

# 'Deposits worth Rs1.75 trillion after note ban under scrutiny'

PM Modi says over 18 lakh people have been identified whose income is much more than they disclose

BY ASIT RANJAN MISHRA

asit.m@livemint.com

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**A**round Rs1.75 trillion of the money deposited by bank-account holders after the 8 November invalidation of high-value currency notes is under scrutiny, Prime Minister Narendra Modi said in his Independence Day speech to the nation on Tuesday, vowing to continue the fight against black money and corruption.

"Through demonetization, we have succeeded on many fronts," said Modi, who praised people for the patience they showed during the note-ban exercise. "The black money which was stashed away had to be disclosed. Outside experts have said through research that around Rs3 trillion (of) money that was outside the formal economy had come back to banks. More than Rs1.75 trillion (of) money deposited in banks is under scrutiny," he said.

Modi said the deposits that had flowed to banks as a result of demonetization had led to a decline in lending rates. The



PM Narendra Modi waves to the crowd during the Independence Day celebrations in New Delhi on Tuesday.

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number of personal income tax assesses has more than doubled, he said in the speech from the ramparts of the Red Fort.

Between 1 April and 5 August, the last date for filing of income tax returns, the number of assesses rose to 5.6 million from 2.2 million in the same period last year, the Prime Minister said.

This "growth in income tax assesses is due to our fight against black money. More than 18 lakh

such persons have been identified whose income is much more than they disclose. They have also been asked to explain. Around 4.5 lakh out of the 18 lakh have accepted their mistake, while 1 lakh such people had never filed income tax before," Modi said.

N.R. Bhanumurthy, a Delhi-based professor at the National Institute of Public Finance and Policy, said the numbers are encouraging.

"Although the increase in number of income tax assesses has not immediately led to an increase in tax revenue, going forward, as income of these assesses rises, it may lead to revenue buoyancy," he said.

Through data mining after demonetization, 300,000 shell companies have been identified, out of which 175,000 have had their registration cancelled, Modi said.

"We have ensured that people engaged in looting this country are made accountable. You will be astonished to know that in one single address, some 400 shell companies were being run. Nobody was asking them questions. It was pure collusion that was going on," he said.

After implementing the Benami Transactions (Prohibition) Act that had been long delayed, the government had been able to confiscate more than Rs800 crore of benami properties—ones held through proxies of the real owners.

"This gives confidence to the common man that this country is for honest people," he added, promising to continue the government's fight against black money and corruption.

The PM said the rollout of goods and services tax (GST) has imparted new energy to competitive and cooperative federalism. "GST is a technological miracle. The way it has been successfully rolled out, it gives confidence about the capabilities of the country," he said.

Modi said now through the GEM (government e-marketplace) platform, a man sitting in a village can also supply goods to the government without the help of middlemen. "This has helped in bringing in transparency. I hope after implementation of GST, there will be more transparency. After GST, trucks carrying goods have saved 30% time as check posts have been abolished, thus increasing their efficiency," he said.

Modi said his government is trying to steer the country on to a new track without slowing the economy. "To build a developed India, we need a strong economy, balanced growth and next-generation infrastructure. When a train changes its track, it has to slow down. We are trying to take the country on a new track, but we have not let it slow down. We have maintained its speed," the Prime Minister said.