CASH CLEANUP TO MAKE INDIA STRONG

It has been more by than a month now since Prime Minister Modi declared the two highest denominations of Indian currency invalid. I hope businesses and private individuals will recover from the initial stress and difficulties in a month or two, but it may take longer. Politically, this was a risky move for the government. They consciously took this step.

One of the main purposes of this measure is to curb counterfeit currency. I would say the percentage of counterfeit notes in India is much higher than the RBI estimate. Counterfeiting is not done by some dingy printers but in proper mints outside India. It is so well done that sometimes even banks cannot detect them.

Another aspect of the measure is to address the black money problem. I think 25-40 per cent of the black money can be retrieved through this measure. There are people who are sitting on thousands of crores of rupees because they think money is some kind of a commodity that they need to store. Money is not a commodity — it is only a transactional tool. A transactional tool must keep moving, rather than staying in one place.

Unfortunately, nearly 50 per cent of the daily business transactions in this country so far was conducted below the radar of the tax authorities. Now, at least 30-40 per cent of our shadow economy will become part of the official economy. This will allow us to show our economic strength in the comity of nations. What used to be a $2.25-trillion economy will suddenly become a $3-trillion economy.

It is high time we as a nation got our act together. We have to go through this temporary hardship to put India’s economy on a more stable basis for it to blossom. This requires that our economic transactions are properly recorded and taxed. Right from the times of kings, there have been taxes. When the British came, they only collected taxes, without rendering any service to the public. Therefore, for generations, we have thought that avoiding taxes is a smart thing to do.

Tax evasion is not done out of criminal intent — people just have not internalised the concept of paying taxes to fund public services. They think the way to do their bit is to donate to a temple, the poor, or an orphanage. This is why until now, the nation has been just a geographic entity with different communities. Within their own community, people may help each other, but often times not beyond that.

We need to make everyone understand that the nation is not just a geographic area we live in — it is an institution. Within this institution, there are laws to be followed, there are contributions to be made, and there are benefits to be reaped.

The government is responsible for providing infrastructure, services, etc., and the citizen is responsible for providing money for the government to function. We have the right to ask where our money is being spent. And if we do not receive the services, we have the right to demand them. If we want our nation to function effectively, we need everyone to contribute. And we need clear-cut laws that everyone must follow. Simplification of laws and bringing an unambiguous understanding of law to all citizens of the nation is the need of the hour.

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The author is a spiritual leader