

GOVERNMENT POLICIES**Should Agriculture Income be Taxed**

In Context: Recently, the debates were floated around exemptions and non-taxation of agricultural income in India.

History of agricultural taxation

✓ **1860: The history of agricultural tax can be traced back to 1860.**

- It applied to income from all sources including agricultural income even when it was under high taxation by land revenue.
- It was active for 5 years and then repealed.

✓ **1886:** It was imposed again in 1886 but this time agricultural tax was excluded and the exclusion has stayed ever since.

- The reason for its exemption was that agriculture was already subject to a major tax in the form of land revenue.

✓ **The Indian Taxation enquiry committee, 1925:** The Indian Taxation enquiry committee made a concerted attempt in 1925 to bring agricultural tax into the framework of income tax.

- It observed that, "There is no historical or theoretical justification for the continued exemption from the income tax of income derived from agriculture."

✓ **Government of India Act, 1935:** In 1935, the Government of India Act took away the central government's power to impose tax on agriculture and gave it to the provincial governments.

Significance of not taxing agricultural income

✓ **Burdening poorer:** The income of small and marginal farmers is very low, they can hardly earn a living and thus are left with either no savings or a very small amount.

- The average per month income of a farm household in India in 2012-13 as per the National Sample Survey Office was just ₹6,491. The income-expenditure gap for a majority of farmers is in the negative.

✓ **No revenue potential:** Around 95% of the total assets are owned by small and marginal farmers which means only 5% of the farmers will be liable to pay the tax.

- Therefore, it will not have major revenue potential. So, the tax income would be very limited and it is not worth consideration.

✓ **Reduction in credits:** If agricultural tax is imposed on farmers, it will reduce their chances of getting significant credits and it will lead to credit flowing only to rich farmers, as they'll have a higher income to show.

✓ **Lack of documentation & book records:** The small farmers are usually illiterate and uninformed and thus they are unaware of the procedure to make proper documentation of their land.

- Also, they do not maintain systematic books of accounts regarding their production and income.

✓ **Fluctuation of incomes:** There is a large fluctuation in the annual income of farmers. Harvests are unpredictable as they are affected by weather, disease and pests.

✓ **May increase suicide rates of farmers:** With so many farmers committing suicide because of pending debts, low productivity and small income, imposing agriculture tax may even increase the suicide rate.

Issues & challenges

✓ **Growth not reflecting in expanding the tax base:** If we look at the growth of agriculture in the post-reform period, the relative contribution of agricultural income to India's gross domestic product has shrunk at an alarming rate.

- It has also been noted that there is an elevation in the overall condition of farmers in India. It is definitely not as bad as it was in 1886.

✓ **Laundering of non-agricultural income:** For the last 70 years, agricultural income has been used as a method to turn black capital into white currency.

- The "agricultural income" path is misused by most politicians and the citizens sponsored by these politicians to turn their black capital into white money.
- According to CAG reports, the laundering of non-agricultural income as agricultural income and consequent evasion and litigation is not only done by individual farmers but also by the corporate sector. Income from other sources is usually shown as agricultural income and thus evasion is easy.

✓ **Fraud "farmer" certificates:** There is also a significant lack of credibility about the way states issue "farmer" certificates.

✓ **Recommended by several committees:** Post-Independence, several committees have recommended taxation of agricultural income:

- Report of the Taxation Enquiry Commission (1953-54), Raj Committee on Taxation of Agricultural Wealth and Income (1972), Fourth Five-Year Plan (1969-74), Report of Fifth Finance Commission (1969), Tax Reforms Committee (1991), Kelkar Task Force on Direct Taxes (2002), White Paper on Black Money (2012) and Tax Administration Reform Commission (2014).

✓ **Affecting vote bank:** The farmers constitute a major proportion of the country's population and thus they form a major political group. The introduction of the agricultural tax may clearly affect the vote bank.

- It is obvious that no government would want to upset such a large population and end their chances of remaining in power.

Way Ahead: Income taxes must be paid if one's income is above a threshold, irrespective of whether one is a farmer. The poor should be exempted, regardless of whether they are in agriculture. The decision to implement the agricultural tax in India will be a tough one. The underlying argument in the current discussion is to bring more people under the tax net to expand the tax base and also curb tax evasion.

PRELIM FACTS

1. Gramodyog Vikas Yojana

In context: Recently, the Chairman of the Khadi and Village Industries Commission (KVIC), Ministry of Micro, Small and Medium Enterprises distributed tool-kits and machineries to artisans under 'Gramodyog Vikas Yojna.

About Gramodyog Vikas Yojana :

- ✓ It is one of the two components of the **Khadi Gramodyog Vikas Yojana**, which aims to promote and develop the village industries through common facilities, technological modernisation, training, etc.
- ✓ It includes the activities carried out **under different village industries**.
- ✓ Components of the Yojana
 - **Research & Development and Product Innovation:** R&D support would be given to the institutions that intend to carry out product development, new innovations, design development, product diversification processes, etc.
 - **Capacity Building:** Under the Human Resource Development and Skill Training components, exclusive capacity building of staff, as well as the artisans, would be adequately addressed through the existing MDTCs and institutions of excellence.
 - **Marketing & Publicity:** The V.I. institutions will be provided market support by way of preparation of product catalogue, Industry directory, market research, new marketing techniques, buyer seller meet, arranging exhibitions, etc.
- ✓ **Target beneficiaries:** Artisans, Unemployed Youth and Self Help Groups (SHGs)
- ✓ **Eligibility criteria:** Any person who is a Traditional Artisan, has Knowledge of Skill, and has experience in Art and Craft.

2. Amrit Kalash Yatra

In context: Union Home Minister launched the **Amrit Kalash Yatra** under the '**Meri Mati-Mera Desh**' campaign in New Delhi,

About Amrit Kalash Yatra

- ✓ Under this, 7500 pots with soil or grains collected from every household, ward and village will reach New Delhi between 28th and 30th of October.
- ✓ Prime Minister Shri Narendra Modi will put soil from these Amrit Kalash in the Amrit Vatika created at Delhi in honour of great veers, which will keep on reminding every citizen that we must make India great during the period of Amritkal.

About Meri Maati Mera Desh

- ✓ "**Meri Maati Mera Desh**", with the tagline '**Mitti ko naman, veeron ka vandan**', is a nationwide and people led "**Jan bhagidari**" initiative to commemorate 75 years of India's independence.
- ✓ It is the finale of Azaadi ka Amrit Mahotsav program.
- ✓ It is a tribute to the Veers and Veeranganas who have made the supreme sacrifice for the country.
- ✓ This campaign comprises many activities and ceremonies conducted across the country at Panchayat/Village, Block, Urban Local Body, State and National levels:

3. Literacy week

In context: The Ministry of Education has decided to organise a literacy week to celebrate International Literacy Day under ULLAS- Nav Bharat Saksharta Karyakram. The International Literacy Day is celebrated on 8 September every year.

About

- ✓ It enables mass participation to inculcate a sense of Kartavya Bodh and Janbhagidari in each and every citizen of the nation.
- ✓ It will make India fully literate and to increase the number of registrations for learners and volunteers on the ULLAS mobile app.

ULLAS- Nav Bharat Saksharta Karyakram on Education for All

- ✓ It is a **Centrally Sponsored Scheme** (jointly funded by the Centre and states) and was implemented during FYs 2022-27 in alignment with **National Education Policy (NEP) 2020**.
- ✓ The Scheme has **five components**, namely
 - Foundational Literacy and Numeracy
 - Critical Life Skills
 - Basic Education
 - Vocational Skills
 - Continuing Education

- ✓ The slogan for the scheme is '**Jan Jan Sakshar**'.
- ✓ **Aims:**
 - The scheme will cover non-literates of the age group of 15 years and above in all state/UTs in the country.
 - By utilizing technology, it seeks to widen access to fundamental literacy and important life skills.
 - The DIKSHA Portal acts as a digital portal for students to access a variety of learning resources.

DIKSHA (Digital Infrastructure for Knowledge Sharing) Portal

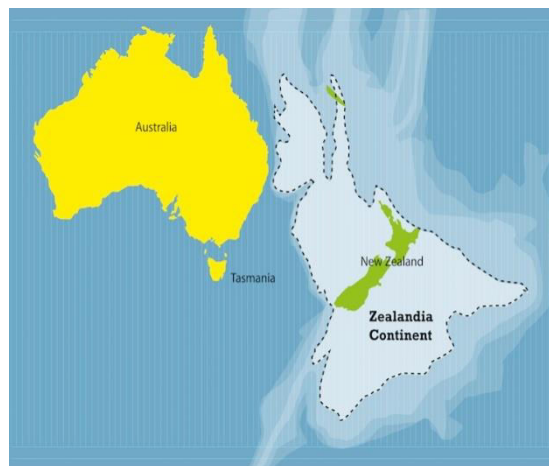
- It is a national platform for school education, an initiative of National Council for Educational Research and Training (NCERT).
- It enables people with visual impairments to access the portal using assistive technology. DIKSHA can be accessed by learners and teachers across the country and currently supports 36 Indian languages.

4. Zealandia:

In context: A recently-discovered fossil suggests a group of sea birds originated in the waters around Zealandia. Is one of the first fossils of its kind to be found in the Southern Hemisphere and is believed to be about 62 million years old.

About Zealandia:

- ✓ It is a long, narrow microcontinent that is mostly submerged in the South Pacific Ocean.
- ✓ **Location:** It is located in the southwestern Pacific Ocean, primarily to the east of Australia and to the south of New Caledonia. It encompasses the region that includes New Zealand and New Caledonia.
- ✓ **Formation:**
 - Zealandia or Te Riu-a-Māui in the Māori language was formally one of the constituent continents of the ancient supercontinent called Gondwana, which also included Western Antarctica and Eastern Australia over 500 million years ago.
 - It began to "pull away" from Gondwana roughly 105 million years ago.
 - As Zealandia started pulling away, it began to sink beneath the waves, with over 94 percent remaining underwater for millennia.
- ✓ It is approximately 1.89 million square miles (4.9 million square km) in size, about half the size of Australia.
- ✓ The vast majority of this new continent lies beneath 6,560 feet (2km) of water.
- ✓ The part of Zealandia which is above water forms the foundation of New Zealand's north and south islands as well as the island of New Caledonia.
- ✓ **Tectonic Plate Boundaries:** Zealandia is situated along the boundary of several tectonic plates, including the Australian Plate, Pacific Plate, and Indo-Australian Plate.
- ✓ The existence of Zealandia was first recorded in 1642 by Dutch businessman and sailor Abel Tasman, who was on a mission to find the "great Southern Continent," or Terra Australis.



ANSWER WRITTING

Q. How far do you agree with the view that the Indo-China war of 1962 was a betrayal of India's attempts at establishing a long-standing peace with China and having strong Asian Axis to counteract the increasing influence of the Cold War bloc superpowers?

Introduction: The Sino-Indian War between China and India occurred in October–November 1962. A disputed Himalayan border was the main cause of the war. There had been a series of violent border skirmishes between the two countries after the 1959 Tibetan uprising, when India granted asylum to the Dalai Lama.

The Indo-China war of 1962 was a betrayal of India's attempts at establishing a long-standing peace:

- Unlike its relationship with Pakistan, free India began its relationship with China on a very friendly note. After the Chinese revolution in 1949, India was one of the first countries to recognise the communist government.
- Nehru felt strongly for this neighbour that was coming out of the shadow of western domination and helped the new government in international fora.
- The joint enunciation of Panchsheel, the Five Principles of Peaceful Coexistence, by the Indian Prime Minister Nehru and the Chinese Premier Zhou Enlai on 29 April 1954 was a step in the direction of stronger relationship between the two countries.
- Indian and Chinese leaders visited each other's country and were greeted by large and friendly crowds. In India Hindi-Chini bhai -bhai became a prominent slogan.
- A little earlier to 1962, a boundary dispute had surfaced between India and China. India claimed that the boundary was a matter settled in colonial time, but China said that any colonial decision did not apply. The main dispute was about the western and the eastern end of the long border. China claimed two areas within the Indian

territory: Aksai-chin area in the Ladakh region of Jammu and Kashmir and much of the state of Arunachal Pradesh in what was then called NEFA (North Eastern Frontier Agency).

- Between 1957 and 1959, the Chinese occupied the Aksai-chin area and built a strategic road there. Despite a very long correspondence and discussion among top leaders, these differences could not be resolved. Several small border skirmishes between the armies of the two countries took place.
- The Indo-China war of 1962 was a betrayal of having strong Asian Axis to counteract the increasing influence of the Cold War bloc superpowers:
- Throughout the 1940s and 1950s, Nehru had been an ardent advocate of Asian unity. Under his leadership, India convened the Asian Relations Conference in March 1947, five months ahead of attaining its independence.
- India's attainment of independence coincided with the beginning of the Cold War era.
- This period was marked by the political, economic, and military confrontation at the global level between the two blocs led by the superpowers, the US and the USSR.
- The same period also witnessed developments like the establishment of the UN, the creation of nuclear weapons, the emergence of Communist China, and the beginning of decolonisation.
- The foreign policy of independent India vigorously pursued the dream of a peaceful world by advocating the policy of non-alignment, by reducing Cold War tensions and by contributing human resources to the UN peacekeeping operations.
- The China war dented India's image at home and abroad. India had to approach the Americans and the British for military assistance to tide over the crisis. It went against the principle of Non Alignment Movement.
- The war resulted in a strained relationship between India and China weakening the Asian Axis that could have counteracted the increasing influence of the Cold War bloc superpowers.

Conclusion: Thus it could be said that the Indo-China war of 1962 was a betrayal of India's attempts at establishing a long-standing peace with China and having strong Asian Axis to counteract the increasing influence of the Cold War bloc superpowers.

MCQs

1. Considered the following statement regarding, recently Typhoon in news:
 1. Typhoon Haikui barrelled into southeastern Taiwan
 2. Typhoon Saola in a village in Lei Yue Mun in Hong Kong
 Which of the above statement is/are incorrect?
 - a) Only 1
 - b) Only 2
 - c) Both 1 and 2
 - d) Neither 1 nor 2
2. Considered the following statement regarding
 1. Union Home Minister launched the **Amrit Kalash Yatra** under the **'Meri Mati-Mera Desh'** campaign in New Delhi.
 2. **Meri Maati Mera Desh**", with the tagline **'Mitti ko naman, veeron ka vandan.**
 Which of the above statement is/are correct?
 - a) Only 1
 - b) Only 2
 - c) **Both 1 and 2**
 - d) Neither 1 nor 2
3. Considered the following statement Zealandia.
 1. It is a narrow microcontinent exist in the South Pacific Ocean.
 2. The existence of Zealandia was first recorded in 1642
 Which of the above statement is/are incorrect?
 - a) **Only 1**
 - b) Only 2
 - c) Both 1 and 2
 - d) Neither 1 nor 2
4. Pulau Semakau Island, recently seen in the news, is located in:
 - a) Gabon
 - b) **Singapore**
 - c) Afghanistan
 - d) Ecuador
5. The 'Jhaveri Commission', sometimes mentioned in the news, is related to:
 - a) Same Sex Marriage
 - b) **OBC Reservation**
 - c) State Reorganisation
 - d) Uniform Civil Court
6. Consider the following statements
 1. The term 'India' for the territory of Bharat was added by forty-two constitutional amendment Act in 1976.
 2. Name and territory of the union is mentioned in Article 1 of Indian constitution.
 Which of the statements given above is/are correct?
 - a) 1 only
 - b) **2 only**
 - c) Both 1 and 2
 - d) Neither 1 nor 2
7. Recently, ports of Odesa, Chornomorsk and Pivdennyi are in news, these parts are located in
 - a) Mediterranean Sea
 - b) Red sea
 - c) Caspian Sea
 - d) **Black sea**
8. Considered the following statement regarding Aarogya Maitri.
 1. India has built its world's first disaster hospital called Aarogya Maitri.
 2. These medical cubes have been developed under Project BHISHM
 Which of the above statement is/are correct?
 - a) Only 1
 - b) Only 2
 - c) **Both 1 and 2**
 - d) Neither 1 nor 2
9. Considered the following statement regarding Stump-Tailed-Macaque:
 1. They are located in South Asia region.
 2. Its Comes under IUCN Vulnerable list.
 3. There habited is at Tropical and Sub tropical forest.
 How many of the following statement is/are correct?
 - a) Only 1
 - b) Only 2
 - c) **Only 3**
 - d) None
10. Recently, Black Sea Grain Deal is in news, the deal is in between which country?
 - a) Turkey
 - b) Russia
 - c) Ukraine
 - d) **All of the above**