The enigma of demonetization and the unexplored consequences

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DISCLAIMER: The economic impact, both positive and negative, for the decision of demonetisation is beyond the scope of this article. The authors lack the expertise to comment on the economic impact of this phenomenon. The purpose of this article is only to explore the possible psychological impact of an economic crisis.

Demonetize is a transitive verb. Merriam Webster defines demonetization as “to stop using (metal) as a monetary standard, to deprive of value for official payment.” On November 8, 2016, the Government of India announced the demonetization of all Rs. 500 and Rs. 1000 banknotes of the Mahatma Gandhi Series. The government claimed that the action would curtail the shadow economy and crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created a significant disruption in people’s personal, occupational, and social lives. In the official notification sent out by the Ministry of Finance, Government of India, the move was to curb financing of terrorism through the proceeds of fake Indian currency notes and the use of such funds for subversive activities such as espionage, smuggling of arms, drugs, and other contrabands into India and also for eliminating black money. The unearthed black money was also expected to expand the fiscal space of the government.

The issue of demonetization has been discussed and debated by politicians, economists, sociologists, and policy makers alike. They have touched on the economic impact, economic downfall, economic crisis, and so on. There is little available literature regarding the psychological impact of demonetization. The aim of this article is to bring out the psychological impact of demonetization as witnessed by us in our tertiary private psychiatry clinic in Bengaluru. We aim to do this as a series of six cases.

DEMONETIZATION – A STRESSOR, A CRISIS, OR A PRECIPITANT?

Stressor is defined as any stimulus, internal state, situation, or event with an observable individual reaction, usually in the form of positively adapting or negatively adapting to a new or different situation in one’s environment. In general, stressors are events such as daily annoyances, pressures at home or on the job, marital discord and conflicts, emergencies, motor vehicle accidents, illness, and injury. Positive stressful life events and transitions include birth of a newborn, graduation ceremony, a family vacation, or a job promotion.

A crisis, on the other hand, is an acute disruption of psychological homeostasis in which one’s usual coping mechanisms fail, and there exists evidence of distress and functional impairment. The subjective reaction to a stressful life experience that compromises the individual’s stability and ability to cope or function.

The International Classification of Diseases, Tenth Edition describes the nature of a stressor that would result in an acute stress reaction as an overwhelming traumatic experience involving serious threat to the security or physical integrity of the individual or of a loved person(s) (e.g., natural catastrophe, accident, battle, criminal assault, rape), or an unusually sudden and threatening change in the social position and/or network of the individual, such as multiple bereavement or domestic fire. Demonetization as a stressor has been unusually sudden and threatening to many. Demonetization has been a stressor and a crisis for many. It may have triggered an acute stress reaction or an adjustment disorder, which many psychologists had already anticipated. The nature of psychological consequences that have emerged owing to demonetization is unlike the typical acute stress reactions from the cases we witnessed in our tertiary private psychiatry clinic in Bengaluru. With the wide variety of presentations, we have had in our tertiary private psychiatry clinic, the question we are asking ourselves is: Have we downplayed the effect of such a massive phenomenon? Should we have looked at this event as a precipitating factor for mental illness in vulnerable individuals?

Demonetization was a topic of interest in the recently concluded World Congress of Social Psychiatry in New Delhi from November to December 2016. At the time of the congress, there were no reported cases of psychological morbidity precipitated by demonetization. Experts had concluded that there was a definite need for policy makers to look into psychological consequences of such a major
upheaval in policy causing huge social changes and to sensitize people to such changes.

**IMPACT OF ECONOMIC CRISES**

There have been four different major “economic crises.” Since the start of the 20th century: The Great Depression of 1929, the Postcommunist Depression of 1990, the South-East Asian Financial Crisis of 1997, and the European (Great) Recession. The reported impacts of these economic crises ranged from unemployment, psychiatric morbidity in the form of anxiety, depression, sleep problems, substance abuse and dependence, marital issues and family conflicts, and suicides.

In India, the most cited economic crisis is the crisis of 1991. The economic crisis was primarily due to the large and growing fiscal imbalances over the 1980s. Precipitated by the Gulf War, India’s oil import bill swelled, exports slumped, credit dried up, and investors took their money out. Large fiscal deficits, over time, had a spillover effect on the trade deficit culminating in an external payments crisis. By the end of 1990, India was in serious economic trouble.

India has faced a previous demonetization in January 1978 when the then government decided to scrap Rs. 1000, Rs. 5000, and Rs. 10,000 notes. It was through the All India Radio’s 9 am news bulletin that people were informed about the policy decision. It added that all banks and treasuries would be closed the next day, on 17 January. The likelihood of a more common possessing these high-value notes was almost impossible given the value of these amounts then.

The current demonetization is considered very different from the previous one. The impact of the demonetization is very palpable on the common man. The nature of the announcement and the growing influence of media (including social media) on the masses have contributed to the more common being at the receiving end. Some of them perceived it as a threat to their hard-earned money despite the reassurances that came from the government. To compound matters, fresh instructions on exchange of demonetized denominations were announced every few days.

India has the largest growing middle class in the world. The middle class remained largely untouched for the economic crisis of 1991. However, the impact of demonetization on our growing middle class is very palpable. They are directly affected by the cash crunch, and it has seeped into all spheres of their lives. The fact that the population was not primed to the rapid changes that came about in a week and the cash crunch that ensued added to the people’s woes. These woes range from the panic and anxiety in the initial few weeks from the many announcements that followed, to acute psychotic episodes. We will now look at these cases that presented to us in the past 3 months following demonetization.

**SPANDANA EXPERIENCE – CASE REPORTS**

A 38-year-old male, preuniversity Course educated and running a CD rental shop with no previous history of psychiatric or medical comorbidity presented to us in the outpatient department with acute onset fearfulness of 1 week following demonetization. His fears largely centered on the unexpected nature of the announcement. He had a lot of questions regarding the need for a decision like this at this point of time. He felt that his cash transactions were being monitored and believed that the government was trying to "snoop" on his cash transactions. He also looked at this particular decision as an effort of "someone" to persecute the community to which he belonged to since his community largely consisted of influential and rich businessmen. He also felt that he was being framed for being a part of a betting syndicate and believed that the law enforcement would call him and look into his accounts. His wife who had brought him to the clinic reported that the family was going through a financially difficult time.

A 45-year-old male, primary school teacher, with no previous medical and psychiatry morbidity came to us with suspiciousness of 3-day duration 1 week following demonetization. He kept mentioning a satellite trying to read his mind and the government reading his thoughts. He was agitated, aggressive, and perplexed. He had persecutory and referential delusions and believed that he was being followed and would soon be killed because of the "dirt they are going to find on him."

A 46-year-old, homemaker presented to us with over-talkativeness, irritability, muttering, and smiling of 4 days duration 3 weeks after demonetization. She had no previous history of medical or psychiatry comorbidity. The informants revealed that the female had a sum of Rs. 3 lakhs, at her home, which she had accumulated over the years. She had saved it for her son’s marriage and was worried about taking the money to the bank to deposit it since it was more than the limit for deposits without scrutiny. She had referential ideas and third person auditory hallucinations with persecutory content.

A 38-year-old cashier at a private bank presented to us with low mood, decreased sleep, and suspiciousness of 3 weeks duration 1 month following demonetization. He had no previous history of medical and psychiatry illness. He complained of sleep deprivation, the increasing work stressors and how he was worried about being scrutinized for minor errors at work that he may have possibly committed in the past 1 month. His mental status revealed depressive cognitions, guilt, and severe anhedonia. He was...
A 45-year-old film producer with debts of almost Rs. 3 crores came to us with suspicousness of 4 weeks duration 1 month into demonetization. He felt that his phones were tapped and the government knew about his financial transactions. He believed that he was being talked about by the law enforcement authorities and often said he will never be able to pay back his debts. He had no history of the previous psychiatric illness. He had medical comorbidities of diabetes mellitus and systemic hypertension. He succumbed to a massive myocardial infarction 3 weeks into hospitalization.

A 55-year-old assistant subinspector presented to us with a history of guilt, low mood, and muttering to self of 3 weeks duration 2 months into demonetization. He felt that he had committed a sin in terms of his financial affairs and often mentioned demonetization as something he could not understand. He wandered off from his house in Bengaluru and was later found in Pune, after about 40 days. He was brought to us, and his mental status examination revealed depressive cognitions, anhedonia, and suicidal ideations and second person auditory hallucinations.

**IMPACT OF DEMONETIZATION ON PSYCHIATRIC COMORBIDITIES**

We have had eight more cases with presentations where demonetization can be implicated as a precipitating factor. To avoid repetition of the facts already mentioned we are deciding not to report the other cases here. We have also had patients who presented with relapse of substance abuse, acute stress reaction, adjustment disorders and suicidal ideations. The demonetization contributing to relapses in patients with an established psychiatric disorder also merits mention here. The reasons were attributable to the air of uncertainty surrounding the announcements and patients perceiving these as threats. The cash crunch had also contributed to poor compliance with prescribed medications in many patients. These consequences are often the aftermath of any economic crises and have been reported in the literature. The six cases that we are reporting are very different in terms of the presentation. We will know the outcome of these cases in due course of time.

The impact of demonetization on our patient’s funds also requires a mention here. What happens to the money that our patients who are in chronic care have accumulated over the years? How far would they understand the concept of cash exchange and the fact that their saved up money probably is not of any use anymore? We are posing this question on the basis of a newspaper article that talks about a patient in rehabilitation care. When the relatives went to check the patient’s belongings, they found a bag of Rs. 7.5 lakhs stacked up. This article came on the 30\textsuperscript{b} of March, a day before the deadline for cash exchange at the banks. What happens to his money? How do we prepare them to the imminent fact that their “stacked” up money is rendered useless? Could we have prepared them for all this?

There is a clear and significant relationship between economic downturns and psychopathology including suicide, demand of care for mental health problems particularly at the primary care level, onset or exacerbation of mood disorders, anxiety, heavy drinking, and psychological distress. There is evidence suggesting that an improvement not only in the population’s mental health can bring significant direct and indirect benefits, primarily with regard to individual and societal well-being, but also in economic terms. Therefore, any cost associated with the improvement of mental health-care provision, research, education, etc., must be seen by policy makers as an investment with great potential for savings.

**CONCLUSIONS**

The economic impacts of demonetization, both positive and negative are beyond the scope of this article. There is a need to remind the readers of this article that the negative consequences of the patients mentioned are anecdotal. We need more structured data to establish demonetization as a specific stressor. It would, however, be premature to dismiss that possibility too. Numerous negative effects of economic downturns have been recorded in literature. However, it also needs to be borne in mind that certain categories of the population tend to be more vulnerable to such negative impacts. The individuals who are affected are from a certain section of the society, largely the middle class, and the pattern is consistent to hypothesize such a conclusion.

There is definitely a need for greater collaboration between the policy makers and mental health authorities to foresee the impact of such a major decision and to prime the masses regarding the anticipated changes. In a rapidly changing world, surviving trauma, and the ability to bounce back in the face of adversity are a much-needed individual trait. It has been established above that there is a strong interplay between resilience and mental illness. There is some evidence that resilience is lower among people who develop mental disorder, and high level of resilience may prevent the development of an illness or minimize the severity of illness.

Based on our experience, the people who were affected are seemingly not directly linked to black money. Some of their annual incomes did not even reach the tax-paying slab. The ones who are high on resilience and the ones who could adapt and understand the decision would of course, be less affected. Mental health of all and particularly of these vulnerable sections of society, should be of a prime concern.
to the policy makers. We do need a better understanding of the complex interplay of biological and psychological predispositions manifesting in the individual in the context of rapid changes in the society. The call is for greater collaboration between psychiatrists and policy makers.

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