

Opinion TOP STORIES

## Who Benefitted After Modi's Demonetisation?

By *Jawhar Sircar* November 8, 2021 0



facebook

**I**t is usually believed that Narendra Modi's surgical attack on the economy that he declared through the demonetisation of thousand rupee and five hundred rupee notes, exactly five years ago, was a disaster. Well, it surely devastated a large section of the economy but that does not really mean that Modi failed in what he wanted to achieve. Modi is too complicated to lend himself to a simple black and white analysis as much of what he says and does has several interpretations and objectives. An opportunist par excellence, he turns whatever he can, including his mistakes, to his own advantage.

The Modi model of sustaining his rule rests on certain strategies and one among them is that he deliberately ramps up the level of election funding to such unheard-of heights, that it becomes simply unaffordable to his opponents. We submit that while his demonetisation and his next step, GST, wrecked the informal sector they did help the corporate sector that set the agenda as they were integral to Modi's digital payment system and their accounts said to be transparent. This sector is integral to Modi's digital payment system and his policy is to encourage huge homegrown businesses conglomerates like Japan's Zaibatsus or Korea's Chaebols, who return back his favour. Small and medium businesses that provide the lion's share of employment are slowly being replaced by corporates, from retail to food. The unregistered service provider and small/tiny manufacturers who operate only through cash were crippled, but that did not matter in Modi's scheme as voters of (say) Uttar Pradesh gave him a resounding victory. His sheer oratory convinced voters that big thieves had been punished and also that small sacrifices were necessary for his **Dharam Yudh**. The fact that this class of MSMEs was/is not necessarily evil because it deals in cash has to be understood in the context of a cumbersome and slow banking system in India. The small operator has no time or expertise to fill up complicated forms and then be subjected to harassment by corrupt inspectors and tax bureaucrats. By marginalising the small trader who had been the backbone and the traditional support base of the RSS, the Jana Sangh and the BJP, Modi was undermining the Sangh Parivar. By replacing their funding with that of his loyal big corporates, who now control India as never before, he was guaranteeing that only monopolised both political and economic power.

Support Us



*PM Modi with Mukesh Ambani, Ratan Tata, Anand Mahindra and Gautam Adani (file picture) | Courtesy: ANI Photo*

Let us we how Mukesh Ambani has increased his wealth in the Modi years by almost 4 times — from Rs.1.68 lakh crore in 2014 to Rs.3.65 lakh crore in 2019 and nearly Rs 6.7 lakh crores (\$92.7 billion, according to Forbes) in October 2021. Gautam Adani's rise has been equally prolific. His wealth zoomed up by 121% from just half a lakh crores in 2014 (when he took Modi in his private aircraft to Delhi to take over as PM) to Rs.1.1 lakh crore in 2019 and in 2021, Adani's wealth stands at Rs 3.6 lakh crores. He could profit by an additional Rs 1.18 lakh crore even in 2020, the Covid year. We see how this elite gained at every step under the Modi government and also know that much of public policy and the privatisation of government assets helps them considerably.

We assume that this corporate class does not get all these benefits of government policy and resources free. Even a fraction of their galloping wealth is enough to sustain the huge war machine thus created by Modi that reports directly to the only factotum he trusts, Amit Shah. It is always open to either Modi-Shah or Ambani-Adani to publicly disprove under oath any of these presumptions.

The sensational finding of former chief election commissioner, SY Quraishi's Centre for Media Studies that Rs 60,000 crores may have been spent in the 2019 parliament elections was really an eye-opener. This report estimates that the BJP garnered close to Rs 27,000 crore i.e. 45% of the total amount. Incidentally, these numbers have not been contradicted. If one discounts even a part of this estimate, one cannot deny the unbelievably high expenditure that Modi has introduced into elections in India from 2014. Modi-Shah's duo thus spared no cost to get the best of propaganda technologies, from hologram-projected virtual mass-meetings to profligate use of expensive chartered flights and helicopters. The most superior agencies available are engaged at extravagant costs to pump direct messaging and misinformation at several levels of audience, reaching them through different media. Funding is essential also for buying up media support, playing upon the desperation for economic survival or being influenced by other means. Recalcitrant ones have been known to be threatened and pulverised with raids and cases by draconian central agencies. Without such mind-boggling financial clout, legislators and influential leaders could hardly be bought over and state governments formed through defections at periodic intervals.



*One of the iconic pictures to show the suffering of common men after the announcement of demonetisation in November 2016. The picture was shared by a Twitter handle @DeekshaNRaut on the 5th anniversary of demonetisation on November 8*

Support Us

The purpose of mentioning all this is to explain how much money power matters in the continuance of Modi's regime and also to underline how he and his trusted few, control the supply lines. It appears that this ability to garner fantastic amounts from corporates and supporters also ensures the complete control of Modi's caucus over a party and its politics. It explains both the unquestioning obedience by the Sangh Parivar and also why no minister or chief minister is permitted to source funds, fairly or unfairly. No money means no challengers.

The failure of demonetisation becomes evident when we see how almost the entire amount of Rs 15.44 lakh crore rupees of demonetised notes was converted to 'white'. According to the Reserve Bank, more than 99.2 percent of this money was accounted for by the holders. Modi's big talk of unearthing black money proved to be quite hollow. Hundreds of common citizens lost their lives while standing in the long queues outside banks to prove that their holdings were bona fide. Thousands were devastated by the closure of their sources of livelihood.

The other promise to eradicate fake notes was not substantiated by the numbers of such notes seized. In these five years, digital monetary transactions have gone up but how much of it is due to technology, ease of payments and compliance with newer regulations and how much of it is due to demonetisation is impossible to prove. The fact is that currency notes in circulation have also soared —from Rs 17.74 lakh crore on November 4, 2016, to Rs 29.17 lakh crore on October 29, 2021, in value terms. If we are moving towards digital payments why is our hunger for cash increasing so much?

It is clear that the decline of the micro, small and medium sector was hastened by demonetisation and the badly-planned GST. As the small man sinks further and further, Modi's favoured corporates rise and rise — propping up his regime.

Tip with Fewcents. Your support will help us sustain quality content on eNewsroom.

INR 250    INR 700    INR 1.25K

Sign in to Tip

Google    Facebook    Guest

Email

I agree with Fewcents [Terms & Privacy Policy](#). I consent to my data being processed outside EU.

UPI    VISA    Mastercard    BHIM    PhonePe    POWERED BY Fewcents

Join 28.9 million users on Fewcents

Support Us