

'Demonetisation achieved larger purpose of a tax-compliant India'

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FINANCE MINISTER Arun Jaitley on Thursday said demonetisation has achieved its larger purpose of moving India from a tax non-compliant society to a compliant society, resulting in the formalisation of the economy and a blow to the black money. Jaitley's comments came a day after the Reserve Bank of India (RBI) said that nearly all the Rs 500 and Rs 1,000 notes that were withdrawn from circulation on November 8, 2016, have returned to the banking system.

"The Reserve Bank has twice released its reports stating that the demonetised notes of Rs 500 and Rs 1,000 have been substantially deposited in the banks. A widely stated comment has been that just because most of the currency came back into the banks, the object of demonetisation has not succeeded. Was the invalidation of the non-deposited currency the only object of demonetisation? Certainly not. The larger purpose of demonetisation was to move India from a tax non-compliant society to a compliant society," Jaitley said in a statement.

The RBI received Rs 15.31 lakh crore of Rs 500 and Rs 1,000 notes, or 99.3 per cent of the Rs 15.417 lakh crore worth of



Arun Jaitley in Delhi. PTI

notes which were in circulation as on November 8, 2016, when the government announced demonetisation, the RBI said in its annual report for 2017-18.

Jaitley said demonetisation led to more formalisation of the economy, more money in the system, higher tax revenue, higher expenditure and higher growth after the first two quarters. He said the growth of income tax collections in the two years pre-demonetisation was 6.6 per cent and 9 per cent. Post-demonetisation, the collections increased 15 per cent and 18 per cent in the next two years and the same trend is visible in the third year.

The number of income tax returns filed has shot up to 6.86 crore in 2017-18, from 3.8 crore in 2013-14. In the last two years, the IT returns have increased 19 per cent and 25 per cent, he said. Income tax collections have increased from the Rs 6.38 lakh crore in 2013-14 to Rs 10.02 lakh crore in 2017-18.