

'Demonetisation more of a political gamble'

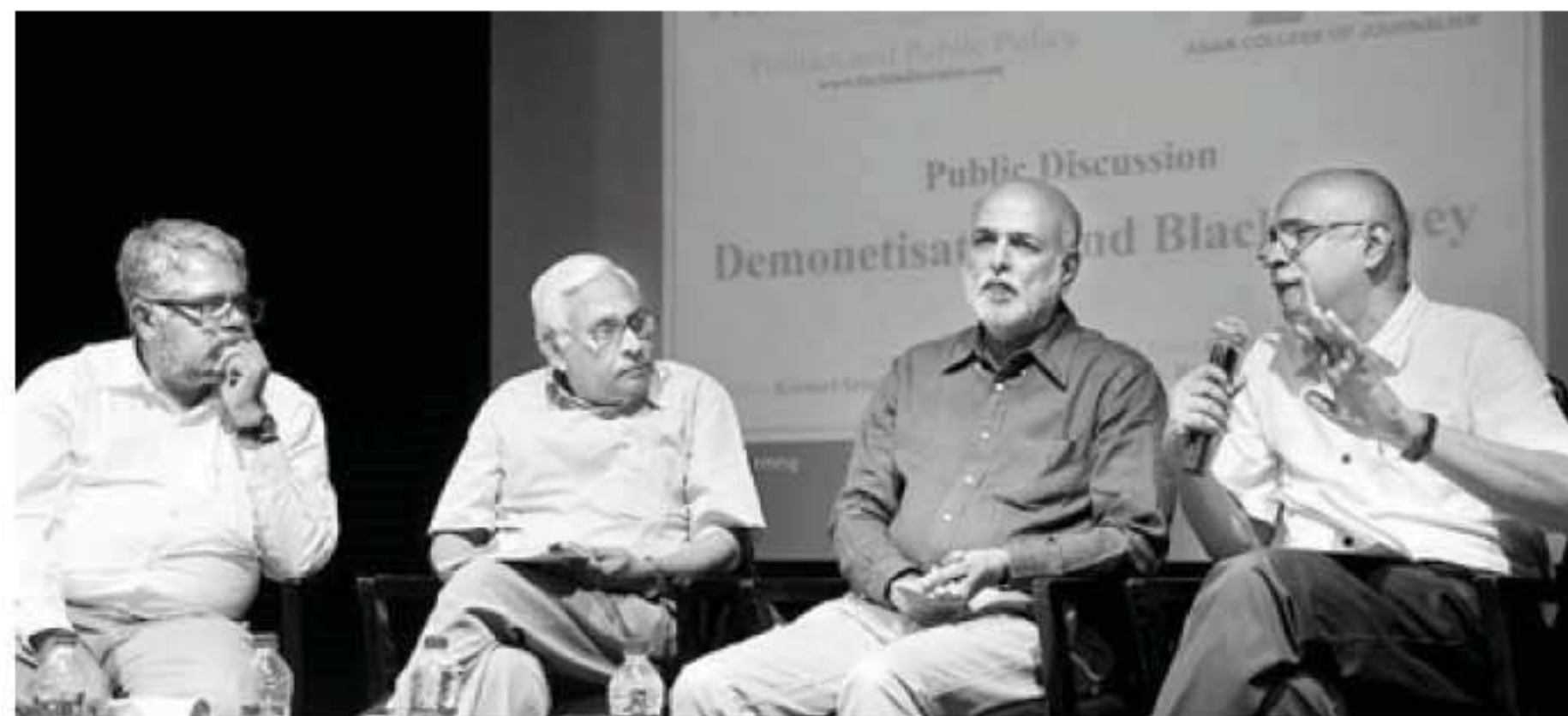
Participants at public discussion say they were surprised at the absence of mass protests

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C. Rammanohar Reddy, advisor to *The Hindu* Centre for Politics and Public Policy, said on Thursday that the demonetisation exercise of last year was more a political gamble by Prime Minister Narendra Modi than an economic decision.

Mr. Reddy was speaking at a public discussion on 'Demonetisation and Black Money' at the Kasturi Srinivasan Hall of The Music Academy. The event was organised by *The Hindu* Centre for Politics and Public Policy along with the Asian College of Journalism. The panel, moderated by Sashi Kumar, Chairman of the Media Development Foundation, also had economist S. Subramanian and Raghavan Srinivasan, Editor of *The Hindu Business Line* on board.

"Was this a political gamble or an economic policy decision with a polit-



Brainstorming session: (From left) Raghavan Srinivasan, S. Subramanian, Sashi Kumar and C. Rammanohar Reddy at the discussion in Chennai on Thursday. ■ R. RAGU

ical twist? I think it was more a political decision than an economic policy decision with a political twist. And that worries me. It worries me that the Prime Minister can take such a decision because he wants to make political capital of it," said Mr. Reddy, author of the recently-published book, *Demonetisation and Black Money*.

Mr. Reddy, former Editor of the *Economic and Political Weekly*, conceded that the Prime Minister emerged

stronger: "Narendra Modi and the NDA government are now in a stronger position than on November 8... The failures of demonetisation have not weakened the government."

He went on to say that he was worried that an emboldened government might take other risks: "What worries me is what is around the corner. What the government and Mr. Modi may think of in another year or two years."

Mr. Srinivasan said Mr.

Modi had successfully convinced the country of his good intentions. "He buys himself street credentials as a fighter of black money and corruption... somehow he has managed to sell that narrative."

Both Mr. Reddy and Mr. Srinivasan admitted they were perplexed by the absence of mass protests against demonetisation. "Perhaps it's true that we don't really understand what the priorities of people are and why they are willing to put up with this," said Mr. Reddy.

'Incorrect assumptions'

Doubts were raised as to whether economists had misread the fundamentals of the economy. "As this demonetisation exercise shows, I think many of our usual assumptions about how our economy actually works are not correct. Just because we had so much money in circulation ... we

assume that cash runs our economy," Mr. Srinivasan said.

Mr. Subramanian, a former National Fellow of the Indian Council of Social Science Research, offered a glowing review of the book. "For me, the strength of Ram's objectivity is the weakness of the book. This is reflected in his reluctance to engage in prediction of demonetisation 2016's future impact and speculation as to the real reasons for its introduction and the relatively forgiving reception it has had from those adversely affected by it."

Opening the floor to discussion after the panellists' presentations, Mr. Kumar questioned whether the government had the infrastructure necessary to fulfil its promises. "There is a big disconnect between the dreams that demonetisation seems to evoke and the suffering actually felt on the ground," he said.