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Will Black Be Back

Why demonetisation will be revolutionary in India's fight against corruption



Many of us grew up despising politicians for feathering their own nests, compromising on issues of national importance and dragging their feet on bold decisions. Against this backdrop, the demonetisation effort launched Tuesday night is a refreshing change. In a rare instance, the government has taken an action that resonates well with the sentiment among common, law-abiding citizens on the one hand, and with recommendations from several experts on the other.

The clamour for action against the menace of black money in the economy can be understood by examining some crucial statistics. First, based on March 2016 figures, the currency held in cash by the public is at an all-time high of Rs 15,93,896 crore.

This is not surprising. Following the government's determined efforts to unearth black money and force individuals to report their unaccounted income, some came forward to report their unaccounted income by the September deadline. However, many others have been stashing away the cash hoping that a change in government in 2019 would release this pressure and enable them to bring back such unaccounted income in circulation.

Currency held in cash being at an all-time high is due to non-compliance with the government's efforts by such individuals. Second, over the period 2004-14, the circulation of notes of Rs 1,000 and Rs 500 denominations increased at an annual rate of about 30% and 20% respectively. In contrast, during the same period, the amount in circulation of notes of Rs 100 denomination remained unchanged while those of Rs 50 declined. To increase the efficacy of the bold move, deposits of old Rs 500 and Rs 1,000 notes by traders of real assets – such as jewellers and gem merchants, real estate developers and real estate agents – will have to be carefully tracked by the tax authorities. To understand the critical importance of this follow-up measure, suppose Mr Dishonest has Rs 10 crore in black money. He would approach one of the traders of real assets to convert this black money into real assets.

The trader of the real asset takes the risk of converting Mr Dishonest's black money into white with the banks and having to explain the sudden spurt in income to the tax authorities. And the trader will charge a significant premium for assuming this risk. However, Mr Dishonest would be happy to pay a premium because he avoids getting caught and converts his black money into a real asset. If the trader's sales in November and December are much higher than his reported sales tax return for the previous year or his advance tax payment in September, then that would suggest clearly that the trader has been a conduit for conversion of black money into white. If banks and tax authorities implement the 200% penalty scrupulously for deposits above Rs 2.5 lakh, then the trader would have to pay a penalty much more than the fat gain he has made. In that case, the trader would risk a huge loss.

A trader is likely to take this risk only if he has the confidence that he could bribe his way through the bank and/or tax officer. To avoid such ingenious methods being used by Mr Dishonest, higher tax authorities and banks will have to ensure a system for “monitoring the monitor” over the next two months. This will ensure that traders of real assets do not become the conduit for unscrupulous individuals to get away. The move, however, already seems to have had a significant effect. We collected information on stock market responses on Wednesday because the stock market serves as a leading indicator of economic activity. After opening down by about 6%, the Nifty closed only 0.99% lower on Wednesday. And the stock market has been trending up on Thursday.

So, the market is capturing the high probability that the move will be good for the economy. The realty index fell, however, by 12.5%. This sector, which is notorious for use of black money, will be negatively affected till the real estate industry cleans up its act. Similarly, listed companies that are connected with Panama Swiss Leaks fell by 2.35% on Wednesday, which is more than double the fall in the index. Recall that companies connected with Panama Swiss Leaks have also been associated with possible use of black money. So, this is a clear indicator that sectors employing black money are more drastically affected.

Some may fear that the introduction of high denomination Rs 2,000 and Rs 500 notes may bring back black money into the system. But, this is less likely for two reasons. First, the current situation resulted from several years of tax evasion under governments that turned a Nelson’s eye to this problem. In fact, the genesis of the current problem dates back to the late 1970s and early 1980s when marginal tax rates were 97%. Current tax rates do not provide such perverse incentives to hide income. Second, current checks and balances against tax evasion are far tighter. Relatedly, the government’s move reflects popular angst against corruption and unaccounted wealth. The presence of such factors in the voting population is unlikely to provide future governments the luxury of relaxing their efforts to fight corruption. Thus, Tuesday’s action may be revolutionary in the annals of the country’s fight against corruption.

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Rebooting India

Demonetisation could be used to transform India’s welfare system and cut poverty

As bankers carry out the second leg of India’s ambitious demonetisation exercise, economists have begun to crunch data to estimate the potential revenue gains to government. Unaccounted income and wealth, or black money, places an unfair burden on honest citizens. A modern state calls for a sophisticated administrative architecture which generates revenue for its activities. If a significant part of economic activity lies beyond government’s gaze, an unfair burden is imposed on honest tax payers. Therefore, demonetisation can catalyse long term reform and gains of a well-executed exercise can be significant.

Demonetisation will affect about 86% of total currency in circulation, amounting to Rs 14.6 trillion. According to a World Bank estimate the parallel economy makes up about one-fourth of the total. Assuming the same incidence of black money held as cash will come into the banking system to be replaced, government has an opportunity to utilise the resultant trail to boost its tax collections. It is not merely a one-time gain as a trail can bring hitherto unaccounted economic activity into the system. The size of the parallel economy can be brought down. The battle against black money is worth it if resultant revenue gains are efficiently utilised. One, as the size of the parallel economy shrinks, the tax base will automatically widen. This will allow government to reduce rates and boost consumption. Two, additional revenue will allow government to enhance the efficacy of welfare schemes. Here, the best way forward is to actualise the idea of a universal basic income. The essence of this idea is to transfer a sum of money to all families.

There is a strong case for it in India as the current system of price subsidies has not only led to economic distortions but also targeted beneficiaries are seldom reached. If additionally generated revenue can be directly distributed to people across the country, using Aadhaar and the JAM trinity whose elements are already falling into place in order to prevent duplication and leaks, it could be the greatest single poverty reduction measure ever in the country. Any political dispensation that is able to implement this will have the gratitude of people for at least a generation. It is this end goal which can give salience to the current demonetisation drive.

THE ECONOMIC TIMES

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The best way to fight black money is to clean up poll funding and usher in systemic reforms



Prime Minister Narendra Modi has banned Rs 500 and Rs 1,000 currency notes, putting the fear of god in tax evaders. They were offered ways to come clean, with two schemes to declare their hidden wealth. The first one offering amnesty to people with undisclosed assets overseas failed due to the lack of trust on penalties after coming clean on concealed incomes. Also, there was little conviction that it would lead to punitive action.

The second scheme met moderate success. But collections from both schemes are a sliver of the black money splashing around in the system. Having dangled a carrot, the government now wants to use the stick on evaders. Businessmen would have to declare unaccounted cash as their current income and pay tax to bring this money on to their books. But many people could also turn to gold, an idle asset. The worry that a sudden surge in gold imports may impact the balance of payments position is not misplaced. Demonetisation will be cumbersome also for those who diligently pay tax. Economists reckon that the efficacy of demonetisation in flushing out illegal wealth is at its highest when it comes as a surprise. But it also causes the maximum hardship to law-abiding citizens and economic agents, especially small and medium businesses. One can already imagine the long-winding queues outside banks, with people rushing to deposit the old currency notes. Can banks cope with the pressure of handling the volumes? The government, on its part, says demonetisation would curb financing of terrorism through the proceeds of fake Indian currency notes and use of such funds for subversive activities such as espionage, smuggling of arms, drugs and other contrabands into India. Besides, it would eliminate black money that casts a long shadow of parallel economy on our real economy.

Money Makes the World Stop

Terror financing must end. There are no two views that a “parallel shadow economy corrodes and eats into the vitals of the country’s economy, fuels inflation and deprives the government of its legitimate revenues”. Earlier, the Supreme Court-appointed special investigation team had even proposed a ban on cash transactions above Rs 3 lakh and to declare such transactions illegal. But will measures such as these curb the generation of black money? Unlikely. The government has put out a long list of operational guidelines on demonetisation that includes restricting cash withdrawals from bank accounts. Video cameras would be used to track who deposits money. Demonetisation may be complex to administer, and even needlessly push inspector raj. Legitimate taxpayers should not be harassed. But this is not the first demonetisation drive. In January 1978, the Indian government had demonetised Rs 1,000, Rs 5,000 and Rs 10,000 notes to counter black money in the economy. However, instilling the fear of god into tax evaders could not curb the generation of black money.

India is still one of the most cash-intensive economies in the world with a cash-to-GDP ratio of 12 per cent, about four times as much as other economies such as Brazil (3.93 per cent), Mexico (5.3 per cent) and South Africa (3.73 per cent), according to a report, 'Cost of Cash in India', commissioned by MasterCard. A boost to electronic payments is welcome as the spin-offs include automatic audit trails, transparent accounting and minimising the risk and cost of handling cash. But India is a vastly unbanked country, and many among the poor do not have bank accounts. To expect people in rural India to switch to plastic in a short span seems unrealistic. The political system also uses wads of money to fund elections. The practice of political parties mopping up large amount of election funds through unaccounted contributions pushes businesses to generate black money. Civil servants allegedly get involved too, making them corrupt. The only way to end this nexus is to make fund mobilisation and spending by political parties transparent.

Vote for Clean Elections

All parties must mandatorily declare their monthly expenses, which must be open to challenge and vetted by the Election Commission, starting from the local to the national level. They should then show their source of income, at a disaggregated and combined levels. What India needs is systemic reforms to curb black money. Proper regulation of the real estate sector and swift adoption of the goods and services tax that creates several audit trails on production and income will help. Prime Minister Narendra Modi must now usher in the mother of all reforms to make funding of elections transparent.



दैनिक जागरण

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काले धन का क्रांतिकारी इलाज

कैंसर बन चुके काले धन के कारोबार के इलाज के लिए ऐसे ही उपचार की आवश्यकता थी। मंगलवार की रात से पांच सौ और एक हजार रुपये के नोट का प्रचलन बंद कर दिए जाने का मोदी सरकार का फैसला जितना साहसिक है उतना ही दूरगामी नतीजों वाला। यह एक अकेला फैसला काले धन के कारोबार पर जितने कारगर तरीके से अंकुश लगा सकता है वैसा प्रभाव छोटे-मोटे दर्जनों फैसले नहीं डाल सकते हैं। 30 सितंबर को समाप्त हुई आय घोषणा योजना (आइडीएस) के समाप्त होने के बाद प्रधानमंत्री और वित्तमंत्री के स्तर पर यह कहा गया था कि जिन लोगों ने इस योजना में भी अपने काले धन की घोषणा नहीं की है वे दंडित होने के लिए तैयार रहें। आइडीएस में करीब 66 हजार करोड़ रुपये की अघोषित आय सामने आई थी, लेकिन देश में मौजूद काले धन की मात्रा इससे कई गुना ज्यादा है। अब जब मोदी सरकार ने अचानक पांच सौ और एक हजार रुपये के मौजूदा नोटों को बंद करने की घोषणा की तो वे सारे लोग सन्न रह गए होंगे जिन्होंने आइडीएस में भी अपनी अघोषित आय की जानकारी नहीं दी थी और जिनके घरों और दूसरे ठिकानों में काला धन भरा पड़ा है। सरकार ने पांच सौ और एक हजार रुपये बंद करने के साथ ही उन्हें नई करेंसी से बदलने की छूट जिन शर्तों के साथ दी है उसमें बड़े पैमाने पर काले धन को सफेद बनाना लगभग असंभव हो गया है। भारतीय अर्थव्यवस्था को करीब से जानने-समझने वाला हर व्यक्ति सरकार के इस फैसले का स्वागत करेगा। खुद मैंने दस साल पहले रिजर्व बैंक के एक कार्यक्रम में बड़े करेंसी नोटों को बंद करने का सुझाव दिया था। यह सही है कि इस तरह का फैसला लेने के साथ ही बहुत बड़े पैमाने पर तैयारी भी करनी होती है। एक सक्षम और मजबूत नेतृत्व ही यह साहसिक फैसला कर सकता है और मोदी के नेतृत्व को सलाम किया जाना चाहिए कि उन्होंने वह कदम उठाया जो भारतीय अर्थव्यवस्था और राष्ट्रीय सुरक्षा के लिहाज से अपरिहार्य हो गया था। काला धन सिर्फ वही नहीं है जो टैक्स चोरी के जरिये जमा किया जाता है, बल्कि आतंकवाद, अवैध वसूली, मादक पदार्थों की तस्करी जैसी आपराधिक गतिविधियों के जरिये भी जुटाया जाता है। यह काला धन अर्थव्यवस्था को क्षति पहुंचाने के साथ-साथ सामाजिक-राष्ट्रीय सुरक्षा

को भी खतरे में डालने का काम कर रहा है। बड़े नोटों को वापस लेने और उनकी जगह पांच सौ और दो हजार रुपये के नए नोट जारी करने का निर्णय एक हद तक राजनीतिक भ्रष्टाचार पर भी अंकुश लगाएगा। हर कोई इस सच्चाई से परिचित है कि अपने देश की राजनीति बड़ी हद तक काले धन से संचालित है। पूरे चुनावी तंत्र में काले धन की बड़ी भूमिका है और इस हद तक है कि किसी आम आदमी के लिए अपनी दम पर चुनावी प्रक्रिया में हिस्सा लेना असंभव हो गया है। कुछ राज्यों में तो पूरा चुनाव ही काले धन पर टिका होता है। यह तय है कि सरकार का फैसला उत्तर प्रदेश सरीखे राज्यों के आगामी विधानसभा चुनाव में असर डालेगा। इस लिहाज से भी यह कहा जा सकता है कि मोदी सरकार का फैसला क्रांतिकारी है, जो भारतीय अर्थव्यवस्था की बुनियाद को मजबूत करने के साथ ही उसे एक नई दिशा में मोड़ सकता है। यह कदम कोई भी पहले की सरकार उठा सकती है, लेकिन आश्चर्यजनक रूप से इससे बचा जाता रहा। हो सकता है कि एक-दो दिन या कुछ और समय तक सामान्य लोग बड़े करेंसी नोटों पर लगी पाबंदी को लेकर परेशानी का अनुभव करें, लेकिन एक बड़ी बीमारी के इलाज में सभी को इस परेशानी की अनदेखी कर देनी चाहिए। यकीन कीजिए एक-दो दिन बाद सब कुछ सामान्य होने लगेगा। वैसे भी पिछले कुछ समय से कैशलेस लेन-देन का दायरा बढ़ता ही जा रहा है, इसलिए एक-दो दशक पहले की तुलना में आज इस फैसले से परेशानी कहीं कम होगी। समय के साथ आम जनता इस फैसले के सुखद नतीजों को महसूस करेगी। पहले प्रभाव के रूप में प्रापर्टी के दामों में उल्लेखनीय कमी आ सकती है और जो घर आम जनता की पहुंच से दूर हो गए थे वे फिर से उसकी पहुंच में आ सकते हैं। प्रापर्टी में सबसे ज्यादा काले धन का निवेश किया जाता था और इसी के चलते देश के ज्यादातर हिस्सों में प्रापर्टी के दाम आसमान छूने लगे थे। अब इन दामों में सुधार सुनिश्चित है। इसी तरह सामान्य मुद्रास्फीति में राहतकारी कमी आएगी। यह वह बड़ा बिंदु है जो सीधे-सीधे आम आदमी को फायदा पहुंचाएगा। मोदी सरकार के फैसले पर तमाम विपक्षी दलों की प्रतिक्रिया भी सकारात्मक है, लेकिन मुख्य विपक्षी दल कांग्रेस हमेशा की तरह नकारात्मक सोच से ग्रस्त है। पता नहीं उसकी यह इंकार की मुद्रा कब समाप्त होगी कि केंद्र की सत्ता उसके हाथ से फिसल चुकी है? उसे अब तक हकीकत को स्वीकार कर लेना चाहिए, लेकिन उसके शीर्ष नेता और यहां तक कि उपाध्यक्ष राहुल गांधी भी अपनी नकारात्मकता से उबर नहीं पा रहे हैं। कांग्रेस को भी इस फैसले का स्वागत करना चाहिए। विरोध के नाम पर उसका विरोध केवल इस दलील तक सीमित है कि इस फैसले से आम जनता को असुविधा होगी। क्या दो दिनों की असुविधा काले धन के कारोबार जैसी बड़ी बीमारी के उपचार में बाधक बन सकती है? यह ठीक है कि मोदी सरकार ने काले धन पर अंकुश लगाने के लिए एक अभूतपूर्व कदम उठाया, लेकिन अब इसके असर को बनाए रखने की जरूरत है। पांच सौ और दो हजार रुपये के नए नोट जारी होने के बाद फिर से काले धन का कारोबार अपनी जड़ें न जमा सके, इसके लिए सरकार को अभी भी प्रयास करने की आवश्यकता है। एक सुझाव यह भी है कि जो नए नोट जारी किए जाएं उनके संदर्भ में यह व्यवस्था हो कि वे एक निश्चित समय जैसे पांच वर्ष तक ही प्रचलन में रहेंगे। इससे जो लोग अपने घरों में पैसा छुपाए रहते हैं वे ऐसा करने से पहले दो बार सोचेंगे। इसी तरह टैक्स प्रणाली को मजबूत बनाकर भी काले धन पर अंकुश लगाया जा सकता है। टैक्स प्रणाली ऐसी होनी चाहिए जिससे लोग स्वतः टैक्स देने के लिए प्रोत्साहित हों। मेरा सुझाव है कि आयकर को समाप्त कर दिया जाना चाहिए और उसकी जगह उपभोग टैक्स जैसी व्यवस्था लागू की जानी चाहिए।

[लेखक लार्ड मेघनाद देसाई, प्रख्यात अर्थशास्त्री और मुंबई स्थित एमडी एकेडमी ऑफ इकोनॉमिक्स के अध्यक्ष हैं]

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Anti-corruption game-changer

The fight against black money is a mahayagna. Let us all join to celebrate this festival of integrity.



In a bold, revolutionary and historic step, Prime Minister Narendra Modi has not only dealt a death blow to black money hoarders and corrupt people by demonetising Rs 1,000 and Rs 500 notes, but also struck a sledgehammer at Pakistan's nefarious designs to fund terrorism and disrupt the Indian economy with counterfeit currency. The announcement by the PM might have caught the common man off guard, but it was a well-thought out and considered decision and was taken after weighing all the pros and cons. This game-changing move is aimed at cleansing public life, particularly political life.

The bold move has been hailed as a masterstroke by one and all. Except the filthy rich, the rest of the Indians — particularly the middle classes and the common man — have welcomed it. Various steps taken by the NDA government in the last two-and-half years have brought nearly Rs 1.25 lakh crore in black money into the open. Besides, the PM had forewarned and prepared the country that the government would be coming down hard on people hoarding undisclosed money.

Under the Income Declaration Scheme implemented earlier this year, citizens were allowed to declare their undisclosed income and pay tax, surcharge and penalty amounting to 45 per cent of the total undisclosed income. Here, the income declared would be taxed at 30 per cent plus a Krishi Kalyan Cess of 25 per cent on the taxes payable and a penalty at the rate of 25 per cent of the taxes payable, amounting to 45 per cent of the income declared. This would be used for the welfare of farmers. Following the announcement of the Income Declaration Scheme, the PM made it clear that this would be the last chance for people to declare their undisclosed income by paying a stiff penalty and that strong action would be taken against black money hoarders and tax evaders.

As stated by the PM, the NDA government began its battle against corruption and black money soon after it assumed office. The very first cabinet meeting held in May 2014 approved the constitution of a Special Investigating Team (SIT) headed by a retired Supreme Court judge to implement the decision of the apex court to bring large amounts of money stashed abroad by evading taxes or generated through unlawful activities. Subsequently, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, came into force on July 1, 2015 for disclosure of foreign black money within three months by paying 60 per cent tax. For the investigation of the Panama Paper leaks, the government constituted a Multi-Agency Group (MAG) comprising officers of the Central Board of Direct Taxes, Reserve Bank of India, Enforcement Directorate and Financial Intelligence Unit. The Lok Sabha, on July 20, passed the Benami Transaction Bill, 2015 which was predominantly an anti-black money measure with the purpose to seize unknown property and prosecute those indulging in such activities. India also reached agreements with many countries, including the US, to add new provisions for sharing banking information. Double Taxation Avoidance Agreements (DTAAs) were inked with several countries, including tax havens like Mauritius and Cyprus.

India also joined global efforts to combat tax evasion and black money by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI). An Automatic Exchange of Information Agreement was also negotiated with Switzerland to get information on accounts held by Indians. At the same time, the PM, in tune with the government's motto of "sab ka saath sab ka vikas" and in order to empower the poor, has launched several schemes, beginning with the flagship Pradhan Mantri Jan Dhan Yojana. With 25.45 crore people opening accounts, the problem of financial exclusion has been effectively tackled. From day one, the PM was determined to cleanse the system by eliminating corruption and black money. The ultimate aim is to ensure cashless transactions by eliminating corruption, middlemen and prevent leakages in government schemes. That's why the Jan Dhan Aadhar and Mobile (JAM) scheme was launched to ensure that 100 per cent of every benefit/aid was directly transferred to the intended beneficiary without any middleman or leakage of revenue — be it scholarship, subsidy, compensation or insurance.

The other pro-poor and pro-farmer schemes launched include the Jan Suraksha Yojana, the Pradhan Mantri Mudra Yojana for small enterprises, the Stand-up India Programme for Dalits, Adivasis and women, the Pradhan Mantri Ujjwala Scheme for LPG connections, the Pradhan Mantri Fasal Beema Yojana, the Pradhan Mantri Krishi Sinchai Yojana and the Soil Health Card Scheme. In the past, lakhs of crores was looted during the auctioning of natural resources like coal, 2G spectrum, mines and minerals. But the NDA government introduced total transparency in auctioning of natural resources.

With corruption and black money eating into the vitals of the Indian economy and virtually creating a parallel economy to fund criminal and other nefarious activities, the prime minister, by demonetising Rs 1,000 and Rs 500 notes, has proved that he "walks the talk" and is a man of action. In contrast, the previous government had only payed lip service to the poor while protecting the interests of the rich and greedy. Now, the undisclosed money under the mattress becomes mere waste paper. Apart from curbing corruption, this revolutionary step will bring down inflation, diminish the parallel economy while giving a fillip to the formal economy. The real estate sector will see some corrections as land prices are expected to come down and home-buyers will get housing at affordable prices. Ultimately, the common man will stand to benefit.

Of course, the biggest setback would be for arms dealers and smugglers, who have been acting as a conduit for terrorist activities. With Pakistan relentlessly spreading counterfeit currency and promoting hawala transactions, it will face the biggest disappointment. As someone commented in a lighter vein, Pakistan now has surplus energy to spare as the printing presses (for fake currency) have come to a grinding halt. Soon after the announcement by the PM on Tuesday night, a majority of citizens in the country went to sleep happily. Only the black money hoarders had a sleepless night and they will continue to face similar sleepless nights for some time. They can neither sleep nor weep openly. Such people don't deserve any sympathy. The decision to demonetise Rs 1,000 and Rs 500 notes was particularly well-timed as India has become the bright spot in the global economy. Internally as well, the Jan Dhan Yojana has ensured that nobody is adversely affected because of financial inclusion.

I am sure political parties in general would be happy with the move as there is no need to seek help from big businesses for funding elections, which are turning costlier with every poll. The influence of money power in elections is weakening democracy and this challenge could also be met now to a large extent. It should be noted that the quantum of cash in circulation is linked to the level of corruption. The free flow of cash led to an artificial increase in costs of goods and services, land, education and healthcare. I am sure the citizens are overwhelmingly supporting this move, except a few vested interests. A spokesperson of one of the parties went to the extent of unjustly criticising the PM and comparing him with Muhamad Bin Tughlaq. Does it mean that such parties have a problem with this landmark measure? I appeal to all to welcome and support this measure, irrespective of political affiliations. When the financial system is cleansed, the government's revenue would naturally increase and the wealth of the nation would be spent to uplift the poor. Law-abiding citizens would be the greatest beneficiaries.

There might be some inconvenience to some people for few days but in the long-term the benefits for Indian economy far outweigh it. Every citizen will have to bear this in mind in the larger interest of the country. This

historic step will open up new opportunities for the poor and the middle class. This is a mahayagna and let us all join to celebrate this festival of integrity and credibility. The entire country has been agitated over corruption and black money for a long time. Let us all join hands in making this demonetisation a big success.

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Date: 10-11-16

Start from the top

To set an example for the judiciary, the Supreme Court must address its own backlog of cases.



As of March 2016, 27.7 million cases are pending in district and subordinate courts. This is a stock. During the January-March quarter, there were five million new cases and 4.5 million cases were disposed of. If new cases exceed the number disposed of, the stock of backlog increases (there are variations across states and in some states, disposal is more than institution). With 3.9 million cases pending, the story isn't that different for high courts. There were around 4,50,000 new cases and around 4,35,000 cases were disposed of. The Supreme Court contributed almost 60,000 cases to

backlog/pendency, with institution at a little more than 20,000 and disposal a little less than 20,000. If you add backlog numbers across all three tiers of courts, the figure is almost 33 million. I haven't seen any credible figures on backlog across all quasi-judicial forums, like tribunals. Adding those, the backlog may well approach 40 million. There are around 2,50,000 households in India. A former Chief Justice of India (CJI), Justice Venkatachaliah, dramatised the situation and once told me the following. Each case has two parties. Therefore, there are 80 million litigants. Roughly, every third household is busy litigating. Admittedly, there is simplification in this dramatisation. But it illustrates the point that an efficient dispute resolution mechanism is in everyone's interest. It is variously suggested that gypsies originated in India and there is a gypsy curse: "May you have a dispute in which you are in the right."

"Unless a court can start with a reasonably clean slate, improvement of methods is likely to merely tantalise. The existence of a mass of arrears takes the heart out of a presiding officer. He can hardly be expected to take a strong interest in preliminaries, when he knows that the hearing of the evidence and the decision will not be by him but by his successor after his transfer. So long as such arrears exist, there is a temptation to which many presiding officers succumb, to hold back the heavier contested suits and devote attention to the lighter ones. The turn-out of decisions in contested suits is thus maintained somewhere near the figure of institutions, while the really difficult work is pushed further into the background." This is a very apt description, but you may not know where the quote is from. It is from the report of a committee set up to "enquire into the operation and effects of the substantive and adjective law, whether enacted or otherwise, followed by the courts in India in the disposal of civil suits, appeals, applications for revision and other civil litigation." This committee was the Rankin Committee. It was set up in 1924 and submitted a report in 1925. Justice Rankin was from the Calcutta High Court.

I can cite many other committees — High Court Arrears Committee (1949), Shah Committee (1969), Trevor Harris Committee in West Bengal (1949), Wanchoo Committee in Uttar Pradesh (1950), Satish Chandra Committee (1986) and Arrears Committee (1989-90). I can quote from these reports. Conceptually, their

recommendations are of three types: Supply-side (more courts/judges); productivity (better procedures, work norms, shift systems); and demand-side (alternative dispute resolution, curb on government litigation). Former and incumbent CJIs have been daunted by the big picture and have wept. Did you know that in 1990, a suit of contempt of court was filed against former CJI, Justice Venkatramaih, when he gave an interview to a newspaper and commented unfavourably on the judiciary? (the petition was dismissed) The big picture is overwhelming, but let's focus on the small picture — what the Supreme Court can do on its own, in the Supreme Court. There is no better place to demonstrate reform intent. Here are some backlog numbers for the SC — 771 in 1950, 23,092 in 1978, more than 100,000 in 1983, 134,221 in 1991 and 19,806 in 1998. That remarkable decline in backlog was then attributed to IT use and better case management (there was some statistical rejigging). The backlog climbed to 34,481 in 2005, 54,562 in 2010 and 59,595 in 2016.

As citizens, we aren't supposed to possess expertise about how the backlog in the SC can be reduced. That's for the courts to decide. We see the following. First, despite six vacancies, the number of Supreme Court judges has steadily increased since 1950. There doesn't seem to be a great supply-side issue. Second, the Supreme Court's website states, "Out of the 59,595 pending matters as on 31-03-2016, if connected matters are excluded, the pendency is only of 34,562 matters as on 31-03-2016." Indeed, that seems to be the bunching of cases, specialisation and "productivity" improvement attempted in the 1990s. Why can't it be replicated now? Third, the Supreme Court has original, appellate and advisory jurisdiction, but advisory jurisdiction isn't that important quantitatively.

Since backlog reduction in the Supreme Court is probably primarily a function of demand management, should it hear so many original and appellate petitions? Legal systems vary and procedures can't be imported. Even then, on appeals, the US Supreme Court receives 7,000 to 8,000 petitions a year and hears (for oral evidence) 80. This is around one per cent. There are serious data issues. However, a comprehensive paper by Nick Robinson found the Indian Supreme Court accepts between 15 per cent and 26 per cent of petitions (the exact figure depends on the year, let's say an average of 20 per cent). This is too high and represents a hollowing out of the lower judiciary. Instead, once the Supreme Court has established precedence, it should be the reverse.

Bibek Debroy The writer is member, Niti Aayog. Views are personal

राष्ट्रीय
सहारा

Date: 10-11-16

भ्रष्टाचार पर प्रहार

प्रधानमंत्री नरेन्द्र मोदी ने अपने पहले राष्ट्र के नाम संबोधन से जिस तरह हलचल पैदा किया है, उसकी कल्पना शायद ही किसी ने की होगी। हालांकि अचानक 500 एवं 1000 के वर्तमान नोटों को अमान्य करार देने से आम आदमी को भी कठिनाइयों का सामना करना पड़ रहा है। लेकिन यह कुछ समय की बात है। मोदी का यह ऐसा साहसिक फैसला है, जिसका बहुआयामी दूरगामी असर भारतीय अर्थव्यवस्था पर पड़ना निश्चित है। बड़े लक्ष्यों को पाने के लिए कुछ कठिनाइयां उठानी पड़ती हैं। हमें यह समझना होगा कि भ्रष्टाचार, कालाधन, नकली नोट, हवाला पर एक साथ इससे बड़ा प्रहार कुछ नहीं हो सकता है। आखिर भ्रष्ट नौकरशाहों के घर से हमने करोड़ों की 500 एवं 1000 की करेंसी ही बरामद होते देखा है। तो न रहेगा बांस न बजेगी बांसुरी। आप छिपाए रखिए। एक कागज के टुकड़े का भी मूल्य उसका न रहा। भ्रष्टाचार कुछ लोग करते हैं, काला धन जमा कुछ लोग करते हैं और परिणाम देश के आम आदमी को भुगतना पड़ता है। भ्रष्टाचार पर प्रहार करना है,

कालाधन का अंत करना है तो ऐसे कड़े कदम उठाने ही होंगे और उसके कुछ परिणाम हमें आपको भुगतने के लिए तैयार रहना होगा। हो सकता है थोड़े समय के लिए अर्थव्यवस्था में इससे सुस्ती दिखाई दे। कारण, बाजार में जब रु पया कम जाएगा तो उसका असर बाजारी गतिविधियों पर पड़ेगा। मगर यह न भूलिए कि एक ईमानदार आदमी के लिए शहरों में घर खरीदना कठिन हो गया था क्योंकि तीन चौथाई के आसपास तो नकद यानी कालाधन मांगते थे और शेष चेक। इस फैसले के बाद ईमानदार लोगों के लिए घर खरीदने का सपना सच हो सकता है, क्योंकि काले धन के कारण कृत्रिम रूप से बढ़े हुए मूल्यों का गुब्बारा अपने आप फूट जाएगा। तो यह इसका एक बड़ा परिणाम होगा। इसलिए जब तक नए नोट छपकर पर्याप्त मात्रा में नहीं आ जाते, हमें थोड़ी परेशानियां उठाने के लिए तैयार रहना चाहिए। जिस गोपनीयता से इस नीति को अंजाम दिया गया एवं इसकी घोषणा के लिए जो समय चुना गया उसमें बेईमानों के पास अपने छिपाए धन को किसी और रूप में बदलने की कोई गुंजाइश ही नहीं बची थी। वित्त मंत्री अरुण जेटली ने कहा है कि हम पहले से तैयारी कर रहे थे, चुपचाप करेंसी भी छापी जा रही थी। लेकिन कानों-कान खबर इसलिए नहीं होने दी नहीं तो भ्रष्टाचारियों को मौका मिल जाता। नरेन्द्र मोदी सरकार को इस कदम के लिए साधुवाद और शुभकामना।
