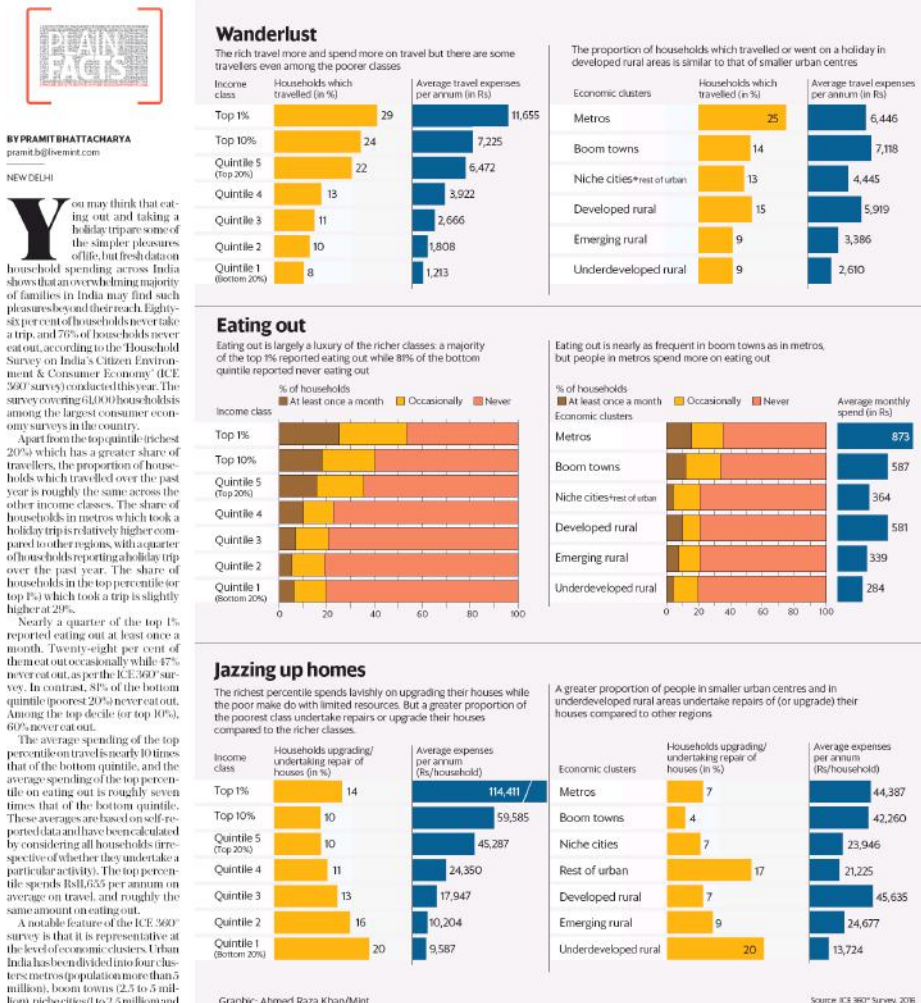


How many Indians travel?

The average spending of the richest top 1% on travel is nearly 10 times that of the bottom quintile



Graphic: Ahmed Raza Khan/Mint

mint ICE 360°
Part 7

...the bottom quintile, with nearly a fifth of them undertaking such repairs. This may partly be because the houses they live in are largely *hukkas* houses of poor quality. Seventy-six per cent of the poorest quintile lives in either *hukkas* or semi-*gucra* houses, the survey shows. The comparative figure for the top quintile is 35%.

Fourteen per cent of the top percentile spend on house upgrades and significantly higher than the average for the top quintile. While the top quintile spends Rs14,287 per annum on such upgrades and repairs, the top 1% spends Rs1.1 lakh on such expenses. The comparative figure for

the bottom quintile is Rs9,587. The ICE 360° survey was conducted by the independent not-for-profit organization, People's Research on India's Consumer Economy (PRICE), headed by two of India's best-known consumer economy experts, Rama Bijapurkar and Rajesh Shukla. The survey is among the largest consumer economy surveys in the country. The urban sample of the survey is comparable to that of the National Sample Survey Office (NSSO) consumer expenditure survey conducted in 2011-12. While the NSSO survey of POLICY households of which 41,968 (41.3%) were urban households, the ICE 360° survey covered 61,000 households of which 36,000 (59%) are urban households. The rural sample of the ICE 360° survey is less than half of the NSSO sample. Nonetheless, all the estimates of each region have been derived by adjusting for the respective population of these regions.

Tasit Khandu in Mumbai contributed to this story.

This is the seventh part of a 16-part data journalism series on how India lives, thinks, earns and spends, based on the latest results from the ICE 360° survey (www.ice360.in) conducted by the People's Research on India's Consumer Economy (PRICE) in 2016. The next part will look at the pattern of vehicle ownership in the country.

Tax department wants all hands on deck to probe irregular deposits

BY JAYSHREE P. UPADHYAY
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MUMBAI

As the government steps up its probe into irregular deposits in the wake of demonetization, the income tax department has been by a staff crunch.

Central Board of Direct Taxes (CBDT) chairman Sudhakar Chandra has written to income tax commissioners to depute inspectors and assessment officers—these officers are otherwise not authorized to handle tax evasion cases—to

look into irregularities that have cropped up after the cash withdrawal. *Mint* has seen a copy of the letter.

Investigation directorates have intensified enforcement actions in detecting serious irregularities, they are however, severely handicapped because of non-availability of manpower," wrote Chandra, in a letter addressed to principal chief commissioners.

About Rs1.55 trillion of the estimated Rs16 trillion worth of invalidated notes have been deposited in banks. In many instances, tax evaders have used ingenious methods trans-

gating from colluding with jewelers for buying gold jewellery with bank-deposited funds in converting the poor to deposit the money into their Jan Dhan bank accounts for a small commission, prompting increased scrutiny.

A CBDT spokesperson declined to comment.

Since the tax ban on 8 November, the tax department has probed more than 400 cases of which it has referred 30 cases to the enforcement directorate and the Central Bureau of Investigation because they involve serious irregularities.

Mint reported on 7 December that in these investigations, the tax department has seized more than Rs30 crore in cash and jewellery while taxpayers have admitted to Rs2,000 crore of undisclosed income.

But tax officials say these are small victories and that they are impeded by lack of manpower.

A 2015 report by industry lobby, the Federation of Indian Chambers of Commerce and Industry said that the total number of officers needed in CBDT was 57,793. However, there is a shortfall of

15,002 officers.

"The number of officials has by and large remained the same," said an income tax official on condition of anonymity as he isn't authorized to speak to the media.

Now, these officials will also have to scrutinize the thousands of transactions where amounts in excess of Rs2.5 lakh in cash have been deposited in accounts after demonetization. The finance minister, in a press conference on Thursday said that simply depositing black money in the bank will not make it white. That also presents a fresh

problem for the taxman—examining cases where no returns have been filed.

"We are examining how cases of individuals who haven't filed returns will be picked up for scrutiny," said a second income tax official.

"Many in India are ITDs (tax deducted at source) payers and do not feel the need to file returns," he added.

Mint reported on 8 December that although the tax department is constrained by the lack of personnel, it is aggressively using technology to keep track of suspicious transactions.

India, US destined to be strategic partners, says Ashton Carter

Washington: Terming India a "rising military power" and a "major defence partner", US defence secretary Ashton Carter has said the country is destined to be America's strategic partner in future as both the nations have a lot in common. "I believe it is an important step because we believe India and the US are destined to be strategic partners in the future. It is a large country, it's a rising military power, it's a democracy with which we share many common values and approaches to the world," Carter said. Carter described India a "major defence partner" and the relationship between the two countries in recent years as strategic handshakes. **PTI**

Karnataka HC dismisses petition, calls demonetization laudable

New Delhi: Dismissing the petition against demonetization, Karnataka high court has upheld certain restrictions that accompanied the decision saying they are matters for central government and the Reserve Bank of India (RBI) to decide. In his order, Justice Ashok Hinchige said that "laudable objectives" to tackle the menaces of fake currency notes, black money and terrorism cannot be achieved without imposing restrictions. "...but in a situation of this nature, no directions, much less time-bound directions, can be given to the government of India and the RBI," he said.

The order was issued by the Karnataka high court in a writ petition seeking removal of cap on withdrawal imposed by the government and RBI post demonetization. **PTI**

Delhi HC to hear pleas against demonetization on 15 December

New Delhi: The Delhi high court on Thursday said that it would hear on 15 December the pleas challenging the Narendra Modi government's demonetization move after it was informed that the Supreme Court (SC) is scheduled to hear Friday the petitions which are pending there.

As the hearing commenced, a bench of chief justice G. Rohini and justice Sangliha Dhillon asked the petitioners, "What has happened in the Supreme Court?" The counsel appearing for the RBI told the bench that the SC would on Friday hear the pleas challenging the 8 November decision to demonetize high-value currency notes of Rs500 and Rs1,000 and also the petition filed by the government seeking transfer of matters pending before various high courts to either the apex court or one of the high courts. **PTI**

GST council may reduce tax slabs under new regime: CBEC chairman

New Delhi: The goods and services tax (GST) council may in future decide to reduce the tax slabs under the GST regime after analysing the revenue garnered and the compensation payouts to states, a top official said on Thursday.

With industry demanding lowering of proposed GST rates of 5%, 12%, 18% and 28% post the demonetization, Central Board of Excise and Customs (CBEC) chairman Najib Singh said the Centre and the states at present collect Rs8 lakh crore from indirect taxes, minus customs duty, and the same level of revenue has to be collected in the GST regime. **PTI**

India says ready to help Mongolia tide over economic problems

New Delhi: India on Thursday said it was ready to work with Mongolia to tide over economic problems arising from China imposing new fees on commodity shipments from Mongolia and a diplomatic row sparked by the visit of the 14th Dalai Lama to the Tibetan spiritual leader the Dalai Lama last week.

"As a close friend of Mongolia, which regards India as its 'third neighbour' and 'spiritual neighbour', we are ready to work with Mongolian people in their time of difficulty," Indian foreign ministry spokesman Vikas Swarup said, adding that during a visit by Prime Minister Narendra Modi to Ulaanbaatar last year, he had conveyed to the Mongolian leaders that India will extend support to Mongolia in diverse areas. **ELIZABETH ROCHE**

Old notes invalid for rail, metro, bus tickets from 10 December

New Delhi: The finance ministry on Thursday issued a notification curtailing use of defunct Rs500 notes for purchasing tickets of railway, metro and state road transport buses till 10 December, as against 15 December announced previously. The same would also not be valid for making payments to catering services on board, during travel by train.

The old Rs500 notes will, however, continue to be used for making payments of utility bills like electricity and water as well as buying cooking gas and mobile recharge. **PTI**

Govt to tender 1GW of solar rooftop capacity this month

New Delhi: India is preparing to auction a gigawatt of rooftop solar capacity as it strives to meet Prime Minister Narendra Modi's goal of generating 100 gigawatts (GW) of power from the sun by 2022. The tender will be ready this month, according to Solar Energy Corp. of India (SECI), the agency responsible for implementing clean energy targets. It aims to accelerate panel installations on government buildings.

"The tender will entail target-based incentives, which will be released step-wise as a project developer meets completion timelines and not in one go," SECI general manager Sanjay Sharma said in a telephonic interview. **BLOOMBERG**

Rising NPAs to put pressure on bank ratings in 2017: Fitch

Mumbai: Banks in China and India will continue to remain under pressure next year due to mounting bad loans, even though earnings and capital buffers are strong enough to withstand any serious threat, Fitch said on Thursday. "Our 2017 outlook on more than three-quarters of the banks in the region is negative. Though earnings and capital buffers are generally strong enough to withstand these trends, we expect viability ratings to remain under pressure in China and India," Fitch said in a report. It added that most of Asia-Pacific's banks are facing a cyclical deterioration in asset quality in 2017, as a challenging economic environment continues to put pressure on borrowers. **PTI**