

Need to roll back commodity transaction tax

SHRI SHARAD ANANTRAO JOSHI (Maharashtra): Mr. Deputy Chairman, Sir, I wish to bring to your attention that in the same breath that the Finance Minister announced the Loan Waiver Scheme, he imposed an increase of 900 per cent on the farmers going to the commodity markets for transacting their business.

Sir, the Finance Minister, Shri P. Chidambaram, in his Union Budget 2008-09, had proposed a Commodity Transaction Tax (CTT) of Rs. 17 per lakh on the commodity derivatives, besides bringing the market under the net of service tax. This entails a rise of total transaction cost from Rs. 2.00 per lakh to Rs. 20 per lakh.

The function of price risk management of the futures market allows the farmers to hedge against the adverse price movement, thereby avoiding distress selling of their produce in the physical market. Similarly, the price discovery mechanism brings efficiency in the agricultural marketing process by generating stable prices over the life span of the crops. It needs to be understood that commodity futures markets are performing an auxiliary function to the physical market, which is already being taxed. The hedging in futures market against price risk can be drawn parallel, can be compared with the insurance instrument, and, therefore, the double taxation, once as an insurance business and once as part business is entirely unfair. Being so, why should one get taxed merely for an insurance policy? It is also anticipated that the proposed tax would lead to volumes moving away from India to international exchanges and also to illegal 'dabba' markets within India. So, the nation, as a whole with the farming classes, in particular, shall stand to lose on account of this tax.

There is no tax on other asset classes as sensitive to transaction costs as commodities, namely bond markets, call money markets, Forex markets and gold exchange traded funds. In case of bonds, the tax once levied had to be withdrawn on account of the dropping up of the volumes in less than six months. ...*(Interruptions)*... Why have the commodities been singled out for this treatment? Is it the intention of the Government to kill the commodity futures markets through this kind of taxation? I urge that the proposal of imposing CTT be rolled back in the interest of the farmers of India.

SHRI BANWARI LAL KANCHHAL (Uttar Pradesh): Sir, I associate myself with what the hon. Member has said.

SHRI SHAHID SIDDIQUI (Uttar Pradesh): Sir, I associate myself with what the hon. Member has said.

SHRI VEER PAL SINGH YADAV (Uttar Pradesh): Sir, I associate myself with what the hon. Member has said.

Malpractices involved in procurement of wheat by FCI in Uttar Pradesh

श्री बृजभूषण तिवारी (उत्तर प्रदेश): उपसभापति महोदय, मैं एफसीआई द्वारा किसानों के गेहूँ खरीद में बरती गयी धांधली के मामले को सदन के समक्ष उठाना चाहता हूँ। किसानों की हालत पर चिंता देश में भी जताई गयी और इस सदन में भी जताई गयी। उत्तर प्रदेश में एक ऐसी सरकार सत्तारूढ़ है जिसके एजेंडे पर किसान हैं नहीं और केन्द्र की सरकार और विशेषकर जो हमारे कृषि मंत्री हैं, वह उत्तर प्रदेश को अपना मानते ही नहीं। वहाँ का किसान इन दो चक्कियों में पिस रहा है।

उत्तर प्रदेश में भारतीय खाद्य निगम द्वारा गेहूँ खरीद में धांधलेबाजी की शिकायतें आ रही हैं। उत्तर प्रदेश के जनपद सिद्धार्थनगर में भारतीय खाद्य निगम किसानों से सीधे गेहूँ खरीदने के बजाय आड़तियों और व्यापारियों से गेहूँ खरीद