

DEMONETIZATION AND LIFE VALUES: NEW DIRECTIONS

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Abstract

The concept of development as it obtains today has proved to be disastrous so far as the environment is concerned. The concept of development by and large is an economics and consumerist concept which does not bother much about the environment and ecology of society. It is not only a utilitarian concept but a highly hedonistic one. Production and consumption are the only important parameters of today's growth model. Use and throw is the only ethic that propels market economy and people employment generation. In fact the economic growth development are not an autonomous factor in society but for society to be a healthier living environment it must have highly harmonious coordinator between man, nature and society but as the irony goes the three pillars of holistic social development instead of being supportive of each other they are in conflict with each other. The development of man as an individual is a discordance with the society for man being highly individualistic and self centered being and the society being a communistic and exploitative of natural resources- the mineral the forests, flora and fauna proves to be counter to the natural environment. In fact man nature and society should be totally supportive of each other and should not grow at the cost of other only then an authentic social growth of economic and moral cultural law take place. This is a case of holistic development of society which is the real and desirable state of development.

KEY WORDS: Cashless transactions, demonetization, the digital economy, and the Indian economy

Introduction:

Demonetization, in the context of the Indian economy, refers to the radical monetary step taken on November 8, 2016, by the Government of India, where high-value currency notes of Rs 500 and Rs 1,000—comprising roughly 86% of the total cash in circulation—were removed as legal tender. This unprecedented move was designed as a "surgical strike" against the shadow economy, aiming to curb black money, corruption, counterfeiting, and terror funding. Beyond the immediate economic disruption, this policy initiated a profound shift in societal life values and developmental directions, acting as a catalyst for a less-cash, digital-first economy. Before starting let's get familiar with the two words "Demonetization" and "Remonetization". Demonetization is the act of the government of stripping a currency unit of its status as legal tender. In other words demonetization is a act of government in which current currency unit is declared as illegal and cannot be used for transaction purposes and these currency units are replaced with new notes and coins. Remonetization on the other hand is the opposite to demonetization, in which a form a payment is recognized as legal tender. On November 8, 2016 night 8 pm Prime Minister Narendra Modi announced that Rs 500 and Rs 1000 currency notes will be invalid and citizen were given time to exchange these denomination in banks. All the notes in lower denomination of Rs 100, Rs 50, Rs 20, Rs 10, Rs 5, Rs 2, Rs 1 and all coins will continue to be legal tender.

He also said that new notes of Rs 2000 and Rs 500 will be introduced. Other modes of currency exchange like cheque, demand draft, payments made through credit and debit cards will remain unaffected by demonetization.

India's demonetization which took place on 8 November 2016 was unprecedented in International Economic history because it was highly secretive and sudden and it was carried out in normal economic and political condition elucidated by macroeconomic stability and fastest GDP growth rate.

Demonetization was indicted with multitude of motives like

- Stripping the Indian Economy of its black money.
 - Forcing people to pay taxes for the unaccounted pile of cash.
 - Promote the Digital India Movement.
 - Make India a cashless economy.
 - To eliminate the fake currency and dodgy funds.
 - To stop the funding of criminal activities like terrorism and drug trafficking.
- Demonetization is not the only effort taken by the government restricting the illicit activities. Some of the other steps taken by the government other than demonetization are as follow,
- Creation of the Special Investigative Team (SIT) in 2014.
 - Black Money and Imposition of Tax Act 2015.
 - Benami Transaction Act 2016.
 - The Information Exchange Agreement with Switzerland.
 - Change in the tax treaties with Mauritius, Cyprus and Singapore.
 - Income Disclosure Scheme.

Reason behind banning high denominations currency:

1. In India 68 % of all transactions are cash based and the RBI has estimated that banned currency formed approximately 86% of all currency in circulation.
2. Main idea behind banning the Rs 500 and Rs 1000 notes is that unaccounted money used in corruption or funding terrorism and drug trafficking take place in the form of high value notes of Rs 500 and Rs 1000.
3. As per the data provided by the Reserve Bank of India, there were 16.5 billion Rs 500 notes which are 45 % of currency stock in 2014-2015 and 6.7 million Rs 1000 notes which was 39 % of the currency stock in 2014-15 was in circulation that time.
4. The Financial Action Task Force (FATF) has observed that high currency values are used in money laundering schemes, drug and people trafficking. FATF is a global body that monitors the criminal use of International Financial Service.
5. Lastly these notes constitute a huge percentage of money spent during general election by the political parties candidates in India.

Key Dimensions and Life Value Shifts:

Shift from Informal to Formal Economy: A core objective was to bring the vast, informal, cash-dependent, and untaxed sector into the organized, formal banking system.

Rapid Digitalization of Transactions: The shortage of physical currency created a "forced" adoption of digital payments (e-wallets, UPI, and cards), fundamentally altering how citizens conduct daily transactions and reducing reliance on cash.

Cultural Shift in Financial Habits: The event encouraged a move towards "soft money" or digital transactions, promoting greater transparency and reducing the anonymity that previously allowed for tax evasion.

Institutionalization of Accountability: The drive forced individuals to deposit unaccounted cash, increasing the tax base, boosting bank deposits and enhancing tax compliance.

Impact on Social Values: The event served as a "cleanup process" that changed the societal perception of black money, making cash transactions less desirable and encouraging compliance.

Development in New Directions:

Digital Infrastructure Boom: The abrupt, massive, and unexpected nature of the announcement accelerated the adoption of technology in both rural and urban India. **Banking Sector Strengthening:** Increased bank deposits provided a higher base for lending, which was expected to lower interest rates and boost economic activity in the long term. **Financial Inclusion:** The drive boosted the Jan Dhan scheme, pushing for financial inclusion, especially for the underserved population.

While the immediate aftermath was characterized by significant liquidity shortages, long queues at banks, and a slowdown in cash-intensive sectors like agriculture and construction, the long-term intent was to create a more transparent, formal, and technology-driven Indian economy.

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but as the irony goes the three pillars of holistic social development instead of being supportive of each other they are in conflict with each other. The development of man as an individual is a discordance with the society for man being highly individualistic and self-centered being and the society being a communistic and exploitative of natural resources- the mineral the forests, flora and fauna proves to be counter to the natural environment. In fact man nature and society should be totally supportive of each other and should not grow at the cost of other only then an authentic social growth of economic and moral cultural law take place. This is a case of holistic development of society which is the real and desirable state of development.

We are thinking of building smart cities but in our country what is most important is to develop a concept of smart village. Many thinkers like Mescheller, Leiris Mumford long back had tried to show and argued that a mega metropolitan city in fact is a rubbish left out by the decomposition of self-sustaining village community life. Now some of the third world countries like Bhutan realize this lacuna of modern GDP model of socio economic development. Happiness at the level of individual, Happiness at the level of family and society, are being emphasized as the prime most concern of development. Indian society is predominantly an agrarian (agricultural) rural society where we must emphasize the components of self-sustaining satisfaction and happiness.

The discordance between man nature and society emerging out of the economistic consumerist model of development has caused alienation at the individual as well as social level. This model provokes man and society to be highly ambitious leading to tense life in society leading to an unhappy and stress full social life.

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This development has to be reviewed in three dimensions- Economic development includes employments and GDP parameters. Social development: education, awareness, medical and health etc. Cultural development: traditions, rituals, arts, craft etc. The first two dimensions are much lacked about but cultural develop often not included in the holistic approach of development according to anthropologist cultural development gets manifested in two major kinds of tradition- Great Tradition to Little tradition Great Tradition means main stream tradition Little Tradition means folk tradition.

Both the tradition in Indian social fabric gained quality and richness the fabric by integrating the diversification in unity. But Semitic cultures like Christian, Islamic do not prevent diversity they do homogenization, Jeopardies and harm the diversity. This leads to nonegalitarian society and social exclusions do we need cultural devilment?

In India, invasions by foreign rulers become the major cause of social exclusion. These had been “varna-vyavastha” in our society. This varna-vyavastha was based on the principle of division of labour. There was no hierarchy. This was a horizontal due to the foreign invasion and atrocities of foreign rules defence mechanism developed and to substructures were formed, castes sub castes came into existence. The open ended varn vyavastha become a closed added system and each caste became a society within society. This led to social exclusions. The whole division of society became vertical stratification where in shudra varna led to a fifth stratum also namely the stratum

of untouchable and unseeable a group of unclean caste. There is continuous deterioration and social exclusions. Many kinds of evils like putting women into seclusion Parda system, child marriage and in the higher castes female infanticide dowry system, developed immensely. mWhat I am trying to say hence there is no contribution to pluralism in society rather leading to disintegration in the various

sections of society based on caste religion. Thus under mining the social fabric based on cultural pluralism. Post-independence traditions after getting independence many onslaughts affected our society especially partition of the country based on religion. Partitioned India excluding Pakistan was a new great tradition and a challenge

A bigger nation in the framework of unity was sought to develop by the Indian rulers based on an amalgam of western and tradition (old) Indian values secularism rationalistic attitude, democratization of the institution etc. were sought to inculcate which to a very great extent led to a confusing mindset giving rise to hiatus between the modernized westernized educated population and traditionally oriented people who were not so steeped into modern values. In order to replace and redress the confusing social discrimination in government developed many such policies like reservation and employment etc.

The crisis growing due to the rising ambitious growing competitiveness and bizarre market forces the devaluation i.e. anomic condition in society i.e. growing gap between the prescribed means and ends to be achieved in causing a valueless i.e. anomic conditions in society which could be controlled either with the power of technology or through transformation brought about in social consciousness. The phenomenon of corruption is growing in society all over the world. In order to sensitize the social consciousness many experimental measures have been taken all over the world mostly it is through legislation measures. The use of currency has proved to be an important factor in regulating market forces. The questions are being posed now at this historical juncture whether the traditional paper currency a fast proving obsolete in ethical market transactions. Steps have been taken to digitalize the transactional methods as a recent publication namely “has the time for electronic currency come” by a reputed chartered accountant Ashish Sharma has effectively demonstrated to switch over to holistic electronic currency which completely outmodes the paper currency from the transactional system recently the demonetization implemented by the Indian prime minister Narendra Modi which although drew a sharp criticism in some quarters has to a great extent proved to be a very effective in checking the rampant corruption prevailing in Indian society. A great deal of black money amounting to lakhs of crores in public generally known as number two money was extracted out from the black money coffers and deposited in banks. It worked to some extent and eased out the currency constituent to some extent but much yet remains to be done through some holistic measures which could make the transactional processes fool proof. It is to a great extent the transactional deficiencies that black money comes into play and corrupts in many ways including financing of terrorism price rise spiral, Reality market into price rise. In fact the ever growing technology without any moral compunction has proved to be some extent disastrous for the society.

Same is the case in cash currency technology a printing and computer printing specially has produced many possibilities for the fake currency to grow and disturb the economy of a country a great deal. Many enemy countries like Pakistan have been trying to inject duplicate currency in Indian economy and a phenomenal rise in terrorist activities in the Kashmir and other border areas. Its check is possible only through some super technology which could override the evil of fake currency. Demonetization brought in by the present P.M. is one such step in this direction to reverse the process of multiplying technology and other related evils. Although it has created temporarily some discomforts to the people but in the longer run have proved to be effective in bringing out huge amount of black money hoarded by the native businessmen of this country. CA Ashish Sharma has explicitly proved that if a holistic electronic transactional could be introduced where cash currency has no role to play. The whole transactional system could be totally corruption free and augmenting the economy considerably. He has tried to

develop a concept of income psychos where without any cash transaction the economic development can be boosted effectively. This is all possible through the electronic transactional system operated digitally through two electronic gadgets one available with the tram actor and another with the recipient through the medium of bank is the role institutional operator.

Though there is no reliable record to show that how much black money has been unearthed from the hidden sources but on the basis of rough revelations one to two lakh cores has been unearthed. Though demonetization is a very shock producing method in the absence of effective governance and other related administrative measures but looking to the urgency of the situation where black money was fast overpowering the white economy of the country no alternative was left except the shocking measure of demonetization done by the government of India. Themenace was getting highly compounded with the inflow of duplicate currency from the neighboring enemy countries who wanted to destroy the economy and much of money was used for financing Jehadi terrorism naturally there was no alternative except demonetization in our rough assessment based on daily reports published in the media both electronic and print it cannot be called a foolproof success. However, this is true that it is a step in the right direction for when the technology a fast changing its shapes in varied dimensions every system experiences strain between different section different levels of technology the phenomenon sociologist called technological lag which effects the socioeconomic subsystems also the technology of cash currency has been outmoded speedily by the computerization and digitization and in the hands of knowledgeable heretics it has become very easy to commit financial crimes like producing duplicate currency, hacking of bank data and stealing money from the peoples' bank accounts. But the step of demonetization is although a step in remedying the situation but it has much to be done in this direction.

The researches in the field of currency suggest that perfection i.e perfectly corruption free economy is possible only when full digitalization without the greater importance of paper currency is alone. However, partly also it could be done with the help of electronic currency in this context CA Ashish Sharma work is of worth relevance where he effectively demonstrates that with the help of electronic gadgets at three levels i.e. transact or the receiver and the mediating banking agency transactions could be done effectively.

Quite interestingly he has also shown that more such digital transactions take place an income cycle is generated automatically boosting the economic process immensely. Unfortunately our present economic scenario in the world has been roughly polarized between a socialistic economy where the arbitrariness of the economy forces based on the men's greed are sought to be controlled through state measures and the other is left to the equilibrium of the market forces. Mostly known as capitalistic model or the corporate model but beyond these polarities of two modes of economic models has been the Indian model based on value based economic and social development. Gandhian perspective to articulate the right means with the right end is also the same. E.F. Shumasher in his works like a guide to the perplexed and small is beautiful etc. has also argued in these lines but in the present day context of globalization and speedy technological growth smallness is though not a realistic possibility but connecting a prescribing of right means to the right end is a possibility and it should be done where our market forces based on greed instead of need could be controlled to some extent to make the society a corruption free and black money free economy. The technology of digitalization can help in this direction immensely.

In fact the ethicizing of economy through to right means to right end has a dimension of human consciousness which is very highly emphasized in the Indian tradition through systems like Shrimad Bhagwad Geeta and other Vedaic where dynamics between thesis and antithesis culminating into synthesis at the temporal level is in the end is reverse connecting to the inner real of the human consciousness thereby introducing the component of peace and happiness instead of pursuing blindly the GDP model. This could be put as the dynamics of bhava, abhav and swabhav where bhav and abhav are referred to the outer needs i.e. a need like hunger or some other economic achievement is satisfied through the socio economic system not leaving to its own outer direction endlessly as it exists in the prevalent modern economic systems. The component of human mind and consciousness i.e.

atmasanyam is also introduced in the name of swabhav referring to the inner realm of his being. Thus the dualistic of thesis antithesis and synthesis is improved further to reverse it from outer historical situation to the inner component of human consciousness i.e. swabhava i.e being, In other words as Aurobindo has defined development as a correspondence between the being and the becoming it refers to this phenomenon.

Conclusion :

The 2016 demonetisation in India represented a significant, disruptive, and unprecedented shift in the country's economic and social landscape, acting as a catalyst for new dimensions in development. While its immediate, short-term impact was characterized by severe liquidity shortages, chaotic scenes at banks, and a slowdown in cash-intensive sectors, the long-term, structural objectives were focused on reforming the economy and, consequently, the values of life within it.

Conclusion of Development in New Dimensions:

A Shift to a Formalized, Digital Economy: The most significant, long-term impact has been the forced acceleration toward a cashless, digital economy, which increased transparency and accountability. It boosted the adoption of UPI, mobile wallets, and plastic money, fostering a more modern financial ecosystem.

Curbing Illicit Activities: The move was successful in creating fear among holders of black money and disrupting the circulation of counterfeit currency. It acted as a major blow to terror financing, Naxalite funding, and money laundering.

Increased Financial Inclusion: By forcing unaccounted cash into banks, it facilitated the formalization of the economy, bringing more transactions under the tax net and enhancing tax compliance.

Structural Disruption & Short-Term Pain: Despite the long-term positives, the move caused immense, unavoidable, and immediate, short-term pain, particularly to the poor, daily wage earners, and the informal sector, highlighting the social cost of such rapid economic restructuring.

A Shift in Value Systems: The move aimed to transition the society from a "cash-is-king" mindset to a more transparent, digital-first approach. It was a move aimed at rewarding honesty, reducing corruption in public life, and discouraging the accumulation of illicit wealth.

In summary, the 2016 demonetisation was a high-risk, high-reward, and bold initiative that, while causing significant immediate disruption, effectively paved the way for a more digitized, transparent, and formal economy, fundamentally challenging old, cash-dependent, and illicit economic practices in India.

RESOURCE:

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