

Editorial

Imphal Wednesday, November 9, 2016

Demonetization: a bold move or an exercise in fiscal nuisance?

In a lightning-swift move which caught the citizens by surprise, Indian Prime Minister Narendra Modi has announced a strategy to take the fight against black money and corruption to a whole new level by demonetizing all the older 500 and 1000 rupee denominations. In his address to the nation, Modi states, 'this move is a notable step to fight corruption, black money, poverty and terrorism.' In other words, all the older 500 and 1000 notes are unworthy starting today and introduction of 2000 note is a major move by Reserve Bank of India. The new 2000-rupee note comes with micro nano GPS chip to track the exact location of currency. The move, if hardly unprecedented, have caused much confusion, consternation and inconveniences to the public, and in order to clear up the air and smoothen up the process of 'transition' of the now defunct old denominations, the Reserve Bank of India (RBI) have issued a release with Frequently Asked Questions (FAQs) about the demonetization of Rs 1,000 and Rs 500 which states that the incidence of fake Indian currency notes in higher denomination has increased. For ordinary persons, the fake notes look similar to genuine notes, even though no security feature has been copied. The fake notes are used for antinational and illegal activities. High denomination notes have been misused by terrorists and for hoarding black money. India remains a cash based economy hence the circulation of fake Indian currency notes continues to be a menace. In order to contain the rising incidence of fake notes and black money, the scheme to withdraw has been introduced. The withdrawn old high denomination (OHD) notes of Rs 1,000 and Rs 500 cannot be used for transacting business and/or as a store of value. The OHD notes can be exchanged for value at any of the 19 offices of the Reserve Bank of India or at any of the bank branches or at any head post office or sub-post office. One will get the entire value for the volume of notes tendered at the bank branches/RBI offices and upto 1 4000 per person in cash irrespective of the size of tender and anything over and above that will be receivable by way of credit to your bank account. One can use the balance in the bank accounts to pay for other requirements by cheque or through electronic means of payment such as internet banking, mobile wallets, IMPS, credit/debit cards etc.

This is the third instance of the central government pulling back select denominations from circulation. The first was when Rs 1,000, Rs 5,000, and Rs 10,000 notes were taken out of circulation in January 1946, a year and a half before the country won independence from the British. The Rs 10,000 notes were the largest currency denomination ever printed by the Reserve Bank of India, introduced for the first time in 1938. All three notes were reintroduced in 1954 and later demonetized in January 1978.

In the early '70s, the Wanchoo committee, a direct tax inquiry committee set up by the government, suggested demonetization as a measure to unearth and counter the spread of black money. However, the public nature of the recommendation sparked black money hoarders to act fast and rid themselves of high denominations before the government was able to clamp down on them - thus the secrecy and the swiftness of the announcement.

While many, including RBI governor Urjit Patel applauded Modi's "very bold step" addressing concerns about the "growing menace of fake Indian currency notes", a large number of economists are skeptical about the impact of his decision "That's because people don't stack black money in cash. Rather, they stash it in undisclosed accounts in Swiss Banks," said Abhiroop Sarkar, a professor at the Indian Statistical Institute. "So the demonetization won't affect the biggest fish." In any case, corruption isn't only about cash, and until exemplary examples are made of the corrupted, the whole exercise will turn out to be an utterly unnecessary nuisance for the common people.

WHENEVER YOU SEE CONSTRUCTION AND MINING EQUIPMENTS, JUST THINK OF US
A SOLUTION FOR EVERY CONSTRUCTION EQUIPMENT



Automobile Engineering Works-1
R K WORKSHOP
New Checkon Road, Purana Rajbari
Imphal East,
Manipur - 795 001

Authorised dealer **BEML Limited**

(A Government of India Mini Ratna Company under Ministry of Defence)

Letters, Feedback and Suggestions to 'Imphal Times' can be sent to our e-mail: imphaltimes@gmail.com. For advertisement kindly contact: - 0385-2452159 (O)

National & International News

Govt's move to withdraw 500 & 1,000 rupee denominations is to help in cleaning up process of political funding

Courtesy AIR
New Delhi, Nov 9: Finance Minister Arun Jaitley today said government's decision to demonetise the 500 and 1000 rupee notes is good for country's economy which will rid the nation of black money and corruption. In an exclusive interview with Doordarshan News, Mr. Jaitley said black money is not a fundamental right of the people, and those who have not earned money with honest means are now worried. Explaining the rationale behind the decision, Mr Jaitley said as countries develop, economy should be cashless and transact through cheques and plastic currency.

The Minister said deposits in banks will now increase and banks will have more lending capacity. He said official transactions will increase which will impact indirect and direct taxes in the long run.

Finance minister said the positive impact will be more and more transactions would come to bank. He said India will become tax compliant society. Mr Jaitley said this is the first time government has taken a decision which has many advantages. The Minister said move to withdraw 500 and 1000 rupee denominations will help in cleaning up the process of political funding. Mr Jaitley also said replacement of currency will be done in three to four weeks.

No, there is no chip in the Rs. 2000 note. This is what they look like

Courtesy: Business Standard
New Delhi, Nov 9: Currency notes of Rs 500 and Rs 1,000 denomination that are currently in circulation will no longer be legal money and cannot be used as medium of exchange from Tuesday midnight, as Prime Minister Narendra Modi in a surprise move clamped down on black money as well as counterfeit notes in circulation. Instead, the Reserve Bank of India (RBI) will issue new Rs 500 and Rs 2,000 currency notes.

Here is what the new currency notes look like:

1) The new Rs 2,000 note: The RBI will issue Rs 2,000 denomination banknotes in the Mahatma Gandhi (New) Series, without the inset letter, bearing the signature of RBI Governor Urjit R Patel, and the year of printing '2016' printed on the reverse of the banknote. The new denomination has the motif of the Mangalayan, the country's Mars probe, on the reverse. The base colour of the note is magenta.



2) The new Rs 500 note: The RBI will issue Rs 500 denomination banknotes in Mahatma Gandhi (New) Series with inset letter 'E' in both the number panels, bearing the

signature of RBI Governor Urjit R Patel, and the year of printing '2016', and the Swachh Bharat logo printed on the reverse of the Banknote.

MoS for Defence Dr Subhash Bhamre inaugurates 58th Conference of IMTA

Lt. Col. Ajay Kumar Sharma
PIB Defence Imphal
New Delhi, Nov 9: The Minister of State for Defence Dr. Subhash Bhamre has said that stress-related manifestations in soldiers are on the rise and has expressed the need to take adequate steps to counter them. He said with rapid pace in technological advancement and information warfare gaining in strength day-by-day, these factors are taking a heavy toll on the human

element. Dr. Bhamre was inaugurating the 58th Conference of International Military Testing Association (IMTA) organised by Defence Institute of Psychological Research (DIPR), a Delhi based laboratory of DRDO, on Tuesday. Dr. Bhamre stated that insurgencies, terrorism and fundamentalism are the threats that an Indian soldier faces within the country and handling adversaries from within are a big hurdle. He opined that to select, train and sustain the military in such a hostile environment needs good selection, training and nurturance.

The Minister said that an event such as this conference would provide an excellent platform for all delegates to share the unique challenges that soldiers face in their respective countries and the novel methods based on scientific principles that have been evolved to mitigate those problems. Appreciating the theme of the 4-day conference "Psychological Assessment: Shaping the future

Soldier' the Minister said that the shaping could take place by optimizing the soldier's performance. He called upon the delegates that their vision statement should be "Soldier preparedness and well-being of the soldier" for mental and physical well-being of the soldier. Complimenting the DIPR, Dr. Bhamre said the assessment system, methodologies, techniques and tests developed by the Institute are being used by 20 Services Selection Boards spread over the country. He further stated that it is a matter of pride that India's Armed Forces, which are the world's third largest are scrutinized through tests developed by DIPR. Over 127 delegates from 21 countries including hosts India are participating in the conference. Secretary R&D and Chairman DRDO Dr. S Christopher and Chair of the IMTA and Director General Military Personnel Research and Analysis (DGMPPRA) of the Canadian Department of National Defence, Ms Susan Truscott also spoke on the occasion.

Indian-American Krishnamoorthi wins US Congressional election

PII
Washington, Nov 9: Indian-American Democrat Raja Krishnamoorthi today won the Congressional election from Illinois, defeating Republican former Elmhurst Mayor Peter DiCianni. Krishnamoorthi, 43, won the Chicago-area US House of Representatives seat, the 8th Congressional District, vacated by Tammy Duckworth who won Illinois' US Senate seat.

New Delhi-born Krishnamoorthi, a laboratory executive, has parental roots in Chennai. He was endorsed by US President Barack Obama. "Thank you! I'm honored and humbled to be the next Congressman of Illinois' 8th District! #IL08," Krishnamoorthi said in a tweet.

Krishnamoorthi thanked supporters in his victory speech. Interestingly, he is the second Hindu-American to be elected to the US House of Representatives.

Tulsi Gabbard, the first Hindu-American in the US Congress, is seeking her third term from Hawaii. Krishnamoorthi and DiCianni were both trying to win the seat vacated by Tammy Duckworth who won Illinois' US Senate seat.

Krishnamoorthi had received 81,263 votes against his rivals 54,149 votes when almost 80 per cent of the votes were counted for the eighth Congressional district of Illinois. Successful in his second attempt, Krishnamoorthi is only the second India-born member of the Congress after Dalip Singh Soundh in 1950. The two other Indian-Americans elected to the House of Representatives - Bobby Jindal and Dr Ami Bera - were born in the US. Bera is seeking his third consecutive term from California. Krishnamoorthi, who previously



was the policy director and a senior advisor for Barack Obama's 2004 US Senate campaign, and served as an advisor to Obama's 2008, served as Deputy Treasurer of Illinois from 2007-2009 under Illinois Treasurer Alexi Giannoulias, and in 2010 ran for the Democratic nomination for Illinois State Comptroller, losing to David E Miller by less than one per cent of the vote.

Born in New Delhi on July 19, 1973, his parents immigrated to Buffalo New York when he was three months old.

Krishnamurthy currently serves as president of Sivananthan Labs and Episolar, Inc, small businesses that develop and sell products in the national security and renewable energy industries.

He is a co-founder of InSPIRE, a non-profit organisation that provides training to Illinois students and veterans in solar technology, and was formerly Vice-Chairman of the Illinois Innovation Council, whose mission is to promote innovative technologies that support economic growth and job creation in Illinois. The eighth congressional district has quite some Asian-Americans with sizeable Indian-American population.

Contd. from page 1

Donald Trump is the next US President ...

Her top strategist Florian Philippot said: "Their world is collapsing. Ours is being built."

Early suggestions that Mrs Clinton was on course for a good night quickly fell away as Mr Trump swept every knife-edge state.

His first big win came in the key battleground of Florida, which he simply had to win back from the Democrats to have any chance of becoming President.

Hot on its heels came North Carolina, which Barack Obama had lost in 2012 but which Mrs Clinton was quietly - and wrongly - confident of winning back this year.

Then Mr Trump swept the crucial swing states of Ohio and Iowa - meaning he needed just one big Democrat-leaning rust belt state in the north-east of America to win the President.

When the old industrial heartland of Pennsylvania fell to Mr Trump, it was clear the game was up for the Democrats.

Stock markets plunged across Asia and the dollar tumbled against his pound.

Hardest-hit of all was the Mexican peso which fell 10% at the prospect for the looming row over Mr Trump's new border wall, which he has vowed to force Mexico to pay for.

Trump supporters celebrated at a big party in New York City as the results rolled in through the night. Earlier Hillary Clinton tweeted: "This team has so much to be proud of. Whatever happens tonight, thank you for everything."

Celebrities who had overwhelmingly backed Mrs Clinton expressed their horror on Twitter.

Singer Cher wrote that the "world will never be the same" in the event of a Trump victory.

Lady Gaga wrote simply: "Say a prayer America." Family Guy creator Seth MacFarlane tweeted: "I truly cannot visualize the rambling, incoherent creature I saw at the debates now addressing the nation from the Oval Office."