

Modern Housing for 55 crore poor Indians – No tax money

A feasible Economic revolution

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India is one of the richest countries but with poorest people. A decade ago, it was reported that wealthy Indians have close to \$ 2 trillion in tax havens and another \$ 2 trillion unaccounted wealth in gold assets. We need only Rs. 55 lakh crores of this Rs. 166 lakhs crores in Gold - in today's value of Dollar & Gold.

In the last few years India is importing more than 1,000 tons of Gold a year. We have been accumulating gold over centuries and it is estimated that we may have more than 30,000 tons of gold in wealthy private hands not accounting for the very small holdings of not so wealthy people. How could we tap this huge idle wealth for the benefit of the poorest sections of the Indians without getting into any legal tangles & complexities for building world class housing for the poorest sections? And that too without a single rupee from Government coffers!

Today, with so much volatility in world markets & the glaring fact that the gap between haves and have nots is increasing much wider even in developed countries, gold prices have crossed Rs. 5,500 or more per gram and all the experts advise Gold as the safest investment to have. Not long ago, the amount of Gold held in central bank vaults used to be the basis for printing currency. Not anymore. We have a very funny situation in our country where the paper currency is treated as much more valuable than gold attracting 6% or more in annual interest for deposits in banks whereas gold can only be mortgaged @ 60% or less of market value as loan carrying a burden of 12% annual interest! And there is no transparent system to deposit or sell gold to get full market value for pure gold content with banks or financial institutions.

This out of the box method needs a bold initiative from the government in power to treat gold as an asset. A gold deposit scheme could be initiated by government on the following lines:

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- Any amount of Gold can be deposited by anyone under one Aadhar number. No questions would be asked about the source or proof.
- The deposit would be for a tenure of 20 years and tradeable legally in financial markets
- It would carry 3% annual interest and be totally free of any taxes. The laws must be amended to treat this income on par with no-tax agriculture income. This interest should be payable every year to the bank account of the depositor.
- The value calculations would be by weight of the pure gold and while returning too it would be by weight only (and not value)
- If the gold deposited is not backed by proof of buying with proper receipts at the time of deposits, a 20% penalty would be levied. Only 80% of the Gold by weight would be returned to the investor at the end of 20 years.
- The central government can pass a special law through executive order indemnifying the depositor of any legal implications or actions regarding source or origin for all times – as far as the deposits are concerned.
- RBI can generate Digital currencies exclusively to the extent of the gold value deposited. This special fund would be used only for mass housing, and it would be so easy to deal, disburse and track the total transactions most transparently.
- 1 ton of Gold would be roughly Rs. 550 crores today. A thousand tons would be Rs. 5,50,000 crores. And 10,000 tons would be Rs. 55,00,000 crores.
- In other words, we need roughly one third of the Gold to be deposited by the citizens of India.
- One may argue that rich people would buy gold from their tax haven money and deposit that. That should be most welcome because the tax haven money is legally coming back into India. With complex webs of secrecy and tough laws of the Tax haven countries, it would be impossible to get any of that wealth through court battles and criminal procedures. **Why not think positively to utilize wealth belonging to people in the most innovative way today and now?**

Let us look at the calculations of project costs of building one bedroom flats accommodating 100 crore poorest citizens of our country and the income government would earn through this scheme:

1. The calculations are based on 300 square feet one bedroom flats constructed to international standards with all modern amenities and designed to suit the weather conditions of various parts of our country. We can engage internationally reputed contractors from any part of the world to bid and execute the work here in our country.
2. It would cost roughly Rs. 5 lakhs for one flat. On an assumption of 5 of a family per flat, 55 crore people could have proper housing in every part of the country. The cost of the whole scheme of 11 crore flats could be met by the deposit of 10,000 tons of Gold.
3. **Each flat would be on an ownership basis with an EMI of Rs. 2,500, yielding Rs. 30,000 a year to the government. This would be 6% per annum on that Rs. 5 Lakh investment per flat. The outgo on gold for the government is 3% per annum. The net surplus of 3% can be utilized by the government in developing infrastructure around the housing complexes.**
4. **At the end of 20 years, the flat would be handed over to the tenants.**
5. The housing should be spread equally in the 6,34,000 villages of India in such a way that we could have new townships across the length and breadth of the country. Each new township should be designed in such a way that it is surrounded by a cluster of villages with unique economic strengths of each cluster like weaving, pottery, metal work and hundreds of many more skills.
6. Economic activities that are the backbone of each cluster of villages would start booming. This would result in reverse migration away from our metros and major cities, decongesting India.
7. India has an area of 3.287 million square kilometers. This would translate to roughly 440 people per square kilometer. Our metros have population densities of 20 to 30,000 people per square kilometer.
8. The new housing schemes should ensure a density of not more than 5,000 people per square kilometer.
9. All facilities like quality schools, clinics and hospitals, good roads and rail connectivity etc. could be created by the government.

10. People should be encouraged to use cycles, electric cycles (at 25 to 30 km per hour speeds) with proper cycling tracks to commute distances of 10 km even. Golf carts could be used to ferry elderly people within these facilities.
11. Clean green energy and innovative methods of handling waste as well as recycling water would ensure sustainability.

Why not tap our own taxpayers' money lying underground that is fanning inflation in every sphere - to very good use? There is an adage in Tamil – The Money you get selling your dog, will not bark! Similarly, these houses built using innovative methods to tap the unethical wealth of the rich to build roofs over the heads of the poorest, would not be unethical or immoral!

It needs proactive and positive thinking by law makers to utilize what belongs to the people of India!