

Demonetisation and information poverty: Insights from slum areas in Bangalore and Mumbai

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*Drawing on her ongoing fieldwork in slum areas of Bangalore and Mumbai, **Silvia Masiero** argues that information poverty increases hardship for the poor and vulnerable facing demonetisation. She observes, however, that the unbanked poor are those who hold the most valuable information about the real effects of the Government's move towards a cashless economy.*



Information, a highly valuable asset for the poor and vulnerable, becomes more so in situations of crisis. In the immediate aftermath of the announcement of demonetisation of Rs 500 and Rs 1000 notes on 8 November 2016, Kandukuri Vinoda, a woman from Telangana's Mahabubabad district, took her own life believing all her cash savings, stored in denominations of 500 and 1000, would lose any value. This tragic circumstance reflects a crucial matter: sudden crises make information a primary necessity good, especially when change is sudden, touches core aspects of people's lives, and implies the need for quick adaptation to new circumstances. All aspects that the aftermath of India's demonetisation implies, especially for the millions of unbanked citizens who conduct most of their transactions in cash.

A previously scheduled research trip led me to arrive in India on 23 November, only fifteen days after Prime Minister Modi's announcement. While not planned, being in the country in this tense moment led me to explore questions on the nature of information poverty, and its impact in the context of demonetisation. For how it has been conceived the Government's measure affects, first and foremost, those who do not have an alternative to cash payments, meaning a sizeable part of the population largely coinciding with the unbanked poor. For this reason, it is to slum communities in Bangalore and Mumbai that I have turned, in order to understand how information has travelled and the ways in which information provision – or the lack of it – influences life after demonetisation.

In the street markets of the slum areas, I have had the chance to learn from the voices of street sellers, daily wage workers, and people simply gathering around as conversations unfolded. Street sellers, who traditionally conduct the entire volume of their transactions in cash, saw their businesses paralysed in a matter of hours, since the cash flow was drastically reduced. Unbanked communities have been hit suddenly and profoundly, and hold extremely valuable information on the effects of the move.



Images: Street sellers in Pattabhirama Nagar, Bangalore. Among the hardest hit by demonetisation.

Huge numbers of citizens have followed the live announcement by Prime Minister Modi, and those who did not (for example, as not in possession of a TV) have learned about it from their networks very quickly. The announcement stated that “the 500 rupee and 1000 rupee currency notes presently in use will no longer be legal tender from midnight tonight, that is 8 November 2016”, and continued on the point that “persons holding old notes of 500 or 1000 rupees can deposit these notes in their bank or post office accounts from 10 November till close of banking hours on 30th December 2016 without any limit”. It then specified, among other points, a set of special arrangements taken for humanitarian reasons, for example that the notes in point would be accepted by government hospitals and other primary-need facilities for the first 72 hours.

Field narratives however reveal that the announcement, made in English on all national TV channels, has often been transformed as it travelled to people, hence generating panic and confusion. The tragic suicide of Kandukuri Vinoda over the assumed loss of all her cash savings illustrates the point dramatically. Translated in the nation’s many languages, transposed into WhatsApp messages and community rumors, the announcement has reached many citizens in distorted ways and generated worried and frustrated reactions. English-speaking households in possession of a TV had direct exposure, but not many members of poor and vulnerable communities who have therefore received multiple interpretations of the original message.



Images: Stall holders in Dharvi, Mumbai feel the pinch as cash transactions paralysed for days, while moneylenders' cash repayment requests have increased

Furthermore, the unbanked have been left without a crucial piece of operational information on *how* to open a bank account to cope with the new, pressing need to be able to do cashless transactions. A street seller in south Bangalore reported going to three different banks in the attempt to open an account, and being required proofs of identity and address that she does not have, and does not know how to obtain. Another woman reported receiving

conflicting information from different officials, and being unable to figure out the operational steps to take. Confusion on how to obtain a bank account and card is pervasive, and faced in diverse ways: people rely on their extended networks or information brokers, and crucially, often find themselves without an “official” version of how to proceed. Being unbanked seems to have become an unsustainable cost, deep enough to prevent any form of normal participation in the country’s economic life.

Another problem emerging from field narratives lies in street sellers’ reliance on moneylenders, especially for those individuals which were denied a loan from a bank in the past. Moneylenders, known for charging high interest rates, are reportedly charging even more after demonetisation. Small vegetable shopkeepers, a category which relies heavily on moneylending, face a conundrum: for many days there has been little or no business activity, since the perishable nature of the goods they sell prevents big transactions, and the small 100 rupee note has become a rare commodity. At the same time, moneylenders began demanding greater repayments in cash, and information poverty makes it more difficult to think of turning to the local bank.

Demonetisation has been justified by Prime Minister Modi’s announcement with the importance of “breaking the grip of corruption and black money”, and in the immediate aftermath a survey revealed 90% support for the new economic measure. Many others, including recent pieces by Maitreesh Gaitak, Swathi Dhingra and Amartya Menon on this blog, criticised the move on the grounds that its design does not attack the heart of black money, which is instead to be found in real assets and existing businesses. Among many takes on the political value of the move, my days in the slums are leading me to see the extent to which the unbanked are hit, and the vulnerable strata of the population are made, at least in the short term, more vulnerable by a deadly combination of persisting cashlessness and information poverty.





Images: Shopkeepers in Someshwarpura, Bangalore. These small businesses are heavily reliant on moneylenders to set up and run their shops. Cash is slowly coming back into circulation but the impact on their livelihoods could persist for sometime.

A final note is that, when discussing demonetisation in academic circles these days, information comes, almost invariably, from people directly affected by the move to cashlessness. This is perhaps the deepest lesson from my days here: the poor, whose information poverty increases their hardship, are at the same time those that hold the most valuable information on the real effects of the Government's move. It can be hoped that this information, lived and shared across the communities, will strengthen their position in the weeks to come, as knowledge on how to live in a cashless economy is becoming crucial for mere survival.

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About the Author

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