

Currency confiscation was not objective of demonetisation: Jaitley



'Prophets of doom wrong'

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STATING THAT "confiscation of currency was not an objective" of demonetisation, Finance Minister Arun Jaitley Thursday said the decision to scrap currency notes of Rs 500 and Rs 1,000 two years ago has led to formalisation of the economy, curbing of cash transactions and more direct tax revenue.

On the second anniversary of demonetisation, Jaitley said the "prophets of doom" have been "conclusively proved wrong" with India retaining its position as the fastest growing economy for the fifth year in a row.

The Finance Minister said the impact of demonetisation led to personal income tax collection in the first seven months of this

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financial year going up by 20.2 per cent and corporate tax by 19.5 per cent.

On digital transactions, he said Visa and Mastercard are losing market share in India to indigenous developed payment systems of UPI and RUPAY Card "whose share have reached

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'Confiscation not objective of demonetisation'

65 per cent of the payments done through debit and credit cards".

Jaitley pointed to the increase in number of tax returns, which rose by 25 per cent over the previous year to 6.86 crore in 2017-18 while 86.35 lakh new filers were added this year. Till October 31, 5.99 crore returns have been filed, an increase of 54.33 per cent from the previous year.

In a post on Facebook, Jaitley added that in the two years post-demonetisation, direct tax collections increased by 14.6 per cent in 2016-17 and 18 per cent in 2017-18 as against growth of 6.6 per cent and 9 per cent in the two years before. He added that with the implementation of GST, it is now increasingly difficult to evade the tax system and that the indirect tax to gross domestic product (GDP) ratio has gone up to 5.4 per cent post-GST, from 4.4 per cent in 2014-15.

Jaitley termed the criticism of almost the entire cash getting deposited in banks post-demonetisation as "ill-informed", adding that 17.42 lakh suspected accounts have come under the scanner. "Getting it into the formal economy and making the holders pay tax was the broader objective. The system required to be shaken in order to make India move from cash to digital transactions. This would obviously have an impact on higher tax revenue and a higher tax base," he said.

Despite a reduction in direct and indirect tax rates, collections have gone up, he said. Under GST, the taxpayer base increased from 6.4 million earlier to 12 million taxpayers. For income tax, the total number of the filers of returns has increased to 6.86 crore from 3.8 crore in May 2014.

A closer look at the tax returns data released by the Central Board of Direct Taxes (CBDT) last month shows that while the number of returns filed and number of persons filing returns have shown a consistent growth since FY 2013-14, the num-

ber of taxpayers have registered a blip in assessment year 2017-18.

The number of returns filed grew by 6.5 per cent at 4.04 crore in FY2014-15 to over 20 per cent growth in both FY2016-17 and FY2017-18. After registering 12.6 per cent growth in AY2016-17, the number of taxpayers, however, registered a blip in AY2017-18 at 7 per cent growth, closer to the level of 7.6 per cent growth seen in AY2015-16.

The 'number of returns' filed includes revised returns filed in a financial year, while a 'taxpayer' is a person who has filed a return of income for the relevant Assessment Year (AY) — or in whose case tax has been deducted at source in the relevant Financial Year but the taxpayer has not filed the return of income.

Enlisting the effects on digitisation, Jaitley said transactions of Unified Payment Interface (UPI), which was launched in 2016 and involves real time payments between two sets of mobile holders, have grown to Rs 59,800 crore in September 2018 from Rs 50 crore in October 2016.

The value of transactions of the Bharat Interface for Money (BHIM) app has gone up from Rs 2 crore in September 2016 to Rs 7,060 crore in September 2018. The share of BHIM transactions in overall UPI transactions was about 48 per cent in June 2017 and is currently being used by 1.25 crore people.

RuPay card transactions have increased to Rs 5,730 crore in September 2018 from Rs 800 crore before demonetisation for transaction through Point of Sale (PoS). For e-commerce purchases, it has gone up to Rs 2,700 crore from Rs 300 crore, he said.

"What has happened to 'prophets of doom' who said India's GDP will decline by at least 2 per cent. For the fifth year running, India will be the fastest growing (large) economy in the world. It is contin-

uing to happen. So prophets of doom have been proved wrong and conclusively proved wrong," he said.

On Thursday, the ruling BJP also fired 10 questions at the Congress, asking why it was against every anti-graft measure taken by the government.

The first question posted on Twitter by the BJP's official handle said: "Why does Congress find merit in protesting against every anti-corruption measure of the Government of India? What do they fear?" The party asked why is it that "wherever black money is there, the Congress is not far behind?"

It further asked: "What sort of politics and anti-development mindset is this of the Congress that opposes a bold move that has widened the tax base?"

Taking a dig at former finance minister P Chidambaram, the BJP asked: "How is a former Finance Minister, himself under radar of investigating agencies for massive corruption involving land, cash and foreign bank accounts, speaking on policy matters? With what face?" The Enforcement Directorate has named Chidambaram in its chargesheet in the Aircel-Maxis case of alleged money laundering. The former finance minister has denied the charges and said he would contest them in court.

"Is the Congress living in a state of denial that it cannot see the surge in GDP numbers, the 'Ease of Doing Business Rankings' and Global Competitiveness Index? Why are they unhappy that India's economic prowess is being recognized world over?" the BJP asked.

Countering the charge that demonetisation had harmed the informal economy, the BJP asked: "The Congress now remembers small business but did the UPA think of this sector even once? Except tax terror, raid raj and arbitrary policies, what did Congress do for small businesses?"