

The election of 2014 resulted in Narendra Modi as Prime Minister of India. Modi came to power as someone who would develop and end to corruption throughout India. The recent demonetization of the 500 and 1000 rupee is a step in moving India towards a “Ram Rajya”, yet there are people who believe him invoking “Ram Rajya” is nothing more than a political tactic. Ram Rajya is held by many Indians, not just Hindus, to be the ideal governance and this is certainly reflected in the thought of Gandhi. Gandhi thought India should be governed like King Ram’s kingdom in the Ramayana. It was said that all constituents were equal and fear and injustice were nonexistent (Bazaz, 1980). Modi has invoked Lord Ram’s name and government several times to visualise the result of his policies, some people have grown weary of this vision and believe it is nothing more than a political stunt.

Even with these doubts, there is some promise to Modi’s policy. “Paper currency has become a major impediment to the smooth functioning of the global financial system,” states Ken Rogoff (Rogoff, 2016). Two impediments are crime and corruption, the key reasons behind his policy. In fact, so key that most of his cabinet did not even know about the plan until days before to ensure there were no leaks. Crime and corruption make up a huge part of the Indian economy. Black money, taxable income that is not taxed, is estimated to be  $\frac{1}{3}$  the size of the economy (“Black Money”, 2012). Much of this money is from under the table deals and fraudulent accounting, exactly what Modi’s policy is supposed to combat. Through the eventual cashless society, government corruption will be impossible to hide. The Information and Economic Policy journal published a study showing an inverse relation between economic crimes and removal of cash in circulation (Armey, 2014). In fact, this is the reason that Sweden is now almost a cash-free society. In 2009 a massive bank robbery occurred in Sweden that pushed Sweden to go cashless to prevent the event from happening again. Since then

economic crimes such as robberies have dramatically fallen. Sweden could serve to represent a model of the eventual outcome of November's demonetization policy.

Even though Modi's policies have been received well by some, others are sceptical. From his unexpected visit with Prime Minister of Pakistan to his visit to the Ramlila festival in Lucknow, there are numerous occasions where his opposition have accused his actions as nothing more than ways of appealing to voters (Kumar, 2015). Some economists also believe his policies are not possible. The demonetization policy shook the country. Overnight, 86% of rupees in circulation were rendered worthless. Over 50% of people do not even have a bank account and others were left with cash that had no value resulting in long queues at banks. While it is easy to talk about a utopia, or in this case a Ram Rajya, the path to get there ends up being hard for the millions of people who are struggling to survive in the current environment. While Modi's plan may work in the long run, in an emerging economy where around 200 million people live on under \$1.90 a day, it becomes more of a vision rather than a reality ("Global Findex (Global Financial Inclusion Database)| World DataBank"). Harvard University professor and former IMF Kenneth Rogoff states that while going cashless has positive benefits, such as limiting the black markets and even ending corruption, many countries are not ready to make the transition (Keene, 2016). In fact, he recommends the United States phase out cash over a period of 20-30 years and doesn't recommend it in emerging markets, like India.

So while Modi has taken the first steps to prove that his vision of Ram Rajya is not just a political stunt by demonetizing Rs 1000 and 500, there are still a lot of factors that remain to be seen. Ultimately, the success of this policy will determine whether a Ram Rajya will occur under the Modi government or whether Indians will be left with something to be desired.

Link to [Video](#)

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