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## 'If a farmer's income is ₹25 lakh...': PRICE's Rajesh Shukla on whether agricultural income should be taxed in India

Speaking at Business Today's India@100 Summit, Shukla said that the government should consider taxing agricultural income.

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*Shukla further explained that the farmers' income and the income of rural people are two different concepts.*

People Research on India's Consumer Economy (PRICE) MD and CEO Rajesh Shukla said that the government should consider taxing agricultural income reasonably. Speaking at Business Today's India@100 Summit, Shukla said that the government should consider taxing agricultural income.

"If a farmer's income is ₹25 lakh, where 25 per cent is non-farm income, I think the time has come to at least think it should be reasonably taxed," the PRICE MD and CEO said. These

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farmers typically have larger landholdings, access to modern technology and are more involved in commercial agriculture.

Shukla further explained that the farmers' income and the income of rural people are two different concepts. He also said that for many farmers who are earning more than ₹15 lakh per annum, 30-35 per cent share of their income is coming from non-agricultural activities. "If you look at the farmers, there are farmers who are earning less than ₹1 lakh per annum. There are approximately 50 lakh farmers, which we have estimated, are currently earning ₹15 lakh per annum and the share of agriculture in their income is 65 per cent means 35 per cent is coming from non-agricultural activities," he said.

At present, agricultural income is generally exempt from income tax in India under Section 10(1) of the Income Tax Act. Agricultural income, however, can impact the taxation of other taxable income, particularly if a taxpayer has agricultural as well as non-agricultural income.

Based on data from the ICE 360° survey conducted by PRICE, these wealthy farmers also have investments beyond farming equipment. Around 67 per cent of wealthy farmers own 2-wheelers, 29 per cent own cars, and only 28 per cent own tractors, indicating their investments beyond just basic farming equipment.

Further, the survey revealed that wealthy farmers control 28 per cent of the agricultural sector's income despite making up only 8 per cent of the farming population.

Around 45 per cent of these farmers also get benefits under the PM-Kisan Samman Nidhi scheme. These wealthy farmers are primarily concentrated in developed rural areas of Andhra Pradesh, Punjab, Kerala, Haryana, Tamil Nadu, and Karnataka.