

# Crorepati Kisans

Agricultural income should be taxed, this can be done without hurting poor farmers

Finance minister Arun Jaitley caught the Parliament's attention this week when he said that tax officials are investigating people who may have tried to evade income tax by misusing the tax exempt status of agricultural income. He also added that there is no provision to tax agricultural income. This approach may not help. Exemption of agricultural income from tax provides an opportunity to those intent on tax evasion. Unless this loophole is plugged the problem will recur. Taxing agricultural income can be done without hurting farmers who have borne the brunt of agrarian distress. Therefore, it is an idea worth pursuing.

About four years ago, a finance ministry report on black money claimed that agricultural income was used as a channel to launder black money. The report suggested state governments, who have the relevant control, levy tax on agricultural income. More recently, chief economic adviser Arvind Subramanian suggested that people who earn an income above a taxable threshold should be taxed regardless of the source of their income. The case is for a fair tax regime and not an unfair burden on any vocation. Exemptions provide opportunities to avoid or evade taxes. Shutting down exemptions is an important part of the effort to combat tax evasion.

India's taxpayer base is narrow which forces finance ministers to explore ways to extract revenue from a limited pool. Unless efforts are made to widen the taxpayer base, government finances will always be under strain. A study which used 2008-09 as a baseline estimated the potential for taxing agriculture at 0.6% of GDP. State governments, which bear key social development expenditure, would be remiss if they ignored the taxation potential of agricultural income. The beneficiaries of revenue raised through taxation of agriculture would be India's poor.



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ANALYSTS WORRIED AS WEATHER PLAYS TRUANT

# No Wheat Imports, Better Crop Expected this Fiscal

Madhvi Salty  
@timesgroup.com

## DROUGHT WOES

Traders have raised concerns over output due to a fall in acreage caused by drought conditions

New Delhi: The government has ruled out wheat imports in the coming fiscal year, saying it expects the harvest to be better than the current year.

This comes at a time when traders and market analysts have raised concerns over the output due to a fall in acreage caused by drought conditions and high temperatures and the recent unseasonal rains and hailstorms in some of the main wheat producing states.

India is the world's biggest wheat grower after China and output forecasts for the

country have a direct impact on global prices of the commodity. "India has been self-sufficient in food grain production since Lal Bahadur Shastri's term as prime minister," a senior official at the agriculture ministry told ET. "We have ample stocks of wheat and will not be im-

porting this year as production is expected to be more than the previous year's at 95.8 million tonnes (mt)."

The official, who requested anonymity, said millers have been importing a small quantity of wheat for years for niche bakery, pasta and noodle products.

He said the recent unseasonal rains and hailstorms had only a limited impact on the crop. "As of now, there is no major loss due to the rains accompanied with hailstorm and strong winds," he said. There have been two spells of rain, hail and wind this month in parts of northern and western India.

(Read full report on [www.economictimes.com](http://www.economictimes.com))

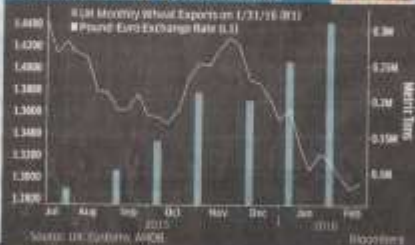
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## Hurt Pound, a Boon to Wheat Exports

UK wheat sales jumped to the highest in four years thanks to a slumping pound as the country nears a vote on whether to leave the European Union. British wheat exports climbed to almost 310,000 metric tonnes in January, the highest for any month since December 2011, customs data show. The pound slumped to the weakest in more than a year on mounting concern about the so-called 'Brexit' vote in June. That's making British products, like grain, more competitive to overseas buyers. - BLOOMBERG

### UK Wheat Exports Get Brexit Boost

Sales have increased as pound weakened



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