

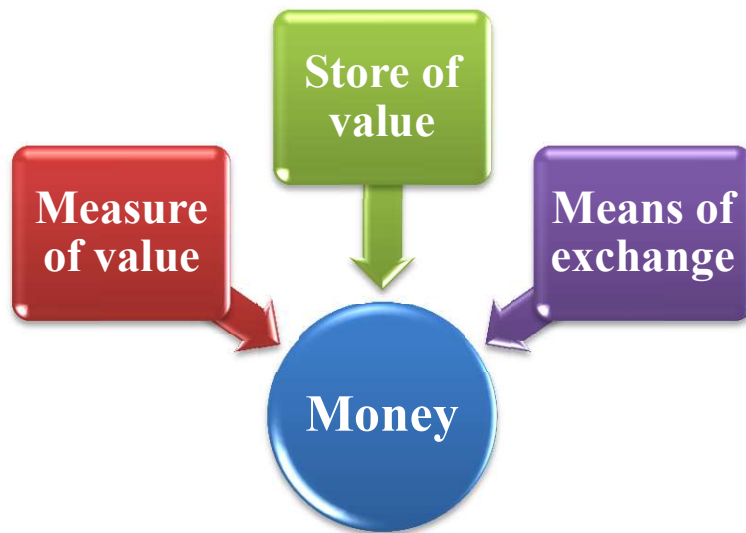
Demystifying Demonetisation

Sujata C

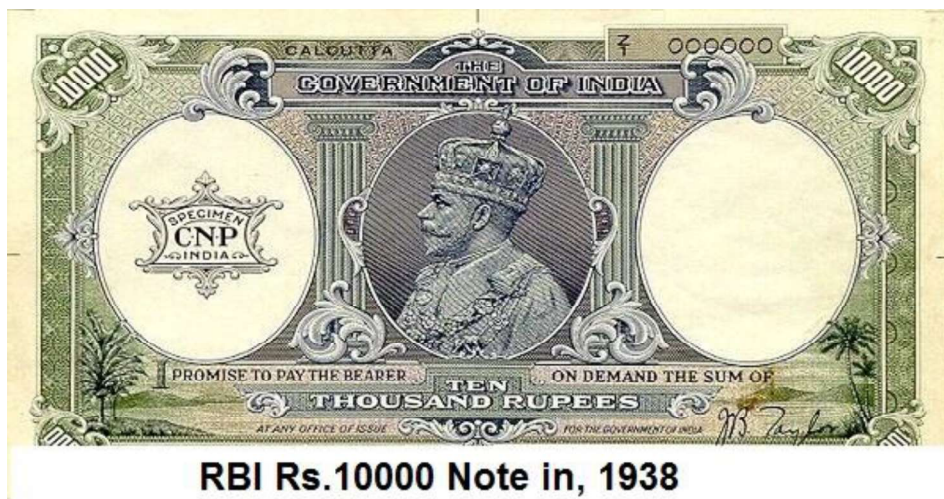


The note ban days are a good time to introduce to children the world of money and its many shades of white, black and grey. While children may not be directly impacted by demonetisation, they are definitely feeling the heat in some ways like a shrivelling pocket money as the parents are extra careful with liquid cash. Children may also have seen the parents getting tense and anxious about cash that is useless now and what to do with old notes. Some parents might even have taken the piggy banks out to use the small change and notes that were given as gifts to the children. They may be full of questions- why must we wait in queues for so long; why are you all so worried about cash; why are the ATMs empty; and so on.

What is demonetisation: The act of taking away the value of a legal tender is called *demonetisation*. It is the opposite of *monetisation*. The word monetisation comes from the word *money*. Monetisation is the conversion of some object into money. What is money? Money is a means of exchange, a measure and store of value.



This is not the first time that demonetization of currency has been done. ₹1000 and higher denomination notes were first demonetized in January 1946 and again in 1978. The highest denomination note ever printed by the Reserve Bank of India was the ₹10,000 note in the year 1938 and 1954. But these notes were demonetized in January 1946 and January 1978, according to RBI data. This is the first time that ₹2000 note has been introduced by the Indian government.



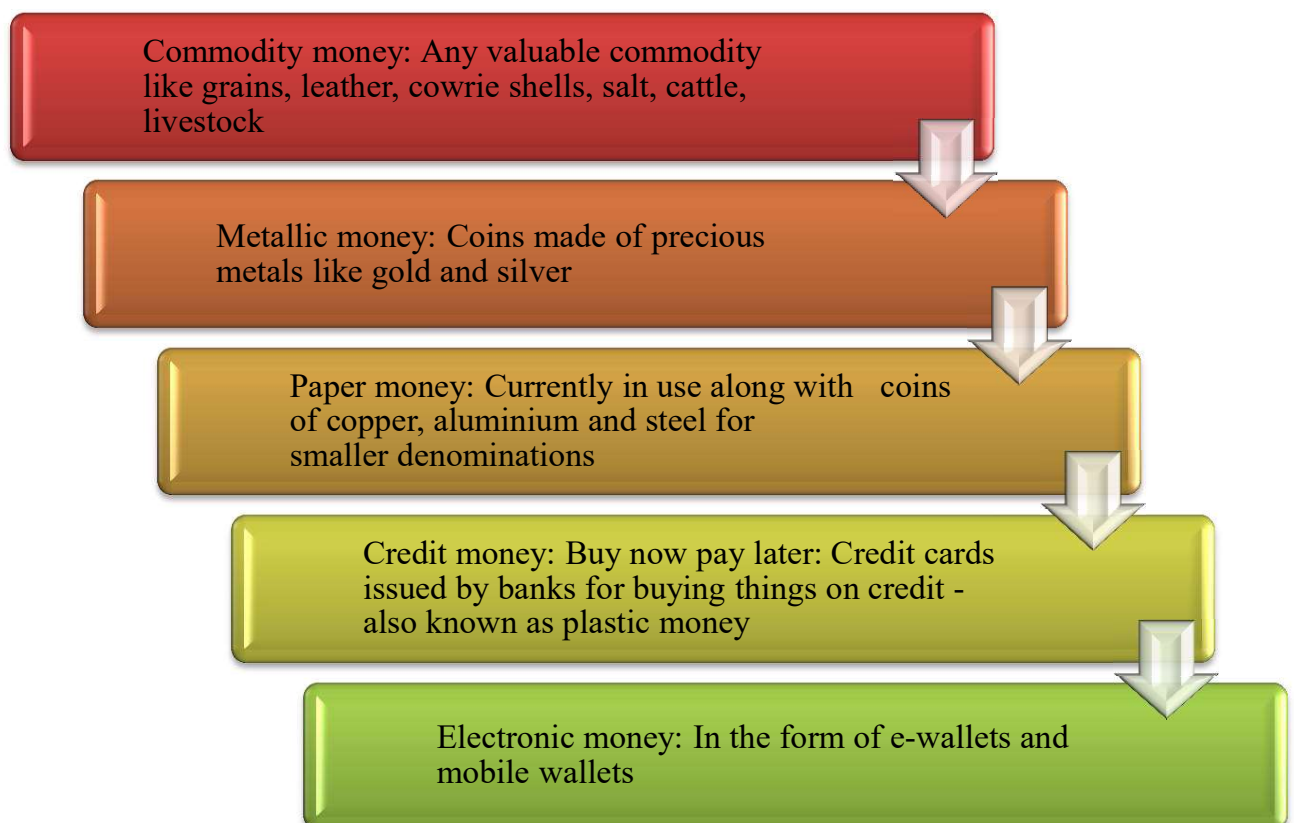
History of money: The word money is derived from the word *Juno Monet*, one of the seven Roman temples, where the mint of ancient Rome was located.

When man was a hunter and gatherer, they shared or exchanged things for things they needed. Food and animal skin were precious things. As man began to plough the land

and grow crops, food grain, especially barley became a valuable product. When man began cattle and livestock farming, the exchange media became cattle. In many communities across the world cowry shells were an exchange media. Romans used cattle and salt as money. This was the barter economy.

When precious metals like gold and silver were discovered they were sought after and were used to make coins. This lasted till paper currency came into existence. Paper currency has no intrinsic value. But it derives its value from the amount of gold that is kept in the Reserve Bank in its place. Credit and debit cards are another means of exchange. Now there is online money wherein funds are transferred electronically from a computer. Mobile payments are also being aggressively promoted paving the way for a cashless society.

Evolution of Money:



Why was demonetisation done: Demonetisation was done to tackle issues of black money, corruption and fake currency. Explaining the concept of *black money* to children is slightly tricky as it entails an exposure of the unethical side of the adults

and hence a loss of innocence of the children. But children of all ages are exposed to the crimes that prevail in society through TV serials, news and other programs. So the erosion of innocence has already happened. We can take taxes as a starting point with a group of children of higher classes, go on to filing income tax returns briefly, and then bring in tax evasion.

Tax is the financial charge collected by the government on goods and services. It provides money necessary to run government services and maintain public property. Income made from agriculture is not taxed in India. The roads, the parks, water supply, electricity generation are all government responsibilities that need money to be provided. This money comes from the citizens of the nation in the form of taxes. Every working professional has to pay a certain amount of tax on his income to the government. Similarly, every business has to pay taxes on profits made. If the business is running in losses taxes are not paid. Since money is precious and no one wants to part it, a businessman would prefer to show losses in order to avoid paying taxes to the government (kaccha and pucca account books). Explain that there are legal ways of tax avoidance but tax evasion is illegal. This will bring out the big bogey of financial fraud. Briefly touch upon the famous names that are entangled in it – like Vijay Mallya, Lalit Modi who are absconding and safely in the UK.

What is black money: Money that is not rightfully ours is black. For example, if something costing ₹10 is sold for ₹100, it has generated black money of ₹ 90. More specifically, money on which income and other taxes have not been paid is called black money. Black money is stored as cash in homes, lockers and safes. It is also kept in Swiss bank accounts which have a tradition for secrecy and safety since the Middle Ages.



Most black money is generated by indulging in illegal activities like black marketing, kidnapping, extortion, human trafficking, illegal liquor, drug dealing, illegal weapon trading, wildlife poaching, and so on. The money that is generated runs into lakhs. To give an example, one kg of ivory fetches nearly 1.5 lakhs in the international market. All the black money made this way is undisclosed income and no tax is paid on it. The range of criminals is huge – from small timers to the really powerful and politically connected.

It is estimated that the value of Indian black money runs into lakhs of crores of rupees. All black money is untraceable money because it is in cash. Cheque payments and demand drafts are traceable. Legally earned money is white money.

Why is there so much black money in India: India's population is 123 crores. It is a developing country. Major economic activity is agriculture. 70% of the population depends on agriculture for livelihood. Income from agriculture is not taxed. Only employed people and businesses have taxable income. According to official records, total of 2.85 crores people filed their income tax returns in 2016, but of these only 1.25 crores have taxable income. In a majority of companies a part of the salary is paid in cash, so that tax need not be paid. Since taxes are the largest source of income for any government, this means the revenues are really low and they do not have enough money to give us good roads and other amenities of high life that we see in richer countries. If every citizen of India were honest enough to pay the taxes, we would have enough money to enjoy at least some of the amenities that developed countries have. We should not blame the government for everything that is bad in the country. The fault lies with the citizens also.

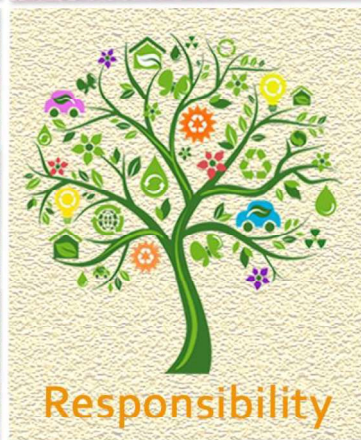
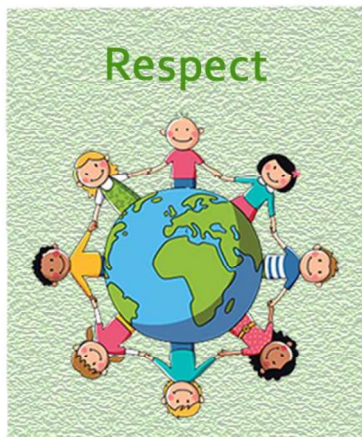
How does demonetisation destroy black money: Most black money is kept in high denomination notes like ₹500 and ₹1000 as it is easier to store and a larger amount can be kept in a smaller space, compared to ₹100 notes. By making ₹500 and ₹1000 notes invalid from November 8, the government dealt a death blow to all black money hoarders, who were forced to bring out all their hidden wealth in old notes to exchange for valid notes. In a few days the government was able to destroy ₹4 lakh crores worth of black money and fake currency, according to India Ratings and Research agency. Experts are saying that demonetisation is one of the ways in which the mechanism of black money can be destroyed.

Many ways to keep black money: Cash is only one form of keeping black money. Land, gold, properties and foreign currency are other ways of keeping black money. That is why, on November 8 when the government made the announcement about demonetising ₹500 and 1000 notes, there was a huge surge in gold sales. People rushed to buy gold with the old notes while it was still being accepted. This is one form of money laundering.

already we are seeing people convert their old notes into new notes by bribing bank officials. In Jammu and Kashmir, in the past one and a half months, already five banks have been robbed. The task of creating a corruption free country is certainly not easy.

The power of money: The desire to be rich is universal. Money is a powerful thing. In the right hands it can be used to create a peaceful and just society. Money, according to our philosophers, is the biggest addiction. It can make us blind to the needs of

others. It can poison relationships. It can destroy not just families but has the potential to ruin empires. Once a person has money and fame, unless they have high principles, we can expect scandal and shame to follow soon. We have seen this despairingly predictable thing happening time and again. The challenge before contemporary teachers is to sensitize students so that money and morals walk hand in hand in the future, and as adults they have the courage to hold on to honesty even when dishonesty lures them with a hundred tempting prospects.



***Sujata C** is a writer and editor with a portfolio of diversified writing categories like web content, articles, short stories for children, technical editing, etc. She has been a brand consultant and advisor for several companies and has worked with concerns like McCann Erickson, New Delhi; Foundations Advertising Services, New Delhi; Saatchi and Saatchi, Hyderabad; etc.*

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Lesson Plan on Demystifying Demonetisation

Sujata C

We can give our class a better familiarity and understanding of money and its management by engaging them in activities. Listed here are activities that can be picked to suit the age of our class. Some simple activities have relevance for all age groups, while the complex ones can be done by older children.

Know your money

1. Identify the notes of different denominations: 5, 10, 20, 50, 100, 500, 1000.

2. Get children to start a coin collection. If some students have a coin collection, they can bring it to class and display. Show them coins of olden days: 1, 2, 3, 5 naya paisas; 10, 25 and so on. Today it is difficult to find even the one rupee note. Older children can



Picture courtesy: junpinzon/Shutterstock/OUP Picture Bank

collect coins of other countries.

3. Identify the symbols found on coins.

4. Prepare a pictorial chart showing the evolution of money.

5. Make a chart of different symbols found on different coins.

6. Get them to identify the metal that coins are made of.

7. List the security features of the ₹2000 note on a chart.

8. Find out where currency notes are printed.

9. Prepare a power point presentation on the changing face of money down the ages.

10. What happens if we buy many things on a credit card and don't pay the bill? Discuss.

11. Find out names of currencies used in different countries. Make a chart and display.

12. Write down all the phrases associated with money and their meanings.
Make a sentence using them.
13. It is now compulsory for every earning member to have a PAN card –
Permanent Account Number given by the Income Tax department. Have
students examine a PAN card.

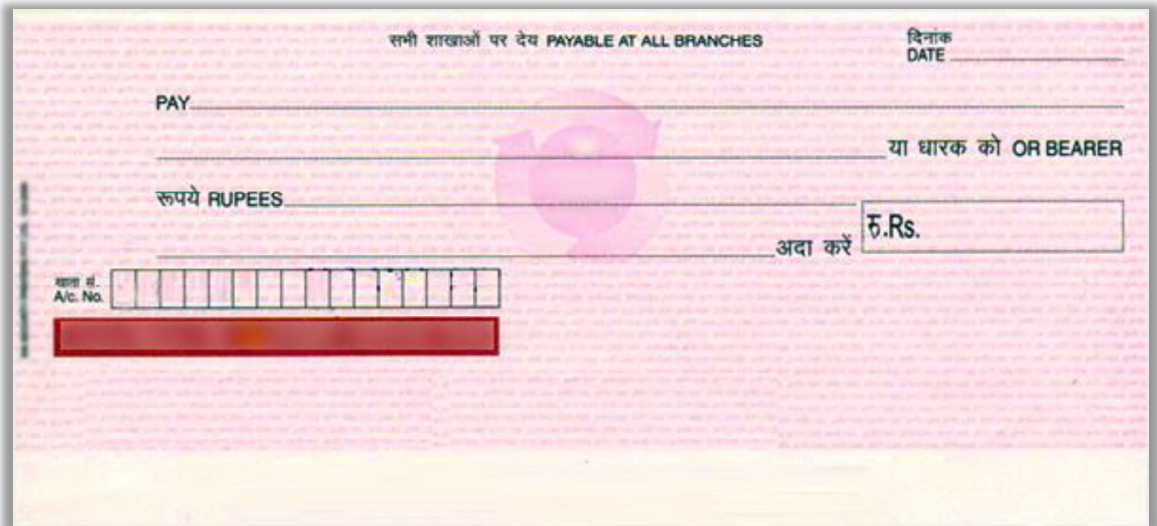


Know your bank

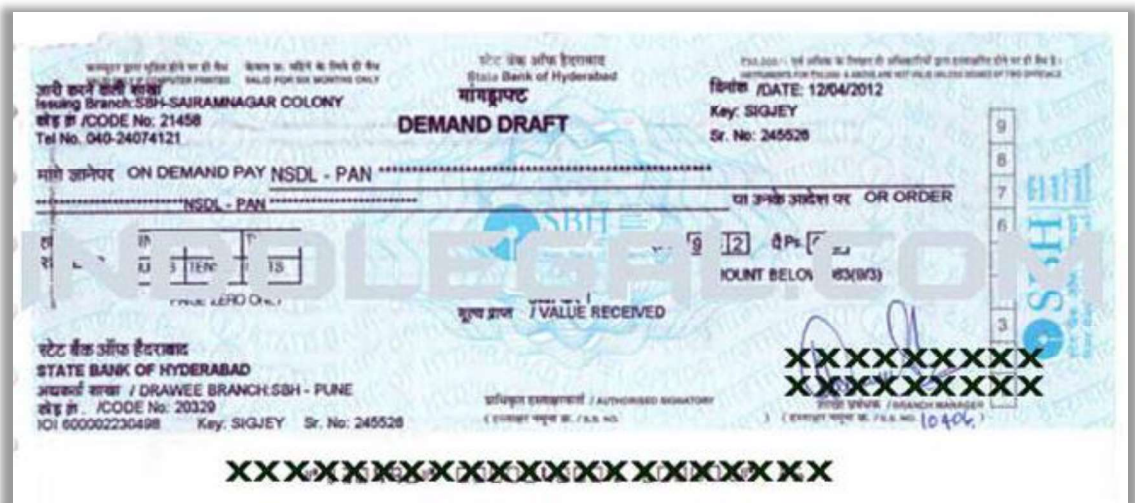


14. How do we safeguard our money? Introduce locks of different kinds. Show
pictures of safes and lockers.
15. How does a bank keep our money safe? Examine pictures of a strong room
in the class.

16. Examine a cheque leaf – what are the elements of a cheque. How is the date written?



17. What is a demand draft? How do we make a DD?



18. What are ATMs? How do they work? Prepare a chart and display.



19. Have children watch their parents make a digital transaction on the computer and the mobile phone.

Money management

20. Organise a sale of some homemade cookies, cakes and other foodstuff with the students doing the selling and buying. Discuss with the students and fix the price of the items.
21. Ask children to make a plan on how to spend ₹100 for their needs. How much they will spend and how much they will save, etc.
22. Introduce children to the concept of wealth vase followed by the Chinese.
23. There are ways in the Hindu religion to attract wealth. Familiarise students with the Goddess of wealth and Kubera.

Ethics and money

24. Discuss: What motivates people to do illegal things and the importance of good values.
25. Ask children to read stories on greed and avarice. Discuss the outcomes.
26. Debate: Can we stop bribing to get our work done?
27. What would you do if you found a ₹50 note lying on the ground?
28. Poverty and high population are the main causes of corruption in India. Discuss.
29. Can money buy morals? Discuss.
30. What is more valuable: time or money? Discuss.
31. You saw your friend stealing something. What will you do? Discuss.
32. Should there be a law to ban vulgar display of wealth at weddings? Discuss.
33. Find out names of companies that ran their businesses unethically and got into trouble.

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Spondulicks (noun)

Meaning: money / cash

Origin and additional information: The Oxford Advanced Learner's Dictionary traces the origin of the word to sometime around mid-nineteenth century. However, there are two views on this. It is most likely that the word originated from the Greek *spondulox*, which is a type of shell. The *spondylus* shell was used as neolithic jewellery and also an early form of money. There may also be a connection with *spondylo-* which means spine or vertebrae, based on the similarity between a stack of coins and a spine. This was referred in an 1867 book by John Mitchell Bunnell that quotes etymologist Michael Quinion's correspondence linking the spine to piled coins. Thus "Spondulicks – coin piled for counting..."

Words Section:

Archaeological evidence shows that people in Europe were trading the shells as jewellery as early as 5000 years ago. The spondylus shells collected from the Aegean Sea were harvested and made into bracelets, bangles and ornaments. These were then transported throughout the continent to be used as a form of currency. It is thought that the shells were also traded as an early form of currency due to their mother-of-pearl like appearance.

Spondulicks recalls the *wampum* of the American Indians, which are beads made from mollusc shells. These were and are still used by various Native nations throughout northeastern North America for ceremonial or ornamental purposes.

In *Meister Karls Sketch-Book* (1855), Charles Godfrey Leland includes it in a long list of synonyms for money: “. . . the magic spell of the *ready*—otherwise known as money, cash, tin, stuff, rhino, root-of-all-evil, blunt, wherewhital, rowdy, funds, stumpy, pecuniary, dibs, hard, browns, heavy, mopusses, slugs, shiners, lucre, or the filthy, dust, gelt, chips, lumps, chinkers, mint-drops, pewter, brass, horsenails, rocks, brads, spondulix, needful, dough, spoons, buttons, dimes, or the infallible . . .”

Usage: It has been used by Mark Twain and O. Henry and adopted into British English, where it survives despite having faded in American English.

- i. . .I’ve told him a many a time I wouldn’t trade places with him; for, says I, a sailor’s life’s the life for me, and I’m derved if I’d live two mile out o’ town, where there ain’t nothing ever goin’ on, not for all his **spondulicks** and as much more on top of it.

Mark Twain, *Adventures of Huckleberry Finn*, 1884

- ii. Suppose I can’t raise the **spondulicks** in time for the ten train!

Nell Speed, *Molly Brown’s Orchard Home*

- iii. Also it was convincingly true that the ingoing party—its way now made a pacific one—would need the **spondulicks**.

O. Henry, *Cabbages and Kings*