

Modi Antoinette: India's Demonetization Devastates the Working Class and Poor

Saturday 24 December 2016, by [Telesur](#) (Date first published: 16 December 2016).

"We have Modi Antoinette who says 'If you don't have paper, use plastic,'" rattled CPI(M) leader Sitaram Yechury, taking a dig at the far-right leader.

In the port city of Visakhapatnam, India, nestled near the Bay of Bengal, tragedy aggrieved a small family of three.

Eighteen-month-old Komali was struck by a viral fever that in its escalation forced her parents to rush her to the hospital.

Upon arrival, they were refused service. The family had only the now defunct 500 (US \$7.35) and 1,000 rupee (US \$14.70) notes to pay for the medical tests, which the hospital no longer accepted.

When the young parents took Komali back home, she had died.

Stories of such calamity are rising through the ranks after Indian Prime Minister Narendra Modi, in his so-called efforts to crack down on corruption, announced last week that all 500 and 1000 rupee notes would cease to be legal tender. His reasoning? That this measure would flush out black money and rid counterfeit notes held by terrorists who use it for their nefarious activities.

While demonetization is a fairly common practice, its sudden onset has massively destabilizing effects. As India plunges into chaos as a result of Modi's self-claimed "surgical strike," that the Indian Supreme Court said was more like a carpet bombing, the effects have been just that.

While demonetization measures are often implemented gradually, giving the populace a chance to replace the old notes with new ones in order to prevent too much disruption of economic activity, Modi and his cadre argue that the suddenness was to prevent hoarders of cash from being able to buy other assets.

But as Jayati Gosh writes in the *Guardian*, "only a small proportion of the funds received from illicit tax-evading activities is kept in the form of cash, and almost never by large players. They tend instead to buy real estate and other property, hold gold and stocks and shares and, most of all, move the money abroad."

"So this move touches only a tiny fraction of the assets accumulated through illegal activities. In any case, it also does nothing to control the source: not just bribery and corruption, but also inaccurate invoicing by companies, under-reporting of sales values and overstating costs, reporting non-existent transactions and so on," he adds.

And in an India where the cancelled notes account for 86 percent of all the currency in circulation, where 90 percent of transactions occur with cash, and where 85 percent of workers get their incomes in cash, the result is a fatal blow to the most impoverished, as well as the working and

middle class. This while the rich – the group most likely to be “cashless” – will likely remain unscathed.

And the results so far have been devastating.

Not enough of the new currency is available for the country’s billions of people so cash machines, riddled with hours-long queues, are empty while banks are also stretched beyond capacity.

Furthermore, the new 2,000 rupee notes are proving useless and inconvenient for daily transactions, as no one ever has enough change for this amount.

The lack of cash has also torpedoed both consumption and demand, which has had led to traders and small merchants losing perishable stocks, daily laborers being unable to find work because employers cannot pay in new notes, and small producers being unable to get working capital from moneylenders. Farmers are also facing dire consequences, with heaps of unsold freshly harvested crops.

Vitthalbhai Hansrajbhai Radadiya has become the first from Modi’s far-right Hindu nationalist Bharatiya Janata Party’s (BJP) to speak out against the demonetization scheme.

“The farmers, who have to stand in long queues outside banks, are much pained today. They have no usable money left with them. They have no idea what to do with the money they have. If the government doesn’t come out with a solution quickly,” the MP warns, “there will be more chaos.”

On Wednesday, opposition parties launched a scathing attack on the PM, laying out allegations of corruption that Modi himself is embroiled in.

Anand Sharma, a member of Congress, dryly stated, “Your government is insensitive,” adding that Modi was riding a bullet train in Japan when the country’s population were lining up at banks at 3 a.m. in the morning to get currency to buy their daily needs.

CPI(M) leader Sitaram Yechury took a further dig at Modi, narrating the infamous quote of Queen Marie Antoinette, who during the French revolution had said that people can eat cakes when they don’t have bread, and saying, “We have Modi Antoinette who says ‘If you don’t have paper, use plastic.’”

P.S.

* Telesur. 16 November 2016:

<http://www.telesurtv.net/english/news/Indias-Demonetization-Devastates-the-Working-Class-and-Poor-20161116-0013.html>