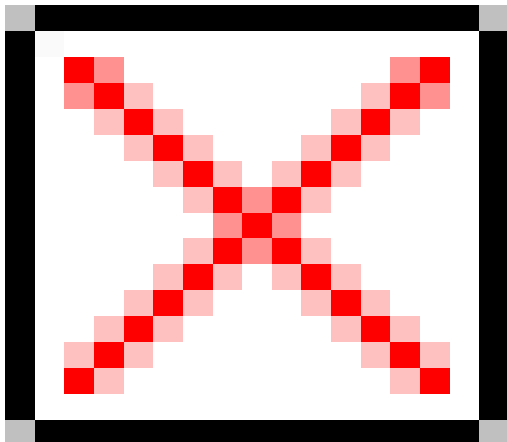


Less Cash - Less Corruption, Less Tax Evasion



TIOL-DDT 2990

14 12 2016

Wednesday

FINANCE Minister Arun Jaitley said yesterday,

There are economic costs of dealing in cash, there are social costs of dealing in cash. These are the costs which system has to bear.

The demonetisation drive currently on, is at a stage where high denomination has ceased to be a legal tender. It is actually a step in the direction of less cash economy. It's our strategy that from high cash dominated economy we should become a less cash economy where the amount of paper currency comes down. Cash will still exist and there would be a greater digitisation. In fact, we see with a sense of satisfaction, a huge movement in favour of digitisation which is taking place. There are obvious advantages of this.

Notwithstanding some transient problem which people have to face, we are now rapidly completing remonetisation exercise. Everyday RBI is injecting a large amount of currency into the banking system as part of its remonetisation exercise. Significant amounts are going to be injected in next three weeks which are gradually bringing the pressure down.

As more and more new currency comes into circulation, the recirculation itself in the banking system & ATMs will make more currency available.

The advantages are, so much money which was operating as loose cash in the system, has today come into the banking system. It has to be accounted for where taxes have not been paid, which will now be recovered.

Future transaction would be substantially digital and once they are substantially digital, they would come in the tax net. Therefore, the future taxation level would be much higher than what is currently being collected. This would also enable the Government at some stage to make taxes more reasonable which will apply to both direct and indirect taxes.

The banking system will have lot more cash in it and therefore, its ability to support economy with low cost cash, that is cash whose capital is much lesser, would be much higher. Obviously with all these advantages, the social cost also on the system will go down. Therefore, the cash used for bribery, for counterfeit currency, for terrorism, for evading taxes itself will go down.

When this is seen along with many other reforms Government is bringing about particularly the proposed GST, the restrictions on cash spending subjected to PAN declaration, it is going to bring down the levels of corruption in society, it is going to bring down cash transaction in society and it's going to bring down levels of evasion as far as taxation is concerned.

It has also come to the notice of the Govt that some unscrupulous people including some in the banking system and some others have been trying to subvert the system once again and accumulate large amount of cash unlawfully. Obviously, there is a breach of law in this and this is a step which hurts the economy. And therefore, all agencies are keeping an eye on this. They will investigate this matter and all those who are found indulging in these malpractices will have to pay a very heavy price for what they are doing.

Has move stopped corruption? Has black money disappeared?

FORMER Finance Minister P. Chidambaram said,

PM Modi could have consulted former Prime Minister Manmohan Singh as he would never have leaked the news out to anyone.

45 crore people in the country depend on daily wages. Out of these, 15 crore are employed but the rest 30 crore are doing the daily jobs - the milkman, the washerman, the farmers. They are the worst affected by demonetisation.

Demonetisation is a thoughtless move.

Major markets in major cities are closed. Where does the Prime Minister want to operate a cashless economy?

This only seems to be a move against the rich, however it is most affecting the poor. No one in Delhi/Mumbai can survive a day under Rs 500.

The pain that rural India is facing is indescribable. It is worse than what a natural calamity would do.

Has the move stopped corruption? Has the black money disappeared? It is only an assault on the poor.

A digital economy is desirable but it can't happen so quickly. India will take time to go cashless.

What calculations did the government make when it said every individual can get Rs 24,000? I have not got that amount, so I will complain.

RBI - Rs.12.44 Lakh Crores In - Rs. 4.61 Lakh Crores Out

AND the RBI Deputy Governors R. Gandhi and SS Mundra said in a Press Meet yesterday,

+ The banks have since the start of the programme on November 10, 2016 till December 10, 2016 issued notes valued at Rs. 4.61 lakh crore to the public over their counters and through their ATMs.

+ Specified Bank Notes (SBNs) of Rs. 500 and Rs. 1000 returned to RBI and Currency Chests amounted to Rs. 12.44 lakh crore as of December 10, 2016.

+ Daily we are issuing more and more notes, getting them printed and issued. This will be a continuous effort and the public is requested to freely use the notes they have in their hands rather than hoarding them.

+ We have issued elaborate instructions to all the bank management to do central data checking and whenever they find any inconsistency, it should be pursued further through their internal audit mechanism.

+ RBI supervisors are also carrying out similar exercise on the various data points of banks and whenever any untoward transactions or action is noticed, due investigation would be done and then due action would be pursued.

+ There have already been cases where banks have taken action against the staff members.

+ There has been a media report about one of the RBI staff at Bengaluru as well. Let me clarify that it was a junior functionary of the Reserve Bank of India and it was reported by the investigating agency that he was recorded to be present in a bank branch where some suspected transaction was happening. Having known about that, the **concerned** employee has been suspended. We have instituted investigation and due action would be taken once the details are ascertained.

+ The Reserve Bank of India is also coordinating and collaborating with various investigative agencies when they flag details of the suspicious transactions noticed by them.

FTP - Kuth root - ITC-HS Code 12119046 of MEIS schedule, deleted

THE DGFT has deleted Kuth Root having ITC - HS Code 12119046 appearing at Sl.No.506 of Appendix 3B of MEIS schedule.

Saussurea costus, commonly known as costus or **kuth**

, is a species of thistle in the genus Saussurea native to South Asia. Essential oils extracted from the **root**

is used in traditional medicine and in perfumes since ancient times. It is an important cash crop of the Kashmir valley. [Source Wikipedia]

DGFT Public Notice No.46/2015-2020., Dated December 13, 2016

91,635 Cases pending in CESTAT

AS on 1st December 2016 there are 91635 cases pending in the CESTAT. As on November 1st, the pendency was 92,874 cases. 1063 fresh appeals were received and 2439 cases were disposed of in November 2016. (the numbers don't add up - but that's the official figure) The sanctioned strength of Members in the Tribunal is 33 and now there are 20 Members working.

What will happen to the CESTAT in the GST regime? Already there is a Sales Tax Tribunal in each State, which can become the GST Tribunal.

Fake Customs Officers Seize Genuine New Currency

FIVE

men claiming to be Customs officers raided a house in a remote Kerala village and ran away with 69,000 rupees worth of new currency notes. They told the owner of the house that they were Customs Officers and wanted to search the house as they had information that new currency notes were hoarded there. The house owner 'admitted' that he had withdrawn Rs. 69,000 for urgent need by standing in queue several times.

Until Tomorrow with more **DDT**

Have a nice day.

Mail your comments to vijaywrite@tiol.in