

Currency purge beginning of long battle against black money: PM

Emotional PM asserts demonetisation will benefit poor and middle classes; Opposition to launch joint protest against move

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On a day that both the Bharatiya Janata Party (BJP) and

Opposition interpreted the results of bypolls to four Lok Sabha and 10 Assembly seats across seven states as a referendum for or against demonetisation, Prime Minister Narendra Modi told his party's Members of Parliament (MPs) that demonetisation was not the end but the beginning of a "long, deep and constant" battle against black money and corruption and will benefit the poor and the middle class.

When the PM was addressing the BJP parliamentary party in Parliament House premises, nearly all prominent Opposition parties were also holding a separate meeting where they decided to launch a joint protest against the government's decision of demonetisation that has caused hardship to the people and led to the deaths of over 70.

To support the PM's decision that has increasingly come for criticism for its "shoddy" implementation from the Opposition, the BJP parliamentary party passed a unanimous resolution endorsing the PM's "great crusade" against corruption and black money and also gave him a standing ovation.

During his speech, the PM turned emotional as he talked about how his decision was for the poor and middle classes who have suffered because of black money, fake currency and corruption. Later, Finance Minister

Arun Jaitley also briefed the MPs about the PM's "historic" decision.

The BJP resolution asked rival parties to decide whether they stand by the people of India and the government or hoarders of black money. It accused the Opposition of trying to provoke violence and chaos, and disrupt Parliament.

The PM said: "We have come to power not for us or those close to us but for the poor. For 70 years, the poor and the lower and middle classes suffered and have been exploited by black money, corruption and terrorism. Our aim is a deep, long and constant struggle against them."

Later in the day, the PM also addressed a gathering to remember the contribution to the party of late Kedarnath Sahni, a Delhi BJP leader. There he bemoaned the loss of values in the society. Referring to protests of its war against black money, Modi said "a small group of people" have come out openly to defend those with black money.

Speaking at the parliamentary party meeting, Jaitley said the PM has created a "new normal" of white transactions with crackdown on black money. Normally, the speeches made at the parliamentary party meeting are not televised, but excerpts from Jaitley's speech were telecast on Doordarshan. This, according to sources, was done because the Opposition didn't allow Jaitley to reply on the discussion on demonetisation in the Rajya Sabha because of constant disruptions.

The finance minister said the government surprised the Opposition by agreeing to a discussion on demonetisation, but their speeches lacked substance, which is why they changed their strategy to disrupt proceedings. He appealed to MPs to take the message of demonetisation with facts to the people.

Jaitley also took a dig at Congress Vice-President Rahul Gandhi. Jaitley said the Congress leader claims that the decision was selectively leaked to BJP top brass and on the other, he claims "that even finance minister, that means I, was also not aware".

The finance minister said the country annually borrows Rs 4-5 lakh crore and after this move and these funds can be used for public spending for development of rural areas and uplift of poor. About Rs 8 lakh crore will be collected from income tax this year and Rs 8.5 lakh crore from indirect tax but despite that another Rs 4-5 lakh crore is required to bear expenses for running the country, he said.

"...so if the honest taxpaying system establishes in the country...then do we need to borrow money...and in the case these borrowings of about Rs 4-5 lakh crore annually can be utilised in rural areas for poverty alleviation and other similar measures," Jaitley added.

Terming the decision as historic, he said that Modi, with his courageous step, has created a new normal of white transactions. "...what was normal from last 70 years that this much in cash and this much in cheque... but now Prime Minister has created a new normal," he said.

Giving rationale behind this move, the finance minister said in developed countries currency is normally four per cent of the gross domestic product (GDP) but in India it is 12 per cent of the GDP.

Therefore, most trade happens in cash and is out of banking system. As a result black money, fake currency, and non-compliance of tax are attached with it, he added.

"Today you see lakhs of crores of rupees come into banking system. This is low-cost money. Now banks will have capacities to provide more loans for infrastructure development, agriculture and private sector... banks have also started reducing interest rates," Jaitley added.

The cessation of legal tenders Rs 500 and Rs 1,000 is followed by remonetisation so that alternative currency should reach people.

"Once this remonetisation reaches reasonable level, we will take back all restrictions but till then there will be difficulty for some days," Jaitley said. He also asserted the situation is normalising in urban areas, and the government will soon announce relief for farmers to hold them with funds for the rabi sowing season.

He assured that restrictions on withdrawal of money would be lifted once remonetisation process reaches normalcy. “The remonetisation is being done in a calibrated way for coming weeks. The focus is only on rural areas,” he added.