Finance Matters
News, Views & Perspectives on Financial Policies & Institutions

Why Should We Care About Development Finance? ...because it's our money!

Volume 9, Issue 17, November 07, 2025

Nine Years of Demonetisation: The Cash Economy India Never Left Behind

Nine years after demonetisation, when Rs 500 and Rs 1,000 notes were suddenly withdrawn from circulation, India's currency with the public has more than doubled, from Rs 17.97 lakh crore in November 2016 to Rs 37.29 lakh crore in October 2025. Despite the government's declared aim to curb black money, push digital payments, and formalise the economy, cash continues to dominate daily transactions. The shock of demonetisation disrupted livelihoods, slowed GDP growth, and hit small businesses hardest. Yet, as the economy recovered and expanded, the currency-to-GDP ratio, once a measure of the government's success in reducing cash dependency, has stabilised around 11.11 per cent, only marginally lower than pre-2016 levels.

The surge in cash after the Covid pandemic revealed a basic truth: for much of India's population, especially in the informal sector, cash remains king. The widespread use of UPI and digital payments has transformed urban and semi-urban commerce. However, vast segments of the economy, rural markets, small traders, and daily wage earners still rely on cash. While digital transactions have grown at an impressive pace, the structural preference for liquidity and the uneven reach of digital infrastructure make a fully "less-cash" economy a distant dream.

Seen in retrospect, demonetisation appears less a strike against black money and more a political spectacle that deepened the state's control over citizens' financial lives. It channelled household savings into banks under the pretext of fighting corruption, while strengthening a system that privileges corporate interests and digital intermediaries. The move blurred the line between governance and surveillance, pushing citizens into an increasingly monitored economy where every transaction leaves a digital footprint. The rhetoric of nationalism and honesty masked the reality of a policy that hurt workers, small traders, and rural communities the most, while fintech companies and the state emerged stronger. Nine years on, the government's "less-cash" dream looks less like financial reform and more like a tool of economic centralisation, one that consolidated power without truly delivering justice or transparency.

- Team CFA

We refuse to give up trying to demystify finance. We will continue to hold the government and financial institutions accountable for their economic policies and investments. Support us.

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Random Reflections

Merger of Banks, Appointment of MDs from Private Sector and Privatisation of Banks

The Finance Minister has again started talking about the merger of 2–3 big banks to compete in the global market, and newspapers say that the government is considering the appointment of Managing Directors in public banks from the private sector. This will destroy PSUBs. Privatisation is an affront to the Constitution. It will lead to disasters. The merger of 28 Public Sector Banks has led to the closure of branches, a reduction in staff, and poor customer service. Read More.

Article:

A Note on Agriculture Debt Relief in Maharashtra

Article:

Indian Banking Paradox: Accounting Profit Vs Social Profit

Article:

How the 'smart cities' plan has used public funds to hasten the privatisation of citizens' data

Article:

Crucial Facts Concealed During Court Hearings on Tata Mundra: CAO Report.

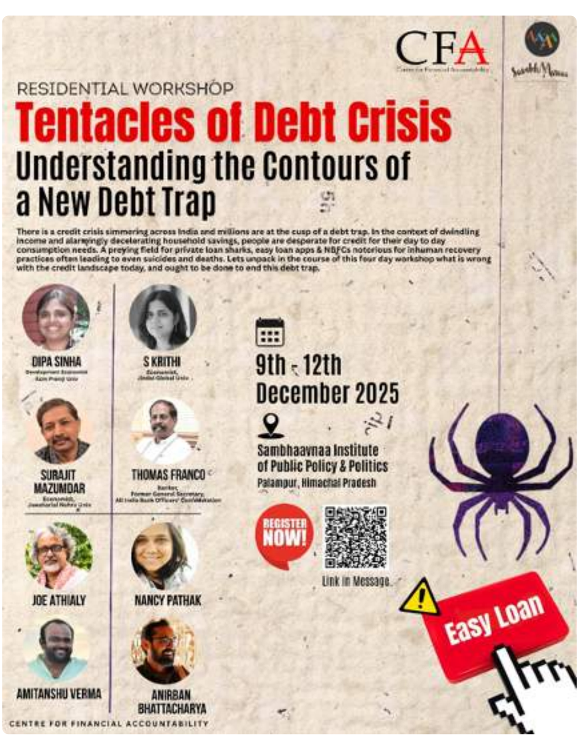
Article:

बिहार चुनाव में जंगल राज बनाम सरकारी नौकरी की बौछार

The Tata Mundra Project: A Decade of Broken Promises

A decade of environmental destruction. Thousands of lives affected [9]. It's time for the World Bank to act.

Call to action



Residential Workshop

Tentacles of Debt Crisis: Understanding the Contours of a New Debt Trap

📅 9th - 12th December

📍 Sambhaavnaa Institute, Palampur, Himachal Pradesh

The workshop will be useful for activists, students, researchers, young bank officials and groups to understand how the most poor and vulnerable are being pushed into a new debt trap, are being subjected to usurious rates and inhuman recovery practices. Read More.