

The Future.

With hundreds of thousands of acres of excellent soils, much of it either under irrigation or possible to develop water supplies for, and with climatic conditions unexcelled for the culture of a wide variety of subtropical fruits for which ample market demand can readily be created in the consuming centres of this country, and with little possibility of serious competition, the future for subtropical horticulture in California is assured. The progress of the past half century has been truly marvellous. When John Wolfskill in 1877 shipped the first carload of oranges from California to St. Louis he little dreamed that within fifty years it would be multiplied to an annual total of more than 50,000 cars of citrus fruits. And what has been done with the citrus fruits will undoubtedly be done in the future with walnut, fig, avocado and date, not to mention many others which will undoubtedly rapidly increase in importance. It appears likely that much of the acreage in California now planted to fruits of the temperate zones will gradually be replaced by subtropical fruits and nuts.

Incomes From Agriculture.

Taxation advocated. Giving evidence recently before the Indian Taxation Committee, Mr. J. P. Neogy, Lecturer in Economics, Calcutta University, urged that agricultural incomes in permanently settled areas should be made liable to income tax.

In the course of his evidence, Mr. Neogy said :—

“There does not seem to exist any economic justification for the exemption of agricultural incomes from the payment of income-tax in permanently settled areas. In these areas the land revenue, being a fixed charge on the rent, has long ceased to be a tax. For, the land revenue is taken into account by every intending purchaser and allowance is made for it in the purchase price. The land revenue has become completely amortized or capitalized, and with regard to this tax it may fittingly be said, that an old tax is no tax. Where lands have not changed hands by the process of sale and have passed only by inheritance, their capital value and income have increased. This increase may generally be attributed to the growth of population rise of prices or other causes unconnected with any deliberate or conscious effort on the part of the recipients of such income. The increased income from the lands in the permanently settled areas may be described as a ‘surplus’ in the sense that it is not required or considered essential to sustain any economic effort.”

Referring to the above, the Maharaja of Burdwan and Sir Percy Thompson pointed out that in 1793 and subsequently, the Govern-

ment have virtually given an undertaking by deliberately excluding agricultural incomes from income-tax.

To this Mr. Neogy replied that conditions in those times warranted such a view to be taken by the Government, but he maintained that no fundamental undertaking was given. No class of persons, Mr. Neogy argued, including, Zemindars, had a right to claim exclusive security for their surplus income against successive legislation.

Continuing Mr. Neogy said that all persons who were described as rent receivers should come under the operation of the income-tax laws. For the purpose of assessing income-tax, the exemption limit for this kind of income should be lower than that fixed for "labour" incomes.

Exemption Limit. Mr. Neogy was inclined to exclude temporary settled areas from the operation of income-tax laws, because, in his opinion they stood on a different footing altogether. He was against a reduction in the existing exemption limit for the levy of income-tax. "To bring the exemption limit in India," he said, "with a view to bring it in a line with that in England without introducing the other features of the English income-tax law would lead to a glaring anomaly. In England men with income admittedly above the subsistence level often get exemption from the payment of income-tax on account of the operation of the law relating to allowances for children and dependents.

"In England a good deal of money is given back to the taxpayer in the form of socially beneficial expenditure, namely, old age pensions and unemployment insurance benefits. In India such forms of public expenditure are not yet existent. In asking the public to bear the burden of extra taxation, a Government should have in mind what services are provided out of taxes and are enjoyed by the several classes of the community. The beneficial forms of public expenditure referred to above, reduce the real as opposed to the apparent incidents of taxation.

"Wages and salaries," Mr. Neogy continued, "have a tendency to lag behind the price fluctuations. The salaried men have been hard hit in recent years on account of the inflation of currency which has taken place. Currency inflation is one form of taxation. Additional burden should not, therefore, be placed on the men with low salaries and wages. The cost of living has materially fallen since the time when the exemption limit was raised from Rs. 1,000 to Rs. 2,000 a year.

Mr. Neogy added that he was strongly of opinion that the anomalies of the present income-tax laws should be corrected before resorting to death duties.

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