2016. This was 182,687 at the end of December 2014, and 205,328 at the end of 2015, which is a growth of over 12%.

(Source: *19.71: Number of ATMs per 100,000 adults*, dtd. Dec. 14 2016, at <<http://www.livemint.com/Money/sFrNPXQBuTNW6FCTZ5eYwN/1971-Number-of-ATMs-per-100000-adults.html>>.)

143. Ref.:

The process of demonetisation involves the recalibration of ATMs all across the country since the size of the newly introduced Rs 2000 note is different from that of the notes currently in circulation. There are about two lakh ATMs in India which need to be recalibrated.

(Source: *Demonetisation: The recalibration of ATMs and what it entails, explained*, dtd. Nov. 24 2016 at <<http://www.thenewsminute.com/article/demonetisation-recalibration-atms-and-what-it-entails-explained-53357>>.)

Also ref., e.g.: *Rs 500, Rs 1,000 notes banned: What is ATM Recalibration and why it could take 2-3 weeks*, dtd. Nov. 2016 at <<http://www.firstpost.com/tech/news-analysis/rs-500-rs-1000-banned-what-is-atm-recalibration-and-why-it-could-take-2-3-weeks-3692245.html>>.

144. This is how one of the very few eminent economists who had supported demonetisation would react:

(Nobel Laureate) Professor (Richard) Thaler didn't mince his words in his response. He replied, "The concept (of demonetisation) was good as a move to a cashless society to impede corruption but the rollout was deeply flawed and the introduction of the Rs 2000 note makes the motivation for the entire exercise puzzling [emphasis added]."

(Source: *Demonetisation roll-out deeply flawed, introduction of Rs 2000 notes puzzling: Richard Thaler, Nobel Laureate* by Sam Jawed, dtd. Nov. 18 2017, at <<https://www.altnews.in/demonetisation-roll-deeply-flawed-introduction-rs-2000-notes-puzzling-richard-thaler-nobel-laureate/>>.)

145. Ref., e.g.:

In the initial days of remonetisation, RBI had focused on Rs 2000 notes to quickly increase currency in circulation.

(Source: *RBI stops printing Rs 2000 notes, focus now on new Rs 200 notes*, dtd. July 26 2017, at <<http://www.livemint.com/Industry/cygPqPW4X5ik9Jzbly3HDK/RBI-stops-printing-Rs-2000-notes-focus-turns-to-new-Rs-200.html>>.)

146. Ref.:

If lower denomination notes (Rs 500 and below) are the focus, why did the government/ Reserve Bank of India flood the system with Rs 2,000 notes in the days that followed demonetisation when general public was reeling under severe cash crunch? The Rs 2,000 notes did little help to ease the misery of the common man and small traders, since there was no change available in the markets.

(Source: *Forget U-turn on Rs 1,000 notes, why did govt launch Rs 2,000 notes in the first place?* by Dinesh Unnikrishnan, dtd. Feb. 22 2017, at <<http://www.firstpost.com/business/forget-u-turn-on-rs-1000-notes-why-did-govt-launch-rs-2000-notes-in-the-first-place-3296626.html>>.)

147. Ref.: *Demonetisation: A look at the changing rules for withdrawals and deposits*, dtd. March 31 2017, at <<http://www.hindustantimes.com/business-news/demonetisation-a-look-at-the-changing-rules-for-withdrawals-and-deposits/story-jRBYfczVjnmBCO2Uvt3c8O.html>>.

148. Ref.:

The Reserve Bank of India has today (Nov. 14 2016) clarified that District Central Cooperative Banks (DCCBs) can allow their existing customers to withdraw money from their accounts upto Rs 24,000 per week upto November 24, 2016. However, no exchange facility against the specified bank notes (Rs 500 and Rs 1000) or deposit of such notes should be entertained by them [emphasis added].

(Source.: *Here's how RBI changed, reworked demonetisation guidelines*, dtd. Dec. 19 2016, at <<http://indianexpress.com/article/business/banking-and-finance/how-rbi-changed-reworked-demonetisation-guidelines-4416570/>>.)

149. Ref., eg.:

The Supreme Court on Monday issued a notice to the Narendra Modi-led central government, asking it to explain why it junked the November 8 notification which stated that an opportunity will be given to those who are unable to deposit demonetised notes by December 30 [emphasis added].

"For those who are unable to exchange their Specified Bank Notes on or before December 30, 2016, an opportunity will be given to them to do so at specified offices of the RBI, along with necessary documentation as may be specified by the Reserve Bank of India," the November 8 notification had said.

...

"The Prime Minister's speech and the notification that followed clearly said that any person who is unable to deposit the old notes before 31 December 2016 can do so at specific branches of RBI," the lawyer for petitioners argued.

(Source: *SC issues notice to Centre on plea against RBI's refusal to accept banned notes*, dtd. Nov. 6 2017, at <<https://www.businesstoday.in/current/economy-politics/supreme-court-notice-centre-rbi-banned-notes-js-khehar/story/247482.html>>.)

150. Ref.: *MODI'S KEY AIDE BLAMES POOR PLANNING FOR INDIA'S CURRENCY CRISIS*, dtd. Nov. 13 2016, at <<http://www.scmp.com/week-asia/politics/article/2045567/modis-key-aide-blames-poor-planning-indias-currency-crisis>>.

151. Ref.:

"The concept was good as a move to a cashless society to impede corruption but the rollout was deeply flawed and the introduction of the Rs 2000 note makes the motivation for the entire exercise puzzling," Thaler said.

(Source: *Demonetisation rollout 'deeply flawed', says Nobel winner Richard Thaler*, dtd. Nov. 19 2017, at <<http://www.moneycontrol.com/news/india/demonetisation-rollout-deeply-flawed-says-nobel-winner-richard-thaler-2442195.html>>.)

152. Ref.: *'No cash!': Simbu's 'Demonetization Anthem' takes a dig at note ban and GST: The song appears in his upcoming film 'Thatrom Thookrom'*, dtd. Nov. 11 2017, at <<http://www.thenewsminute.com/article/no-cash-simbus-demonetization-anthem-takes-dig-note-ban-and-gst-71457>>.

153. Ref.: *Here are the 105 people who died in 45 days of demonetisation* by Shilpa Shaji, dtd. Dec. 22 2016, at <<http://naradanews.com/2016/12/here-are-the-97-people-who-died-in-37-days-of-demonetisation/>>.

154. Ref.:

About 1.5 million jobs were lost during January-April 2017. The estimated total employment during the period was 405 million compared to 406.5 million during the preceding four months, September-December 2017.

These estimates are based on consecutive Waves of CMIE's Consumer Pyramids Household Surveys (CPHS). These are all-India household surveys over a sample size of 161,167 households that included 519,285 adults. The most recent Wave was conducted over the four month period of January through April 2017. This was the first complete Wave post demonetisation. Demonetisation began in the middle of the preceding Wave which was conducted from September through December 2017.

(Source: *1.5 million jobs lost in first four months of 2017* by Mahesh Vyas, dtd, July 11 2017, at <<https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=2017-07-11%2011:07:31&msec=463>>.)

155. Ref.: *Demonetisation: 35 per cent job losses, 50 per cent revenue dip, says study by largest organisation of manufacturers: The study, conducted by AIMO, has also projected a drop in employment of 60 per cent and loss in revenue of 55 per cent before March 2017.* by Arun Janardhanan, Dtd. Ja. 9 2017, at <<http://indianexpress.com/article/india/demonetisation-35-per-cent-job-losses-50-per-cent-revenue-dip-says-study-by-largest-organisation-of-manufacturers-4465524/>>.

156. Source: *Impacts on Demonetization: Organized and Unorganized Sector* by Dr.S.Balamurugan and B.K.Hemalatha, P. 5/11, IOSR Journal Of Humanities And Social Science (IOSR-JHSS).

157. Source: *Reviving the informal sector from the throes of demonetisation* by Kaushik Bhattacharya, Siddhartha Mitra, Sarmistha Pal and Bibhas Saha, dtd. Feb. 13 2017, at http://www.ideasforindia.in/article.aspx?article_id=1773.

158. Ref.: *Demonetisation anniversary: Cooperative banks still weighed down by cash that cannot be used*, dtd. Nov. 8 2017, at

<http://indianexpress.com/article/explained/demonetisation-effect-narendra-modi-arun-jaitley-gst-cooperative-banks-digital-economy-4927242/>.

One may, here, specifically take note of:

In June, the RBI —following an SC ruling — agreed to exchange old notes DCCBs had accepted during November 10-14, 2016, but not those deposited before November 10. The cash idling in the state's DCCBs, estimated to be about Rs 100-150 crore, is incidentally part of the 1% devalued notes that have not yet come back into the system.

159. Ref.: *India's Q1 GDP growth falls to 5.7%, hits 3-year low*, dtd. Aug. 31 2017, at <https://timesofindia.indiatimes.com/business/india-business/indias-gdp-in-q1-grows-5-7-slowest-pace-in-2-years/articleshow/60305396.cms>.

160. Ref.: *India's export drops by over 1%, trade deficit widens to near 3-year high*, dtd. Nov. 14 2017, at <https://scroll.in/latest/857877/indias-export-drops-by-over-1-trade-deficit-widens-to-near-3-year-high>.

161. Ref.: *RBI annual report: How govt, RBI made a loss during demonetisation*, dtd. Aug. 31 2017, at <http://www.businesstoday.in/current/economy-politics/rbi-annual-report-loss-demonetisation-printing-notes-note-ban-data/story/259391.html>.

162. Ref., e.g.: *I-T officials asked DK Shivakumar to join BJP to avoid raids, claims Karnataka CM: "The Central government is controlling the I-T Department, the Enforcement Directorate and the CBI to threaten people," Siddaramaiah said*, dtd. Nov. 9 2017, at <http://www.thenewsminute.com/article/i-t-officials-asked-dk-shivakumar-join-bjp-avoid-raids-claims-karnataka-cm-71339>.

163. Ref.: *The Chart, 'PSBs gross NPAs in Rs cr', in Bad loans of Indian banks cross Rs 8,00,000 cr: Banking mess explained in 7 charts* by Kishor Kadam, dtd. Aug. 17 2017, at <http://www.firstpost.com/business/bad-loans-of-indian-banks-cross-rs-800000-cr-banking-mess-explained-in-7-charts-3939999.html>.

164. Ref.: *Modi Should Explain How Rafale Deal Went From '95% Complete' to Zero in Two Weeks* by Ravi Nair, Nov. 22 2017, at <https://thewire.in/198840/rafale-deal-modi-must-use-opportunity-clear-air-transparent/>.

Also: *Clouds over fighter jet: How much did Rafale actually cost?* by Ajai Shukla, dtd. Nov. 24 2017, at http://www.business-standard.com/article/current-affairs/clouds-over-fighter-jet-how-much-did-rafale-actually-cost-117112400029_1.html.

165. Ref.: *Chief Justice Mohit Shah Made An Offer Of Rs 100 Crore To My Brother For A Favourable Judgment In The Sohrabuddin Case: Late Judge Loya's Sister* by Niranjana Takle, dtd. Nov. 21 2017, at <http://www.caravanmagazine.in/vantage/loya-chief-justice-mohit-shah-offer-100-crore-favourable-judgment-sohrabuddin-case>.

Also: *SOHRABUDDIN'S BROTHER WANTED PROBE, WROTE TO THEN CJ* by Sharmeen Hakim, dtd. Nov. 22 2017, at <https://mumbaimirror.indiatimes.com/mumbai/civic/sohrabuddins-brother-wanted-probe-wrote-to-then-cj/articleshow/61745170.cms>.

And: *Judge Loya's Death: 13 Questions That Remain Unanswered* by Vakasha Sachdev, Dtd. Nov. 24 at <https://www.thequint.com/voices/opinion/13-questions-caravan-investigation-justice-loya-amit-shah>.

166. Ref.: *The Golden Touch of Jay Amit Shah* by Rohini Singh, dtd. Oct. 8 2017, at <https://thewire.in/185512/amit-shah-narendra-modi-jay-shah-bjp/>.

167. Ref.: *Exclusive: Think-Tank Run by NSA Ajit Doval's Son Has Conflict of Interest Writ Large* by Swati Chaturvedi, dtd. Nov. 4 2017, at <https://thewire.in/193873/exclusive-think-tank-run-nsa-ajit-dovals-son-conflict-interest-writ-large/>.

168. Ref.:

Demonetisation was considered so important that the PM decided that he himself will announce it, instead of allowing the RBI Governor or the Finance Minister to do it.

That's what a veteran BJP leader, a former Union Finance and External Affairs Minister, Yashwant Sinha, now considered a dissident though, would very aptly point out to underline the *political* dimensions of the move.

(Source: *Demonetisation has caused a loss of Rs 3.75 lakh crore, economy standing on one leg: Yashwant Sinha*, dtd. Nov. 15 2017, at <http://indianexpress.com/article/india/demonetisation-has-caused-a-loss-of-rs-3-75-lakh-crore-economy-standing-on-one-leg-says-bjp-leader-yashwant-sinha-4938026>. 169. Here is a recent account on how the GST, another major move picked up from the preceding regime by reversing its earlier stand and now implemented by the current regime with great gusto, has benefited the big business at the cost of the small and medium ones.

Ref. *GST aftershock creates widening two-speed economy in India: GST has driven a wedge between firms that have adapted to the new levies and a vast swathe of small businesses, representing almost half the Indian economy, that are struggling* by Anirban Nag and P R Sanjal, dtd. Nov. 15 2017, at <http://www.livemint.com/Politics/QJr53dzkMxh1Tbz3YCSRO/GST-aftershock-creates-widening-twospeed-economy-in-India.html>.