

Demonetization in India



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- Demonetization in India

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- The Trouble With India's Demonetization Gamble

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Lead Essay

Demonetization: The Indian experience

Year: 1946

Immediately after the end of the Second World War, the then British Government of India wanted to take action against black money and tax evasion to avoid any slump in the Indian economy (RBI History Vol1). They felt that the attack against black economy would be effective by demonetization of high denomination currencies particularly 500, 1000 and 10000. However, this move did not have the full support of the then Governor of the RBI whose views are as under:

“Sir Chintaman Deshmukh felt that we may not get even as much as Rs. 10 crores as additional tax revenue from tax evasion and that the contemplated measure, if designed to achieve such a purpose, has no precedent or parallel anywhere. If value is going to be paid for value (no matter whether such value is in lower denomination notes), it is not going to obliterate black markets. His advice is that we should think very seriously if for the object in view (as he deduces from the declaration form) whether this is an opportune time to proceed with the scheme. Provided Government are satisfied on the points of (i) sparing harassment to the unoffending holders and (ii) a worthwhile minimum of results in the shape of extra tax revenue, he does not wish to object to the scheme as drafted, if Government wish to proceed with it notwithstanding the administrative difficulties involved.”¹

The government of India decided to go ahead with its decision and issued two ordinances. On 11th January 1946 the first ordinance for declaration of holdings was passed, requiring all banks and Government Treasuries to furnish the records of their holdings of 100 Rs, 500 Rs, 1000 Rs and 10000 Rs notes to the Reserve Bank of India by 3.Pm the same day. The 12th January 1946 was declared a bank holiday and then on 13th January 1946 a second ordinance was passed, saying that existing currency notes of the denominations 500, 1000 & 10,000 were demonetized and that the holders of such currencies could get it changed by presenting their old notes with the RBI within 7th March 1946.

The first demonetization drive in India was largely ineffective. By the end of 1947, out of the total issue of Rs. 143.97 crores of high denomination notes, notes worth 134.9 crore were exchanged.

The views of the then Mr. Chintaman regarding the demonetization was summed during his Dadabhai Naoroji Memorial Prize Fund Lectures, delivered at Bombay in February 1957, as under:

“It was really not a revolutionary measure and even its purpose as a minatory and punitive gesture towards black-marketing was not effectively served. There was no fool-proof administrative method by which a particular note brought by an individual could be proved as the life-savings of the hard-working man who presented it or established as the sordid gains of a black-marketer. In the end, out of a total issue of Rs.143.97 crores, notes of the value of Rs.134.9 crores were exchanged up to the end of 1947 as mentioned in the Report of the Board of Directors of the Reserve Bank. Thus, notes worth only Rs.9.07 crores were probably “demonetised “, not having been presented. It was more of “conversion “, at varying rates of profits and losses than demonetization”

Year: 1978

Demonetization of high denomination currencies notes was tried once again during 1978. This time also the RBI was not in favor of this. The then Governor Mr. I.G. Patel was not very keen on the demonetization as he felt that this move was motivated mainly for political considerations and did not have any economical rationale. However, the Government lead by Mr. Moraji Desai decided to go ahead with the demonetization.

Lead Essay

The second demonetization in Indian history was done through a single ordinance passed on 16th January 1978. The ordinance declared void the currency notes of denomination 1000, 5000 and 10000 and, declared that no transfer or receipt of the demonetized bank notes should take place from the very same day. The ordinance also provided detailed provisions regarding the exchange of the demonetized currency notes for various government organizations and general public.

The preamble of the ordinance states its purpose as follows:

“The availability of high denomination bank notes facilitates the illicit transfer of money for financing transactions which are harmful to the national economy or which are for illegal purposes and it is therefore necessary in the public interest to demonetize high denomination notes.”

The implementation of the ordinance and exchanging all the demonetized currency notes from all around India remained a tedious and difficult process for the Government. Long queues formed outside the RBI and State bank offices to collect their cash declaration form. A press report released on 18th January 1978 captures the chaos that the Government had unleashed on that day.

“The day started with utter confusion over the issue of declaration forms at the Reserve Bank headquarters at Bombay and the working hours stretched to 6.30 pm. Enterprising city printers are said to have made quick money selling forms in sets of three for Rs 3. As expected, there were frayed tempers and a considerable hue and cry from the public as well as foreign tourists, especially those who did not have, or did not care to reserve, documentary proof to support the exchange of notes. Many tourists were reluctant to fill the forms, particularly tourists from the Gulf countries. Generally tourists who had a small number of currency notes of high denomination had their notes exchanged across the counter”ⁱⁱ.

The second demonetization drive in Indian history failed miserably. Though it was poorly implemented, the major cause for the failure was that the demonetization drive lacked economic rationale. This fact was captured later in the book written by the then Governor Dr. I.G. Patel, who in his book *Glimpses of Indian Economic Policy: An Insider’s View* had the following to say about the Government’s decision about the demonetization in 1978.

“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 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”ⁱⁱⁱ.

Demonetization: International experiences

Country: Zimbabwe

Reason for demonetization: to combat hyper Inflation

The high hyper inflation that was rocking the Zimbabwean economy for over a decade made its citizens lose faith in their currency. From 2009 onwards a multi currency system was ushered in, whereby currencies of Botswana, South Africa and US Dollar were allowed to be used as legal tender for everyday transactions in Zimbabwe. Six years after implementing the multi currency system the Government of Zimbabwe decided to completely eradicate the Zimbabwean currency from circulation. On June 2015 the central bank of Zimbabwe announced demonetization decision and requested its citizens to change their Zimbabwean currency for US Dollar before 30th September of 2015.

Lead Essay

Country: Philippines

Reason for demonetization: Protect against counterfeiters

The Government of Philippines decided to demonetize old currency notes which were introduced in 1985 with new currency notes which came into existence in 2010. The reason for this demonetization was to protect the integrity of their currency and safeguard it against counterfeiters. The new currency notes have new design and better security feature like wider security thread.

The demonetization schedule has been set at two years. Citizens can use the old notes for their daily transactions from January 1st 2015 to 31st December 2015, but during the mean time they were also expected to get their currency notes changed from banks. From January 1st 2016 to December 31st 2016 the old bank notes will cease to have monetary value, hence cannot be used in the day to day transactions. However, citizens could still get their notes exchanged from banks before 31st December 2016. And, finally from 1st January 2017 all old bank notes will be demonetized.

Country: Libya

Reason for demonetization: Inclusion into the banking system

The Reserve Bank of Libya demonetized old currency notes as a last ditch effort to ensure liquidity into its banking sector. The faith in the Libyan Banking system crashed after the ouster of their long standing leader Mr. Gaddafi in a civil war. This led to people storing money in their houses instead of banks, it was estimated that 96% of the countries cash was outside the banking system at one point of time. And, it was widely agreed that that the banking sector had to be restored for restoring the Libyan economy. Hence, the Reserve Bank of Libya demonetized their old currencies and requested Libyans to convert their old currencies for new notes within a time span of three months.

European Union:

Reason for demonetization: Introduce a single currency

The introduction of the Euro currency led to the largest demonetization drive in the known human history. 12 countries had to change their national currencies and adopt the Euro. Nearly 300 million people were directly affected by this demonetization drive. But, it has to be agreed that the demonetization conducted in Europe was the most well planned and executed demonetization drives in the world. Firstly, from January 1999 to 31st December 2001 the Euro was used only as book money. Secondly, From January 1st 2002, the Euro was introduced for the day to day transactions and the old currencies were demonetized. Finally, the old currencies were taken out of circulation at the latest by 28th February 2002.

Country: Australia

Reason for demonetization: Protect against counterfeiters

After the advent of the new bank note technology, which was invented by the Reserve Bank of Australia (RBA) in collaboration with Commonwealth Scientific and Industrial Research Organization (CSIRO), the RBA issued its first polymer based 10\$ bill on January 1988. From 1992 to 1996, the RBA progressively introduced polymer based currencies in all denominations and slowly demonetized its old paper notes.

Country: Singapore

Reason for demonetization: Create a new currency

Singapore used banana notes^{iv} while it was colonized by Japan. After the fall of Japan in the Second World War in 1945 the Japanese Government refused to honor its commitment to the banana notes. The British who resumed power after the surrender of Japan demonetized the old notes and introduced a new currency to ensure the integrity of the monetary system of Singapore.

Lead Essay

Demonetization is the process of removing the monetary value of legal tender currency. The sole purpose for which demonetization is used for in many countries is to weed out old currencies from their monetary system. And beyond that it is not considered as a serious monetary policy tool. However, some countries when pushed to the brink of economic collapse e.g. Libya, Zimbabwe have tried to use demonetization to achieve various economic outcomes like bringing money into their banking system and reducing hyper inflation. However, the efficacy of such a move is still being debated and the evidence is not conclusive.

India on the other hand had twice tried and failed to counter the menace of black economy after demonetizing high currency notes. In both those occasions in 1946 & 1978, the RBI was not in favor of the demonetization drive. And, as the events of the 2016 demonetization drive unfold, it becomes clear that the RBI was brought into the loop only in the final moment just before announcing the demonetization decision to the public. The question being raised now regarding under whose advice was this demonetization drive was initiated has also been unanswered.

The economic literature is very clear about the ways to attack black money and, demonetization of currency is not prescribed as a policy tool anywhere.

Demonetization of currency was an avoidable option in India. The experts have been very clear about how it was not necessary to demonetize the currency to attack black economy. Back in 2014 the then RBI Governor had the following to say about currency demonetization.

“Rajan: I am not quite sure if what you meant is demonetize the old notes and introduce new notes instead. In the past demonetization has been thought off as a way of getting black money out of circulation. Because people then have to come and say "how do I have this ten crores in cash sitting in my safe" and they have to explain where they got the money from. It is often cited as a solution. Unfortunately, my sense is the clever find ways around it.

They find ways to divide up their hoard in to many smaller pieces. You do find that people, who haven't thought of a way to convert black to white, throw it into the Hundi in some temples. I think there are ways around demonetization. It is not that easy to flush out the black money. Of course, a fair amount may be in the form of gold, therefore even harder to catch. I would focus more on the incentives to generate and retain black money. A lot of the incentives are on taxes.”

Black money is a stock concept & black income generation is a flow concept. Demonetization has not attacked the black income generation aspect of the black economy. This demonetization could at the maximum affect the generation of black income for a few days as the currency notes that are used as operating capital has become void. However, after a few days these black income generation activities will continue unabated.

Firstly, it becomes clear that the demonetization decision was taken in haste and does not have any economic rationale. Secondly, the hardship that a decision of such a humongous scale could cause to the general public was never thought through by the government. Thirdly, the unpreparedness of the government is becoming more and more apparent by the fact that they have changed the rules for currency conversion and ATM withdrawals five times since the implementation of the demonetization drive. And finally, the mind blowing economic cost of such a decision has been grossly underestimated by the government.

Lead Essay

Impact of demonetization:

Table 1: Demand for Cash by various agents in the economy

Description of the activity	Unaccounted transactions (legitimate transactions but not tax paid)	Illegal transactions (corruption, crime, etc.)	Informal sector transactions	Accounted transactions
Medium of Exchange	Incomes are earned through exchanges in	Payments for crime	Incomes are earned in cash and spent in	Transaction demand for money
Store of value	cash, payments are made in cash		cash	
	Balances held in the interim until alternative investment options become available (there exist a number of instruments which yield better return than cash – real estate, lending in the unaccounted or informal sector, and so on.)	Balances held in the interim until alternative investment options become available (there exist a number of instruments which yield better return than cash – real estate, lending in the unaccounted or informal sector, and so on.)	Savings as well as precautionary purposes (as yet unbanked in the psychological sense)	For emergencies (precautionary demand for money)

Source: Demonetization: Impact on the Economy, NIPFP

From the above table we can infer that cash in India is not used only by hoarders and all people who carry cash are not people with black money. Additionally, both 500 and 1000 rupee notes that were demonetized contributed to nearly 86% of overall money supply in the economy. Any such endogenous shock in the monetary system of the country will have both short term and long term impacts in the economy.

Very Short term impact:

The demonetization, by removing 86 per cent of the currency in circulation, has resulted in a very severe contraction in money supply in the economy. This contraction, by wiping out cash balances in the economy, will eliminate a number of transactions for a while, since there is no or not enough of a medium of exchange available. Since income and consumption are intrinsically related to transactions in the economy, the above would mean a severe contraction in income and consumption in the economy. This effect would be more severe on individuals who earn incomes in cash and spend it in cash. To a lesser extent it would also affect individuals who earn incomes in non-cash forms but need to withdraw in cash for consumption purposes, since a number of sectors in the economy still work predominantly with cash.

In terms of the sectors in the economy, the sectors to be adversely affected are all those sectors where demand is usually backed by cash, especially those not within the organized retailing. For instance, transport services, kirana, fruits and vegetables and all other perishables, would face compression in demand which is backed by purchasing power. This in turn can have two effects: while it is expected that supply exceeds demand, there would be a fall in prices, however, if supply too gets curtailed for want of a medium of exchange, prices might, in fact, rise. Thus, while generally people seem to expect prices to fall, it is quite possible that prices would instead rise.

Lead Essay

A further impact would be a compression of the demand for non-essentials by all the agents in the economy. The demand from segments which have access to digital medium of exchange would remain unaffected, but that from the rest of the economy would get compressed. This would transmit the effect to the rest of the sectors in the economy as well.

Another sector where one expects to see effects in the very short run is the real estate space. With contraction in demand from one set of agents – say agents who have earned unaccounted incomes and placed them within the real estate space – either price within this segment would fall or transactions would cease to happen. While by itself, this would be considered a positive development and evidence of a correction in the unaccounted incomes, it could lead to a compression in investments in the construction sector which can have adverse income and employment consequences for the economy.

Short-term effect:

The short-term effect on the economy would depend on the speed with which and the extent to which the cash is replaced by the authorities. If the entire cash is replaced within a short duration of time, the effects beyond the very short term of 1-2 months might be little. But a few sectors are likely to be seriously affected. To give an example from two sectors which are supposed to have large employment effect on the economy, we can talk about agriculture, and construction.

This is the sowing season for the Rabi crop in some parts of the country and the harvesting season for the Kharif crop. Most of the purchases and sales in this segment of the economy are carried out through cash. With the elimination of cash from the economy, sale of kharif crop would be difficult unless the crop is sold on the promise of payment in future. Given the limited bargaining power of the farmer, the price they can realize for the crop can be adversely affected. On the other hand, in the sowing activity, people would not get access to the inputs required since most of the inputs are now purchased from the market unless they seek access to credit from the supplier. In other words, with demonetization, there would be a significant strengthening of the informal sector credit market in the rural economy. Further, if there are agents who do not get access to credit from the informal sector agents, their sowing activity and hence their incomes in the next season would be adversely affected. Thus, in spite of a good monsoon in large parts of the country, the farmer might not get the benefits.

The second sector which could be adversely affected would be the construction sector. The sector, it is often argued, works with a significant amount of cash. Payments to workers as well as a variety of purchases might be carried out in cash. So, on the supply side, this sector can be adversely affected. On the other hand, on the demand side, the demand for houses and buildings would appear as a demand for non-essentials and might be pushed on to the back burner until the economic situation normalizes. Thus, to the extent there are agents in the economy whose demand was backed by savings from unaccounted incomes held in the form of cash which got extinguished on demonetization, there would be a compression of demand.

Medium-term effects:

In the medium term, the effects would appear if the currency is not replaced within the economy quickly. If the entire currency is replaced in the nick of time, there would not be any major effects on the economy. However, it is to be expected that the entire currency would not be replaced – to the extent currency is extinguished and to the extent some of the currency remains as bank deposits, there would be some impact on the economy. The first effect would be a compression of the economy to the extent the extinguished currency was working as a medium of exchange. Loss of jobs could occur in the unorganized sectors which predominantly deal in cash. Reduced consumption could push the economy into a downward spiral and cause serious economic hardships to the poorer section of the society.

Lead Essay

Long term effects:

Since money is being rationed, most consumers are changing their behavior and getting used to spending less money. For an economy where consumption contributes 56% of its GDP the current reduction in consumption will have a negative impact on the economy in the long term. The agricultural sector that employs more than 50% of India's population is also severely distressed because of the current credit crunch this might impact the long term migration of rural folk to cities and cause a heavy toll on cities which are already choked to the hilt. MSME sector which was the major employment generator in the economy was already going through a severe credit crunch. The current demonetization could severely affect their order books and cause job losses in the sector. Job creation will become very difficult in the country because private investments which are at an all time low will not improve because of the policy debauchery that the demonetization move has caused in the country.

Prepared by:

Kannan Kumar

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- 15) http://ideasforindia.in/article.aspx?article_id=1721

ⁱ According to a note prepared by Mr. N. Sundaresan, Joint Secretary, Ministry of Finance

ⁱⁱ History of RBI Volume 3, Pg – 553

ⁱⁱⁱ Glimpses of Indian Economic Policy: An Insider's View, Pg - 159

^{iv} Named because the notes carried the picture of a banana plant

^v <http://www.huffingtonpost.in/2016/11/09/heres-what-raghuram-rajn-thinks-of-currency-demonetisation/?ncid=fbcklnkinhpmg00000001>

Headlines

The Trouble With India's Demonetization Gamble

(Padmapriya Govindarajan, *The Diplomat*, November 18, 2016)

While former RBI governor Raghuram Rajan has not made an official statement regarding this move, he has expressed reservations in the past about the effectiveness of demonetization as a means of tackling money laundering, possibly indicating that he too might be in this camp of skeptics. The IMF has made a statement supporting Modi's efforts, but has also very clearly indicated the need for prudence in managing the transition to new notes, given the pervasiveness and importance of cash to the economy.

The rural poor who lack the infrastructure to set up deposit accounts and who currently hold all their money in cash form have been directly hit. Even those who do have access to accounts among them struggle with ill prepared banks and post offices, small and dispersed in number, and the need to take off several crucial hours from work – sometimes in vain. It is also difficult to estimate the numbers of women across the board who will be potentially irrecoverably impacted by this policy – women who do not inform their families of hidden stashes of cash, who are otherwise fully dependent on male members of the family and who stand to lose years of savings because they cannot confess to their presence.

Read More: <http://thediplomat.com/2016/11/the-trouble-with-indias-demonetization-gamble/>

Date Accessed: 21.11.2016

Economy

Was the risky gamble of demonetisation better than long-term reform?

(Anupam Gupta, *Scroll*, 21st November 2016)

Serpentine lines at banks continue. Nearly two weeks after Prime Minister declared the old Rs 500 and Rs 1,000 notes would cease to be legal tender from November 9, most of India is still reeling. Despair and desperation apart, the broad consensus is that these short term pains are worth it for long term gains. Experts everywhere are hailing this “demonetisation” as having a profound long-term impact on the economy by freezing black economy, bringing the informal sector under the taxation net, improving the tax/GDP ratio, and moving India to a cashless society.

Read More: <http://scroll.in/article/821866/was-the-risky-gamble-of-demonetisation-better-than-long-term-reform>

Date Accessed: 21.11.2016

Land conflicts affect over 3.2 million people in India

(Aakriti Shrivastava, *Down To Earth*, 16 November, 2016)

The impact of land-related conflicts on India’s people and economy has been underestimated, two new reports say. Analysis of 289 ongoing land conflicts—25-40 per cent of all conflicts in the country, according to the report—across India shows that over 3.2 million people and over Rs 12 trillion (US\$179billion) of investment are at risk.

Read More: <http://www.downtoearth.org.in/news/land-conflicts-affect-over-3-2-million-people-in-india-56318>

Date of Access: 21.11.2016

Agenda driving Modi Govt's Demonetisation Move is Clear: activist Bezwada Wilson

(Suhans Munshi, *CatchNews*, 20 November, 2016)

Wilson calls the currency ban an anti-poor policy in its attempt to force everyone to move to a new world of cashless transaction; a world where only the rich live, because a huge section of India doesn't have access to basic banking facilities, forget internet banking. Wilson demands that the policy be rolled back. The Modi government, he says, will 'taste' the anger of most of India, whom it has deeply upset.

Read More: <http://www.catchnews.com/india-news/agenda-driving-modi-govt-s-demonetisation-move-is-clear-activist-bezwada-wilson-1479644979.html>

Date of Access: 21.11.2016

Time to transport cash to banks cut from 21 to 6 days

(*Times of India*, 21st November 2016)

"RBI may transfer higher dividend or there could be a special dividend," the sources said. There is a probability of the government getting a "windfall" as a significant portion of the notes may not come back. This will reduce the liability of RBI and increase its ability to pay higher dividend. "Even in 1978 when the government resorted to demonetisation, 20% of the notes did not come back," the sources said. They said they would not like to speculate about the number of notes that may not come back into the system.

Read more: <http://timesofindia.indiatimes.com/india/Time-to-transport-cash-to-banks-cut-from-21-to-6-days/articleshow/55532197.cms>

Date Accessed: 21.11.2016

Economy

Helpless citizen 'warrior against corruption' in PM Modi's note-ban bid

(Charmy Harikrishnana, *Economic Times*, 20th November 2016)

The devil was not in the demonetisation per se but in the seemingly innocent details that underlined the move: you can withdraw only Rs 2,000 (now raised to Rs 2,500) from the ATM per day. You can exchange old notes worth Rs 4,000 only (now brought down to a paltry Rs 2,000 and to ensure that it is a one-time exchange, your finger will be marked with indelible ink). You can withdraw only Rs 20,000 per week (now raised to Rs 24,000).

Read more at:

http://economictimes.indiatimes.com/articleshow/55515907.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Date Accessed: 21.11.2016

Chasing the Dream

(Professor K Nageshwar, *The Hans India*, November 21, 2016)

The internet penetration continues to be woefully low compared to that in advanced economies. When a country like United States is still far from a cashless economy, it's certainly a pleasant dream devoid of any semblance of reality to think of an economy in India driven by electronic money only. Estimates suggest that even in America, 63 per cent of all monetary transactions are still in cash, whereas 90 per cent of all transactions in India are estimated to be in cash only. Therefore, India has a long and thorny way to go before it completely embraces a world of digital payments.

Read more: <http://www.thehansindia.com/posts/index/Editorial/2016-11-21/Chasing-the-dreams/264910>

Date Accessed: 21.11.2016

Can India become the new factory of the world?

(Tadit Kundu, *Livemint*, 21st November, 2016)

At a time when the Chinese economy is trying to undertake a transition from an export- driven economy to one focused on domestic consumption, whether or not India can emerge as the next factory of the world is a question worth billions of dollars. With a huge demographic dividend and lower wage rates compared to exporters in Southeast Asia and China, India definitely has an advantage on this count.

Read More: <http://www.livemint.com/Politics/Q4c38JhqWw8x6ymusS7W2H/Can-India-become-the-new-factory-of-the-world.html>

Date Accessed: 21.11.2016

MGNREGA Workers Demand Their Wages Now

(The wire staff, *The wire*, 21st November, 2016)

The Government of India (GoI) has failed to pay the wages of thousands upon thousands of rural labourers across the villages of India who have worked under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). MGNREGA aims to enhance the livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Wages are to be paid weekly. In Sitapur district of Uttar Pradesh alone, the GoI owes more than Rs 30 crore in payment for the work done over the last five months. Births, weddings, illnesses and deaths have greeted and tested the households of peasants and labourers, and angry and violated people have enacted one protest after another at the offices of district magistrates and development officers to try to get the government to respond to this injustice, but to no avail. This is outrageous!

Read More: <http://thewire.in/81429/mgnrega-workers-demand-their-wages-now/>

Date Accessed: 21.11.2016

Economy

Chennai's fisherfolk continue to trade in demonetised notes so their catch doesn't go to waste

(Vinita Govindarajan, Scroll, 21st November, 2016)

On a windy Saturday afternoon in North Chennai's harbour, two fishermen were debating the government's surprise move to invalidate high-value currency notes from November 9. "For the mistakes of few people, everybody has to suffer," said S Stephen. "That is not okay."

[Read More: http://scroll.in/article/821991/chennais-fisherfolk-continue-to-trade-in-demonetised-notes-so-their-catch-doesnt-go-to-waste](http://scroll.in/article/821991/chennais-fisherfolk-continue-to-trade-in-demonetised-notes-so-their-catch-doesnt-go-to-waste)

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Governance & Development

POLITICS AND GOVERNANCE

Barack Obama Says World Leaders Want To Move Forward With Trans-Pacific Partnership

(NDTV, 21st November, 2016)

US President Barack Obama said Sunday that leaders from across the Asia-Pacific have decided to move ahead with a trade deal opposed by his successor Donald Trump. "Our partners made clear they want to move forward with TPP," Obama said at a press conference after meeting leaders in Peru. "They would like to move forward with the United States." It is unclear whether there is any future for the Trans-Pacific Partnership, or TPP, a vast, arduously negotiated agreement between 12 countries that are currently at different stages of ratifying it. It does not include China.

Read More: <http://www.ndtv.com/world-news/barack-obama-says-world-leaders-want-to-move-forward-with-trans-pacific-partnership-1627981>

Date Accessed: 21st November, 2016

Europe's Successful Currency Changeover Highlights Everything India Did Wrong

(Gulshan Sachdeva, *The Wire*, November 21, 2016)

In recent history, a very successful currency changeover operation was carried out in Europe when twelve EU countries introduced their single currency, the euro, on January 1, 2002. In the first few days of 2002, participating countries distributed about eight billion notes and 38 billion coins through 218,000 banks and post offices and 2.8 million sales outlets. During the same period, authorities also collected a large proportion of the nine billion national notes and 107 billion national coins.

Frontloading banks with new notes and coins started almost three months in advance. By December 31, 2001, banks were already frontloaded with almost two-thirds of the cash needed in the next few weeks. About 96% of coins in value terms were also already in banks. All ATMs were preloaded with new cassettes and were activated at midnight. Most ATMs were designed to provide maximum 10 and 20 euro notes, as it was thought that large denominations would create a change shortage during the changeover. Except a few in Italy, most other ATMs worked as expected. Despite the fact that most Europeans normally use cards, it was expected that during the initial period, people will use more bank notes.

Read More: <http://thewire.in/81396/europe-currency-changeover-demonetisation/>

Date Accessed: 21.11.2016

DEVELOPMENT

157 Million Indians Without Toilets = 8 Olympic-Sized Pools of Poo Daily

(Prachi Salve, *IndiaSpend*, November 19, 2016)

As many as 157 million Indians—equivalent to the population of Bangladesh—or 41% of Indians living in urban areas, live without adequate sanitation, according to a new study released by Water Aid, a global advocacy. Slums suffer the most from lack of sanitation facilities, which affects nearly 863 million people across the developing world; in India, the number is 65 million, according to Census 2011.

Read More: http://www.indiaspend.com/indias-great-challenge-health-sanitation/157-million-indians-without-toilets-8-olympic-sized-pools-of-poo-daily-62663?utm_content=buffer838fc&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

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HEALTH

Increased Healthcare Spending Key to Economic Growth in India

(Kenneth Thorpe, *The Wire*, November 17th 2016)

The health of a country has far-reaching effects. It doesn't just impact the people and their quality of life, but it also has the ability to increase or slow a country's economic development and growth. There is enough data to show how an increase in the health status of a population can contribute substantially towards the economic development of a country via improved productivity, improved learning, demographic effects, health and capital accumulation, and reduced treatment burden.

Read More: <http://thewire.in/80401/increased-healthcare-spending-key-to-economic-growth-in-india/>

Date Accessed: 21.11.2016

Myanmar Struggles to Prepare For Possible Zika Outbreak

(Shwe Yee Saw Myint, *The Wire*, 20 November, 2016)

Myanmar is largely unprepared for an outbreak of Zika, experts say, with the health ministry slashing anti-virus measures due to lack of funds, overworked doctors skipping check-ups and pregnant women saying they are in the dark about the dangers. Zika has spread to some 60 countries and territories since the current outbreak was identified last year in Brazil, raising alarm over the rare birth defect microcephaly, as well as other neurological disorders it can cause in infants and adults.

Read More: <http://thewire.in/81349/myanmar-zika-unprepared/>.

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URBAN

Why Is It Easier for India to Get to Mars Than to Tackle Its Toilet Challenge?

(Shyama V. Ramani, *The Wire*, 20 November, 2016)

In 2013, India became the fourth country in the world (after Russia, the US and the EU) and the only emerging nation to launch a Mars probe into space. But it remains part of the group of 45 developing countries with less than 50% sanitation coverage, with many citizens practicing open defecation, either due to lack of access to a toilet or because of personal preference.

Read More: <http://thewire.in/81372/india-get-mars-tackle-toilet-challenge/>.

Date of Access: 21.11.2016

COP 22: India urges developed nations to adhere to the principle of 'Climate Justice'

(Shreeshan Venkatesh, *Down To Earth*, 17 November, 2016)

Indian environment minister Anil Madhav Dave addressed heads of states and dignitaries of parties of the COP assembled in Marrakesh for the COP22 climate summit on November 16. The minister, stating India's position and progress with regards to climate action at the joint high level segment, highlighted country's commitment to developing clean and renewable energy and pointed out that realisation of financial commitments made under the convention for both the pre- and post-2020 period remains a concern for developing countries.

Read More: <http://www.downtoearth.org.in/news/cop-22-india-urges-developed-nations-to-focus-on-pre-2020-actions-56321>

Date of Access: 21.11.2016

New rules for building power lines in forests to save animals from electrocution

(Mayank Aggarwal, *Live Mint*, November 21, 2016)

"To prevent death of animals like elephant in the forest areas due to electrocution by the distribution lines, in the forest area the distribution companies shall preferably use ABC or underground cable," said guidelines (dated 24 October) prepared by the Ministry of Environment, Forest and Climate Change (MoEFCC), which were reviewed by *Mint*. ABC cables are overhead power

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lines. "In case of the overhead lines, the clearance above ground of the lower conductor of 11 KV and 33 KV overhead lines should be as per the CEA (Central Electricity Authority) regulation or above maximum trunk height of the elephant, which ever higher," the guidelines added.

Read More: <http://www.livemint.com/Politics/owvjGRSyV4cRhMpPuMUmMO/New-rules-for-building-power-lines-in-forests-to-save-animal.html>

Date Accessed: 21.11.2016

LAW AND JUSTICE

Supports Triple Talaq- Muslim board forms women's wing (Times of India, 21st November 2016)

At its 25th national conference in Kolkata, the board formed a women's wing for the first time to look into issues related to women. Large parts of the Park Circus area went out of bounds for vehicles as thousands of members of the community joined the rally. Darga Road and Suhrawardy Avenue went out of bounds for vehicles coming from Moulali. While traffic flow was by and large smooth along the AJC Bose Road till Mallikbazar, roads and lanes beyond that were choked. "We believe in Shariah laws and its position on issues like marriage, divorce, inheritance and adoption. These are divine laws and cannot be modified, changed or altered by any person or authority," said Kamal Farooqi, member of AIMPLB's executive committee. "We have apprised the Supreme Court about the board's point of view through an affidavit. We hope that the government will withdraw its affidavit," he added.

Read More:

<http://timesofindia.indiatimes.com/city/kolkata/Supports-Triple-Talaq-Muslim-board-forms-womens-wing/articleshow/55534486.cms>

Date Accessed: 21.11.2016

India and World

India Votes Against UN resolution on Death Penalty

(Live Law, November 21, 2016)

India has voted against a UN resolution to establish a moratorium on death penalty, stating that it contravened statutory law in India. Following an ‘intense discussion’ on this issue, the UN committee approved an amended draft resolution calling for a moratorium on death penalty, by a recorded 115 votes in favour to 38 against, with 31 abstentions. The representative of India said every State had a sovereign right to determine its own legal system, and voted for the amendment in the resolution, which “reaffirms the sovereign right of all countries to develop their own legal systems, including determining appropriate legal penalties, in accordance with their international law obligations”. The amendment reaffirms the sovereign right of all countries to develop their own legal systems, which was passed by 76 votes in favour, 72 against and 26 abstentions.

Read more: <http://www.livelaw.in/india-votes-un-resolution-death-penalty-115-nations-vote-favour/>

Date Accessed: 21.11.2016

EUROPE

British PM Theresa May to unveil industrial strategy to spur ‘ambitious’ ideas

(The Indian Express, 21st November 2016)

Prime Minister Theresa May will unveil her new industrial strategy on Monday, pledging to spend billions of pounds on science, technology and research to spur a new “ambitious” way of doing business in Britain. May, who faces some of Britain’s toughest negotiations since World War Two to secure an advantageous divorce from the European Union, is keen to persuade business to back her push to create “the conditions where winners can emerge and grow”.

Read More: <http://indianexpress.com/article/world/world-news/british-pm-theresa-may-to-unveil-industrial-strategy-to-spur-ambitious-ideas/>

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Opinions/ Books

OPINIONS

We Should All Have Rights Over Our Bodies: Simon Jenkins

(*The Guardian*, November 18, 2016)

The right to make decisions about our bodies, provided we don't harm others, is sacred. That right was today upheld by a High Court judge in approving a 14-year-old London girl's dying wish to have her body frozen. She did so in the hope one day of coming back to life. This hope clearly gave comfort to a dying person. Cryonics is, to many of us, absurd. But the right to employ it is not. Wanting to be buried in a fridge rather than in a grave is hardly a big deal. Rising from the dead is one of the oldest human cravings.

Read more: <https://www.theguardian.com/commentisfree/2016/nov/18/cryonics-may-absurb-but-glad-legal>

Date Accessed: 21.11.2016

Don't Be Divided by Trump and Brexit

(Owen Jones, *The Guardian*, November 17, 2016)

We should debate the best strategies to achieve equal rights for all and persuade the currently unconvinced. But that does not mean backpedalling or conceding in the face of a backlash. The emancipation of the working class means the whole working class: men and women, white and black, straight and LGBT. We live in an age when many bigotries have been given official sanction. Ugly demons have been unleashed on both sides of the Atlantic. The right has already won two massive votes this year. If we surrender to their agenda, we'll be gifting them yet more victories.

Read more: <https://www.theguardian.com/commentisfree/2016/nov/17/trump-brexit-minorities-working-class>

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In Kashmir, Nobody Is Buying Parrikar's Link Between Demonetisation and Fall in Stone Pelting

(Mudashir Ahmad, *The Wire*, 20 November, 2016)

Earlier this week, defence minister Manohar Parrikar made a statement attributing the decline in cases of stone pelting against security forces in Kashmir, after months of unrest, to the government's announcement that Rs 500 and Rs 1000 notes will no longer be legal tender. While praising Prime Minister Narendra Modi for his "daring move" to demonetise high-denomination currency, Parrikar said that after the announcement, there have been no further instances of stone pelting. These remarks, which came at a time when unrest in the region entered its fifth month, have not only evoked sharp criticism in the Valley, but been contradicted even by the Jammu and Kashmir police.

Read More: <http://thewire.in/81378/kashmir-stone-pelting-demonetisation/>.

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CPEC: Boon or Bane for Pakistan?

(Hanan Zaffar, *The Diplomat*, November 16, 2016)

Strangely, the most ignored aspect of the CPEC is the presence of thousands of Chinese security personnel in Pakistan, which have been deployed to provide security to Chinese workers, officials, and engineers (in addition to the security provided by Pakistan). The presence of foreign soldiers in such huge numbers should be a cause of concern for the Pakistani establishment, keeping in mind the alleged neo-imperialistic endeavors of China, especially in Afghanistan. Furthermore many in Pakistan worry about the project being used by China to exploit Pakistan's vast natural resources, especially in Balochistan, in the guise of developmental assistance.

Read More: <http://thediplomat.com/2016/11/cpec-boon-or-bane-for-pakistan/>

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Issue Coordinator: Mr. Kannan Kumar

Connect with RGICS at: info@rgics.org; www.rgics.org



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