

Position of Agricultural Income Tax of Different State Governments during the Plan Period with Reference to Bihar

Arvind Kumar Singh*

M.A. (Economics), PhD, Shivpuri, Araria

Abstract – The role of agricultural income tax in the revenue of the State is important. During the five-year plan period, we find the increasing tendency of agricultural income tax as seen from 1st five year plan to 6th five year plan. But states like Uttar Pradesh, Bihar, Maharashtra, West Bengal and Rajasthan where zamindari systems have been abolished, the receipt from the tax show a downward tendency. The implementation of land reform measures, i.e, fixation of ceiling and liquidation of larger holdings have affected the yield from the agricultural income tax.

Keywords - Plan period, Receipts, Tendency, Average, Annual, Percentage, Contribution, Land Reform, Fixation of ceiling, and Liquidation of holdings

-----X-----

INTRODUCTION

The receipts from agricultural income-tax have more than doubled during the decade 1951-52 to 1961-62. If we calculate the average receipts of this tax plan-wise, we find that the average annual receipts of agricultural income-tax from the First Five Year Plan to the Sixth Five Year Plan were Rs. 4.33, 7.67, 9.44, 14.04, 13.09 and 50.01 crores respectively. The table below clearly points out the position of agricultural income tax in the plan period.

Table 1

Year	Receipts (Rs. in crores)	Increased receipts (Rs. in crores)	Percentage Increase
1951-52	4.33	-	-
1955-56	7.67	3.34	43.54
1961-62	9.44	1.77	18.75
1969-70	14.04	4.60	32.76
1974-75	13.09	-0.14	-0.01
1980-81 (RE)	50.01	36.02	72.25
1983-84 (BE)	39.03	-10.08	-0.27

Source: Dr. Ramayan Prasad, Agriculture Taxation and Economic Development, page-97

It clearly points the increasing tendency affected by the enhancement rates of agricultural income tax. In the beginning of the First Five Year Plan, the agricultural income tax was only Rs. 4.33 crores and in the beginning of the Second Five Year Plan, it was Rs. 7.67 crores. All this means that the agricultural income tax increased by Rs. 3.34 crores or 43.54 per cent in the Second Plan period over the First Plan period. The agricultural income tax in the beginning of the Third Five Year Plan went up to Rs. 9.44 crores, meaning an increase of the agricultural income tax in the Third Five Year Plan over the Second Five Year Plan by Rs. 1.77 crores or 18.75 per cent. In the

Fourth Five Year Plan the agricultural income tax was Rs. 14.04 crores, which is clearly an increase over that of the Third Five Year Plan by Rs. 4.60 crores or 32.76 per cent. Thus, the table below shows the regularly increasing tendency of the agricultural income tax during the planning era, except in the years 1974-75 and 1983-84 (BE).

Table 2

State	1951-52 - 1955-57-	1961-62- 1969-70-	1974-75-	1980-81-	1983-84
	(in Crores)				
Andhra Pradesh	-	-	-	-	-
Assam	81	1.28	2.88	438	468
Bihar	56	13	47	24	14
Maharashtra	-	-	6.88	106	33
Madhya Pradesh	-	-	-	-	23
Kerala	-	-	2.46	295	402
Gujarat	-	-	-	-	1,130
Haryana	-	-	-	-	1,100
Punjab	-	-	3.95	-	-
Uttar Pradesh	1.00	58	61	22	2
West Bengal	64	66	89	158	90
Rajasthan	-	-	6	1	-
Tamil Nadu	-	1.25	1.42	197	211
Karnataka	-	-	59	157	161
				1,128	1,050

Source: Ramayan Prasad, Agriculture Taxation and Economic Development Page - 99

It shows that the agricultural incomes of different States vary due to various factors. In Assam, Tamil Nadu, Karnataka and Kerala the agricultural income tax has largely contributed towards the total receipts derived from plantations and land reforms measures. There has been an increase in the revenue of these states due to the agricultural income tax. But, in States like Uttar Pradesh, Bihar, Maharashtra, West Bengal and Rajasthan where zamindari interests have been abolished, the receipts from this tax show a downward tendency. Table 2 shows that there are good receipts of agricultural income tax in the States imposing this tax. States like Gujarat, Madhya

Pradesh and Haryana have not adopted this tax and as such there is no receipts-up-till-now. In States like Andhra Pradesh, Punjab and Rajasthan we find little receipts in some of the years which means that there is not good efforts from the governments to collect the receipts from this tax. The implementation of land reform measures, i.e., fixation of ceiling and liquidation of larger holdings have affected the yield from the Agricultural Income tax.

It is also relevant to examine the position of agricultural income tax in relation to total tax revenue and total revenue of the States:-

The contribution of the agricultural income tax to the exchequer- of Madhya Pradesh, Gujarat, Punjab, Andhra Pradesh, Rajasthan, Haryana and Jammu and Kashmir has been nit Ra It also reveals that it has contributed to the exchequers of States like Assam, Bihar, Maharashtra, Kerala, Uttar Pradesh and West Bengal. Although the figures show the falling tendency we find in Assam the percentage of agricultural income-tax to total tax revenue in the years 1951-52, 1956-57, 61-62, 1969-70, 1974-75 and 1980-81 were 12.32, 11.06, 14.53, 0.84, 6.12 and 9.50 respectively. The percentage of agricultural income-tax in Assam in relation to total revenue in the years 1951-52, 1956-57, 1961-62, 1969-70, 1974-75, 1980-81 and 1983-84 were 8.41, 5.95, 7.30, 4.09, 2.75, 2.98 And 4.82 respectively.

In Bihar too the agricultural income tax in relation to total tax revenue and total revenue shows a falling tendency. As in the years 1951-52, 1956-57, 1961-62, 1969-70 and 1974-75 the percentage of agricultural income tax to total tax revenue were 2.48, 0.43, 0.92, 0.16 and 0.05 respectively.

The percentage of agricultural income tax in Bihar in relation to total revenue in the years 1951-52, 1956-57, 1961-62, 1969-70 and 1974-75 were 1.65, 0.31, 0.59, 0.11 and 0.03 respectively Maharashtra also presents the same picture of falling tendency. In the years 1961-62, 1969-70, 1974-75, 1980-81 and 1983-84 the percentage of agricultural income tax in relation to total tax revenue were 8.46, 0.37, 0.05, 0.01 and 0.01 respectively. In Maharashtra, the percentage of agricultural income tax in relation to total revenue were 5.89, 0.28, 0.03, 0.01 and 0.08 respectively. In Kerala its contribution in relation to total tax revenue and total revenue is comparatively better than that of Bihar, Uttar Pradesh and West Bengal. But, soon after it also shows a falling tendency. In the years 1961-62, 1969-70, 1974-75, 1980-81 and 1983-84 the percentage of agricultural income tax to total tax revenue were 8.39, 3.44, 2.35, 2.31 and 1.59 respectively. The ratio of the agricultural income-tax in relation to total revenue in Kerala were 5.23, 2.22, 1.39, 1.76 and 1.20 per cent respectively. Uttar Pradesh and West Bengal present the same lesser contribution as indicated in the Table 2.

Thus it is clear that the agricultural income-tax in relation to the total tax revenue and the total revenue in different States although makes a minor contribution has been showing by and large a decreasing tendency due to implementation of land reform measures, i.e., fixation of ceilings and liquidation of larger holdings.

REFERENCE

- 1 Angrish, A/C: Direct Taxation of Agriculture, Somaiya publication PVT. Bombay, 1977 p. 5
- 2 Jain, R: State Taxation in India, Progress Publication, Bhopal, 1972, pp. 53-54
- 3 Report of the Taxation Enquiry Commission 1953-54 Vol.-III, 1955 p-183
- 4 R.B.I August 63, p. 1027
- 5 The Bihar Agriculture tax Act 1948 (Section 19 (1))

Corresponding Author

Arvind Kumar Singh*

M.A. (Economics), PhD, Shivpuri, Araria