

THE DAY

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It was a beautiful evening of November, 2016. I was in my office at Salt Lake City, Kolkata, in the middle of a class. I was explaining to my students the role of force in chemical reactions. I received a call from my mother from Punjab. She told me to watch the news as she expected something of serious significance had happened. I moved out of the class room and came to my cabin. I started to watch the news in my laptop. That was the first time that I came across a term called “demonetization”. I just could not comprehend the matter and its seriousness. I called one of my colleagues who was from the world of business studies and so was quite familiar with terminologies used in the discipline of economics. I asked him the matter and he explained to me. I gathered that Government of India had banned the use of Rs. 500 and Rs. 1,000 currency notes from the preceding day. I came to know that this is called “demonetization”. I never estimated at that moment that this term would become so common that even children in this country would not require a teacher to understand the meaning of it. I was amazed. The declaration meant that from the next day I would not be able to use the currency notes I was so familiar with. I had a question in my mind. What was to be done with these currency notes that I carried in my purse? I learnt that they had to be deposited in the banks. The faces and comments of eminent economists and business personalities started to appear in the news. Some spoke in favor of this phenomenon and some against it. But what am I supposed to do?

The government bodies said that they were doing this to recover the excess cash from the hands of the common public. The economists explained that when there will be a shortage of cash in the hands of the common people, they will have less demand for commodities. This drop in demand will ensure that the prices of the commodities will fall thereby putting a comma, if not a full stop to inflation.

Government bodies also claimed that usually it is the rich people who are holding high denomination notes of Rs. 500 and Rs. 1,000. Many of them are tax evaders. They were also of the opinion that black money is kept in the denomination of Rs. 500 and Rs. 1,000 currency notes. So demonetization would put a hindrance in front of the black money accumulators.

Now the question arises who are the tax evaders? There are broadly two types of taxes. These are direct tax and indirect tax. Direct tax is that tax where the impact and the burden of the tax fall

on the shoulders of the same person. Example of this type of tax is income tax. Indirect tax is that where the impact and the burden fall on different persons. Example of this type of tax is sales tax. When I purchase a bottle of aerated waters, I am paying sales tax. Indirect tax has to be paid by all and cannot be avoided. Moreover, amount of indirect tax is same for all people. It does not differentiate between rich and poor. Payment of indirect tax is mandatory. But payment of direct tax is not mandatory. It can be avoided in a developing country like India. Who are the people who are paying direct tax? Usually it is the rich and elite class who are paying it.

India is one of the oldest countries in the world. It is a country of differences. Yet, India has survived so many thousands of years. We have to create a land of acceptance, where everyone will be accepted in spite of their different ways of looking at life.

About the author:

The author is a Ph.D. in chemical sciences from GNDU, Punjab, India. At present she is working as Director in Concept Research Foundation and Concept Tutorial. Besides this, Dr. Puri is associated with research journals like The Business Age, The Global Journal of Business and Management, IDC International Journal, The Research Reservoir of Para Medical Sciences and The Genesis. She is also an Associate Member of National Institute of Personnel Management.