
CHAPTER - FOUR

Chapter 4

DIRECT TAXES ON AGRICULTURE-AGRICULTURAL INCOME TAX

As per constitutional provision, state governments are authorised to levy and collect tax on agricultural incomes. The states, however, have been reluctant to exploit this source for enhances their own resources. This is evidenced by the statistical details given in the following paragraphs.

4.1 RECEIPTS OF AGRICULTURAL INCOME TAX

The states collection of agricultural income tax over the period from 1951-52 to 1985-86 is shown in column 2 of Table 4.1. Aggregate collection shot up from paltry sum of Rs.4.30 crores in 1951-52 to Rs.57.09 crores in 1985-86, that is, by 1,227.67 percent, Rise in the volume of tax proceeds was slow up to 1974-75 when it was 13.88 crores only, showing an increase by Rs.9.58 crores within 23 years. The progress, no doubt, was at a very slow pace. But in the very next year-1975-76-the collection doubled (Rs.28.49 crores) and thereafter rose with strides taking to Rs.80.36 crores in 1978-79. Thus, the Fifth Plan period was the most productive duration in the history of agricultural income tax, Because to an utter surprise, in 1979-80 the tax proceeds crashed to Rs.58.35 crores suddenly, declined to Rs.50.30 crores in 1980-81, improved to Rs.62.58 crores in 1981-82, dipped to Rs.30.21 crores in 1982-83 and then with gradual recovery reached to Rs.57.09 crores in 1985-86. This course of fluctuations in the net proceeds of the

tax is a reflection of tax efforts made by the state governments from time to time. The movements in tax receipts have been erratic over the decade between 1975-76 and 1985-86 and the governments were unable to scale again the peak level of Rs.80.36 crores attained in 1978-79, leave aside the question of surpassing it. Quantitative increase in the volume of income tax collections over the time series can be attributed mainly to commercialisation of agriculture and spread of Green Revolution.

4.2 AGRICULTURAL INCOME TAX IN THE TOTAL REVENUE OF STATES

Contribution of agricultural income tax to the state exchequer can be studied with reference to column 4 of Table 4.1. The percentage of income tax to total revenue of the states has for a few years only remained slightly above 1 percent and for most of the years remained much below that. Its contribution of 1.08 percent in 1951-52 has slumped to a sorry figure of only 0.18 percent in 1985-86. The crash of this tax became faster since the Third Five Year Plan. Average contribution during the second plan at 1 percent was marginally higher than the figure of 0.97 percent of the First Plan. The Third Plan average of 0.67 percent was pulled down to 0.44 percent during Annual plans and further to 0.29 percent during the Fourth Plan. Fifth Plan average showed a recovery to 0.49 percent. But this reversal of trend could not be persisted during the Sixth Plan which once again strengthened the declining process with an average of 0.22 percent. Thus, income-tax contribution to the state exchequer

Table 4.1

Agricultural Income Tax of State Governments

Year	(Rs. in Crores)					
	1	2	3	4	5	6
	Agricultural Income tax	States Total Revenue	2 as % of 3	States Total Tax Revenue	2 as % of 5	
1951-52	4.30	396.40	1.08	281.05	1.53	
Fifth Plan	219.26	44,983.98	0.49	28,045.80	0.78	
Rolling Plan 1979-80	58.35	13,629.31	0.43	9,076.95	0.64	
1980-81	50.13	16,293.30	0.28	10,405.09	0.48	
1981-82	62.58	18,319.30	0.34	12,361.14	0.51	
1982-83	30.21	21,125.54	0.14	14,118.75	0.21	
1983-84 (R E)	42.05	24,493.86	0.17	16,039.68	0.26	
1984-85 (B E)	45.86	26,748.86	0.17	17,596.46	0.26	
Sixth Plan	230.83	1,06,980.86	0.22	70,521.12	0.34	
1985-86 (B E)	57.09	31,356.00	0.18	20,339.49	0.28	

Note : 1 As per Table 3.1

2 As per Table 3.1

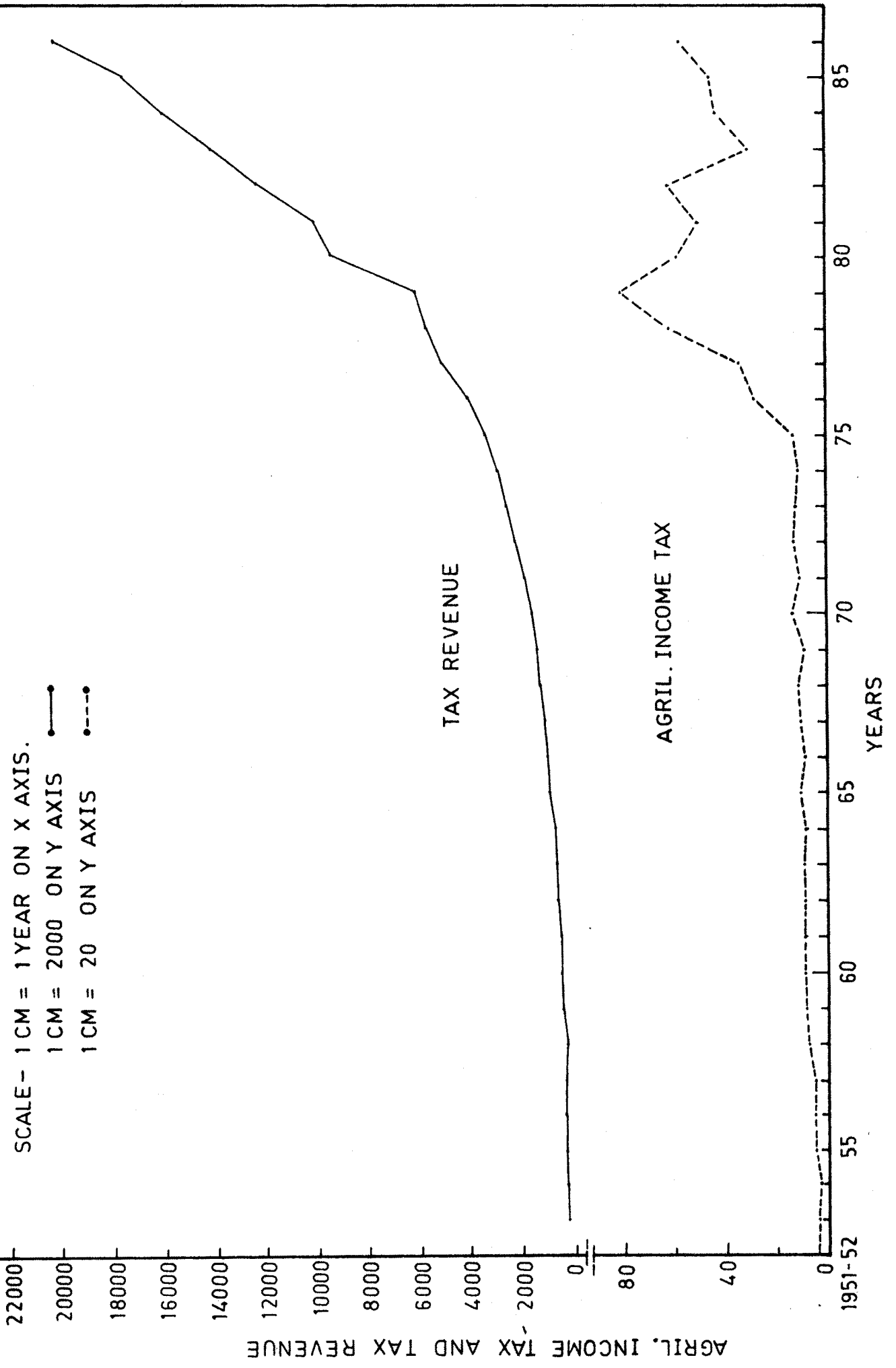
Source: Compiled on the basis of data collected from Reserve Bank of India Bulletins.

SCENARIO OF AGRICULTURAL INCOME TAX.

SCALE - 1 CM = 1 YEAR ON X AXIS.

1 CM = 2000 ON Y AXIS

1 CM = 20 ON Y AXIS



AGRIL. INCOME TAX AND TAX REVENUE

TAX REVENUE

AGRIL. INCOME TAX

YEARS

has been a fast losing source and by 1985-86 the chances of its better performance in future have become bleak unless a drastic policy change is brought in.

4.3 AGRICULTURAL INCOME TAX IN THE TAX REVENUE OF STATES

Has agricultural income tax been a significant source of revenue to the states ? No. Column 6 of Table 4.1 reveals that contribution of this tax to the aggregate tax proceeds of the states remained below 2 percent till early sixties and beyond that below 1 percent. Proportion of agricultural income tax to states total tax revenue was 1.53 percent in 1951-52, was at its culmination (1.73 percent) in 1956-57, and thereafter while declining reached to 0.28 percent in 1985-86. The lowest share (0.21 percent) was experienced in 1982-83. Plan period averages showed an improved performance (1.61 percent) during Second Plan compared to 1.41 percent of the First Plan. But thereafter the position dwindled to 1.11 percent during Third Plan, 0.70 percent during Annual Plans and 0.46 percent during Fourth Plan. Fifth Plan collections being unprecedentedly high, the plan average too was up to 0.78 percent. But this was just a short lived phenomenon. Sixth Plan continued the downstrend with an average contribution of only 0.34 percent. This is the figure which can easily be ignored by the states while counting the sources of their revenue. Throughout the planning period till 1985-86 the state governments appear to have quite intentionally side-tracked this elastic source of revenue.

4.4 AGRICULTURAL INCOME TAX PER HECTARE

As seen from Table 4.2, over the span of more than three decades aggregate land under crops has gone up from 11.94 crore hectares in 1951-52 to 14.30 crore hectares in 1983-84, the increase being only 19.77 percent. As against this, income tax collection spurted by 877.09 percent. Naturally, per hectare tax collection was bound to show increasing trend. It was just Rs.0.36 in 1951-52, was doubled over the next decade and moved roundabout that during the Sixties, then moved up very fast from Rs.0.91 in 1971-72 to Rs.4.41 in 1981-82 and thereafter dropped to a little over Rs.2 years from 1974-75 to 1981-82 were of real interest as they reflect active efforts to peel out more revenue from this tax. But the enthusiasm waned sooner. The things as they stand, the average tax payer of agricultural income-tax in India, is paying just Rs.2 to 3 per hectare. This may not, however, be a realistic calculation if it is noted that nearly 40 percent of agricultural land area is owned by small and marginal farmers who are not likely to pay income-tax. Remaining 60 percent of the land area owned by medium and large farmers is almost equally divided between them. Hence, even if it is assumed that tax is leviable on 30% of the cropped area owned by large farmers, per hectare tax on average comes to Rs.10. Eventhough this is a national average and statewise position differs, there is no gainsaying the fact that the burden per hectare of agricultural income tax is too negligible.

Table 4.2

Agricultural Income Tax per hectare and per capita

Year	Agricultural Income Tax (Rs. in Crores)	Net area sown (Ha. in crs)	Per hectare Agri. Income tax 2 + 3 (Rs.)	Rural population (in Crores)	Per capita Income Tax (2 + 5) (Rs.)
1977-78	61.96	14.26	4.35	48.07	1.29
1978-79	80.36	14.40	5.58	48.79	1.65
Fifth Plan	219.26	70.74	3.10	236.88	0.93
Rolling Plan 1979-80	58.35	14.10	4.14	49.71	1.17
1980-81	50.13	14.20	3.53	50.76	0.99
1981-82	62.58	14.20	4.41	52.54	1.19
1982-83	30.21	14.25	2.12	53.70	0.56
1983-84	42.05	14.30	2.94	54.68	0.77
1984-85	45.86	NA	-	55.51	0.83
Sixth Plan	230.83			267.19	0.86
1985-86	57.09	NA	-	56.90	1.00

Note : 1 NA - Not available. Source : 1 Basic Statistics Relating to Indian Economy
2 As per Table 3.1. 1985-86.

4.5 AGRICULTURAL INCOME TAX PER CAPITA

For measuring per capita burden of agricultural income tax, to begin with, rural population would be used as base on the presumption that all the rural people bear the burden. As per Table 4.2 (Column 6), the burden was Rs.0.15 in 1951-52 and it increased to Rs.1 in 1985-86 showing an improvement. True, that this estimation is too low since, in practice, all the rural households are not tax payers.

To make more realistic estimation, consider the number of large land holders in the country. On the basis of Agricultural Census Data of 1980-81, large land-holders numbered 25 lakh. Presuming average family size of these land-holders to be 6, their total population would be 1.50 crore who would bear the burden of income-tax. Putting this number against the tax collection of Rs.57.09 crores in 1985-86, per capita tax, burden would come to Rs.38 only. That is, a family of 6 persons would in total pay income tax of Rs.228 only. Any kind of corrective applied to this calculation would not turn this figure into something astonishing. The point remains there that the burden of agricultural income-tax per capita has been for all the years in the past too light.

4.6 SECTORAL LEVEL OF AGRICULTURAL INCOME TAX

Table 4.3 gives percentage ratio of revenue from agricultural income tax to income from agricultural sector. This can be considered as one of the indicators of the level of this tax.

Table 4.3

Level of Agricultural Income Tax

Year	1	2	3	4	5	6
	Agricultural Income tax	Agricultural Income	2 as % of 3	Gross National Product	2 as % of 5	
Fifth Plan	219.26	1,47,982	0.15	3,68,362	0.06	
Rolling Plan 1979-80	58.25	34,088	0.17	94,052	0.06	
1980-81	50.13	38,629	0.13	1,12,156	0.04	
1981-82	62.98	41,840	0.15	1,42,435	0.04	
1982-83	30.21	43,189 P	0.07	1,45,141 P	0.02	
1983-84 (R E)	42.05	56,066 P	0.07	1,71,201 P	0.02	
1984-85 (B E)	45.86	57,066 P	0.08	1,88,459 P	0.02	
Sixth Plan	230.93	2,36,790	0.10	7,59,392	0.03	
1985-86 (B E)	57.09	NA	-	2,07,305 P	0.03	

Note : 1 NA - Not available.

2 P - Provisional.

3 - As per Table 3.1.

4 - As per Table 3.1.

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Source: 1 Compiled on the basis of data collected from Reserve Bank of India Bulletins.

A glance at the table reveals that agricultural income-tax has mopped up a very negligible proportion of agricultural income. The percentage ratio of agricultural income-tax to agricultural income was 0.08 percent in 1951-52 which increased to 0.14 percent in 1961-62 but again declined to original position of 0.08 percent in 1971-72. This ratio again was up to 0.15 percent in 1981-82 and once again declined to 0.08 percent in 1984-85. Thus the ratio remained fluctuating around 0.08 percent for most of the years.

This level of agricultural income tax should be viewed on the background that over the period under review not only agricultural output has increased manifold but agricultural prices also have spurted phenomenally. Both these facts are reflected in the figures of sectoral income shown in Table 4.3.. Productivity of tax, therefore, assumes significance in this context. Since the state governments purposely decided not to employ this source of revenue to make it elastic and productive, the level of tax significance continued to remain at miserably low level. It never exceeded even a quarter of one percent any time. With all ups and downs the level of this tax in 1984-85 was the same as that in 1950-61.

4.7 GENERAL LEVEL OF AGRICULTURAL INCOME TAX

Here also the percentage ratio of agricultural income tax to the gross national product (GNP) of the states is described as the general level of agricultural incometax of the states. This ratio shows the part of national income collected by the governments in the form of agricultural income-tax.

Since the figures of the GNP are larger than those of agricultural income, the ratio of agricultural income tax to the GNP is obviously lesser than that of the tax to agricultural income. For all the years the tax ratio to GNP remained below 0.10 percent. Here too a downtrend is visible. The ratio of 0.05 percent in 1951-52 showed an increasing tendency till the end of second plan and thereafter the diminishing tendency persisted so that 1985-86 the ratio stood at 0.03 percent as can be seen from column 6 of Table 4.3.

4.8 REVENUE ACCOUNT DEVELOPMENTAL SIGNIFICANCE OF AGRICULTURAL INCOME TAX

Table 4.4 provides data on the ratio of agricultural income tax to revenue account developmental expenditure. Since the tax yield did not increase in consonance with or more than the developmental expenditure, the ratio declined almost consistently, the decline being from 2.19 percent in 1951-52 to 0.27 percent in 1985-86. Planwise averages were as follows. First Plan 1.78 percent, Second Plan 1.79 percent, Third Plan 1.17 percent, Annual Plans 0.91 percent, Fourth Plan 0.48 percent, Fifth Plan 0.79 percent and Sixth Plan 0.31 percent. Though there were ups and downs over plan periods, the overall potential contribution of agricultural income tax for meeting revenue account developmental expenditure is meagre.

Table 4.4

Revenue and Capital Account Developmental Significance Of Agricultural Income Tax

Year	(Rs. in Crores)			
	Agricultural income-tax	Revenue Account Developmental expendi- ture	2 as % of 3	Capital Acco- unt Develop. expenditure on agriculture
1978-79	80.36	7,377.77	1.09	1,673.05
Fifth Plan	219.26	27,685.39	0.79	5,975.66
Rolling Plan 1979-80	58.35	8,601.20	0.68	1,964.61
1980-81	50.13	10,514.74	0.48	2,368.66
1981-82	62.58	11,986.17	0.52	2,786.16
1982-83	30.21	14,361.03	0.21	3,225.94
1983-84 (R E)	42.05	16,941.24	0.25	4,050.82
1984-85 (B E)	45.86	20,067.58	0.22	4,925.54
Sixth Plan	230.83	73,870.76	0.31	17,357.12
1985-86 (B E)	57.09	21,495.07	0.27	5,371.32

Note : 1. N.A. - No available.

2. As per Table 3.1.

3. As per Table 3.1.

4.9 CAPITAL ACCOUNT DEVELOPMENTAL SIGNIFICANCE OF AGRICULTURAL INCOME TAX

To what extent the tax yield had the potentialities of sharing the capital expenditure of agricultural development in the country ? Table 4.4 brings forth its gradually weakening significance. The tax proceeds could have met 16.60 percent developmental expenditure of agricultural sector on capital account in 1951-52. The percentage improved to 14.40 percent by 1960-61 but thereafter started diminishing reaching finally to 1.06 percent in 1985-86. Through plans, the country's requirements of capital expenditure for agricultural development swelled rapidly, especially since the beginning of the Fifth Plan. Tax proceeds from agricultural income, however, remained lagging far behind. As a result, the state governments do not count on agricultural income tax as a significant income source for executing their plan programmes.

4.10 SCENARIO OF THE STATES

Details of agricultural income-tax in relation to total revenue and tax revenue in different states is given in Table 4.5. At the outset, the table reveals that all states in the country are presently not taxing agricultural income tax. Only Assam, Bihar, Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal levy agricultural income tax whereas Andhra Pradesh, Gujarat, Haryana, Madhya Pradesh, Punjab, Rajasthan, Manipur, Meghalaya, Nagaland, Himachal Pradesh, Jammu and Kashmir

Table 4.5

Agricultural Income Tax of the States

State	Revenue	1951-52	1965-66	1975-76	1985-86 (B E)
	1 Total Revenue	29.58	146.32	652.19	2,847.48
	2 Tax Revenue	20.90	91.26	453.59	1,965.92
	1 Total Revenue	15.22	95.64	394.92	1,423.95
	2 Tax Revenue	11.23	47.96	205.29	857.77
	3 Agril. Income Tax	-	0.02	0.01	-
	4 3 as % of 1	-	0.02	0.00	-
	5 3 as % of 2	-	0.04	0.00	-
Rajsthan	1 Total Revenue	58.09	162.64	563.36	2,368.47
	2 Tax Revenue	44.89	103.87	441.47	1,390.34
	3 Agril. Income Tax	-	1.23	2.40	5.90
	4 3 as % of 1	-	0.76	0.43	0.25
	5 3 as % of 2	-	1.18	0.54	0.31
Tamil Nadu	1 Total Revenue	58.09	162.64	563.36	2,368.47
	2 Tax Revenue	44.89	103.87	441.47	1,390.34
	3 Agril. Income Tax	-	1.23	2.40	5.90
	4 3 as % of 1	-	0.76	0.43	0.25
	5 3 as % of 2	-	1.18	0.54	0.31

Table (Contd..)

States	Revenue	1951-52	1955-56	1975-76	1985-86 (L)
Tripura	1 Total Revenue	-	-	35.63	230.61
	2 Tax Revenue	-	-	6.23	69.54
	3 Agril. Income Tax	-	-	0.01	0.01
	4 3 as % of 1	-	-	0.02	0.00
	5 3 as % of 2	-	-	0.16	0.01
Uttar Pradesh	1 Total Revenue	51.39	224.23	951.06	3,429.24
	2 Tax Revenue	36.74	132.55	650.21	2,289.67
	3 Agril. Income Tax	1.00	0.32	0.01	-
	4 3 as % of 1	1.95	0.14	Negl.	-
	5 3 as % of 2	2.72	0.24	Negl.	-
West Bengal	1 Total Revenue	38.05	167.00	562.35	2,197.23
	2 Tax Revenue	30.35	113.53	415.11	1,608.22
	3 Agril. Income Tax	0.64	1.08	2.41	10.00
	4 3 as % of 1	1.68	1.65	0.43	0.46
	5 3 as % of 2	2.11	0.91	0.58	0.62
All India Level	1 Total Revenue	396.40	1,850.20	7,938.16	31,356.00
	2 Tax Revenue	281.05	1,117.75	5,145.29	20,339.49
	3 Agril. Income Tax	4.30	9.88	28.49	57.09
	4 3 as % of 1	1.08	0.53	0.36	0.18
	5 3 as % of 2	1.53	0.88	0.55	0.28

Note : As per Table 3.5.

Source: Compiled from various issue of Reserve Bank of India Bulletin.

and Sikkim do not levy agricultural income tax. Statewise efforts in this respect are briefed herebelow.

Andhra Pradesh : At present, there is no agricultural income tax in Andhra Pradesh. It was levied in the Telengana area as part of the Hyderabad state till 1957 and was abolished in 1957 because of its low yield.

Assam : In Assam agricultural income tax is levied since 1939; major portion of this tax comes from tea gardens. Exemption limit is Rs.5,000 since 1970-71. The rate of tax ranged from 5 percent to 62 percent. The percentage ratio of this tax to total revenue and to tax revenue of the state was 8.42 percent and 12.43 percent respectively in 1951-52 which declined to 1.82 percent and 3.92 percent respectively in 1985-86.

Bihar : Bihar was the first among the Indian states to introduce agricultural income tax. Exemption limit was reduced from Rs.5,000 to Rs.3,000 in 1948. The rate of tax ranges from 5 percent to 25 percent. Super tax is levied on income exceeding Rs.25,000 at rates varying from 6 percent to 33 percent. The percentage ratio of this tax to total revenue and to tax revenue of the state was 1.66 percent and 2.49 percent respectively in 1951-52 which declined to almost nought in both the case in 1985-86.

Karnataka : Tax on agricultural income was introduced

in the erstwhile state of Mysore (now karnataka) in 1955. Exemption limit was Rs.7,000. Since April 1962 super tax is also levied on incomes exceeding Rs.25,000. The rates for non-plantation crops vary from Rs.2 to Rs.33.3 per acre according to size of holding. The percentage ratio of this tax to total revenue and to tax revenue of the state government was 1.86 percent and 2.24 percent respectively in 1960-61 which decreased to 1.18 percent and 1.68 percent in 1980-81 and further to 0.67 percent and 0.98 percent in 1985-86.

Kerala : Agricultural income tax was levied for the first time in 1943-44 in the erstwhile Travancore and Cochin (Now Kerala). In the case of Hindu Undivided Family the exemption limit is Rs.7,000. No super tax is levied on the first Rs.25,000. Different rates are adopted for (1) individuals, (2) Hindu undivided families, etc. and (3) companies. Roughly 85 percent of the revenue under agricultural income tax is contributed by the big plantations. The tax evasion is believed to be practised on a fairly wide scale in the state. The percentage ratio of this tax to total revenue and to tax revenue was 5.74 percent and 11.38 percent respectively in 1951-52 which significantly declined to 1.76 and 2.32 percent in 1980-81 and further to 1.23 percent and 1.63 percent in respectively 1985-86.

Maharashtra : Tax on agricultural income was introduced in the state for the first time in April 1962. The

person whose agriculture income in the previous year exceeds Rs.36,000 is liable to pay agricultural income tax at the rate of 50 percent. The receipts from agricultural income tax are not very encouraging. The percentage ratio of this tax to total revenue and to tax revenue of the state was 0.11 percent and 0.16 percent in 1965-66 which considerably declined to 0.01 percent and 0.02 percent respectively in 1980-81 and remained the same in 1985-86.

Orissa : Agricultural income tax was imposed in Orissa in 1947. Exemption limit was Rs.5,000. The prevailing modes of agricultural income tax assessments are of two types (1) compounding system and (2) normal assessment. The agricultural income tax in the state was levied at graduated rates varying from 2 percent to 78 percent. Collection of agricultural income tax in the state has not been upto expectations and considerable amount of arrears is lying uncollected. The percentage ratio of this tax to total revenue and to tax revenue was 1.12 percent and 1.86 percent in 1951-52. Since 1980-81 the state failed to derive any income from this tax.

Rajasthan : In April 1960 a surcharge on land revenue was imposed in lieu of the agricultural income tax which was in force in the state from 1953 to 1960. The suspension of agricultural income tax was due to the dwindling revenue from the tax.

Tamil Nadu : Agricultural income tax was first introduced in Tamil Nadu with effect from 1st April 1955. The Act was amended twice. The exemption limit is Rs.4,000. The rates vary from 5 percent to 55 percent in the various slabs. The percentage ratio of agricultural income tax to total revenue and to tax revenue was 1.45 percent and 2.17 percent respectively in 1955-56 which declined to 0.44 percent and 0.61 percent in 1980-81 and to 0.25 percent and 0.31 percent in 1985-86.

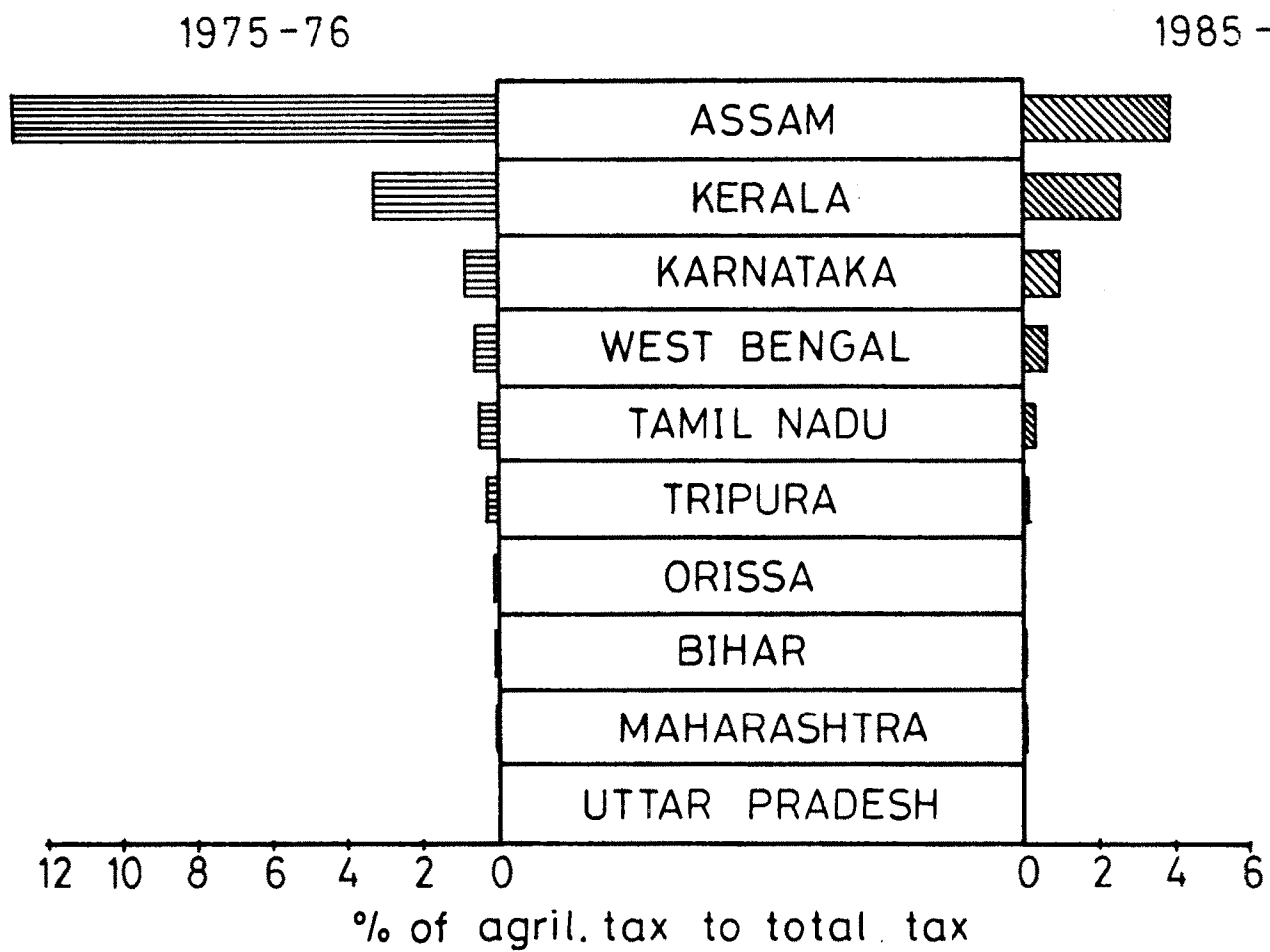
Uttar Pradesh : Tax on agricultural income was imposed in U.P. for the first time in 1948. The rate of the tax ranges from 5 percent on the first Rs.3,200 of the taxable annual value to 60 percent on annual value above Rs.30,000. Percentage ratio of this tax to total revenue and to tax revenue was 1.95 percent and 2.72 percent respectively in 1951-52 but collection under this tax has slumped to nothing in recent years.

West Bengal : Tax on agricultural income was imposed in West Bengal in 1944. The rates of tax vary from 5 percent to 50 percent. The scope of raising revenues from agricultural income tax in West Bengal has shrunk considerably as a result of the imposition of land ceilings. The bulk of the revenue under this tax comes from tea companies in the state. The percentage ratio of this tax to total revenue and total tax revenue was 1.68 percent and 2.11 percent respectively in 1951-52.

Ranking of the states according to their level of income tax vis-a-vis tax revenue.

State	1975-76			1985-86		
	Agril. income tax (Rs.Crs.)	% of tax to total tax	Rank	Agril. income tax (Rs.crs.)	% of tax to total tax	Rank
1. Assam	12.94	12.83	1	14.70	3.92	1
2. Kerala	7.23	3.27	2	14.22	1.63	2
3. Karnataka	3.02	0.93	3	13.50	0.98	3
4. W. Bengal	2.41	0.58	4	10.00	0.62	4
5. Tamil Nadu	2.40	0.54	5	5.90	0.31	5
6. Tripura	0.01	0.16	6	0.01	0.01	6
7. Orissa	0.08	0.06	7	-	-	7
8. Bihar	0.14	0.04	8	0.01	-	7
9. Maharashtra	0.24	0.03	9	0.25	0.01	6
10. U.P.	0.01	Negl.	10	-	-	7
All - India	28.49	0.55	-	57.09	0.28	-

Source : Compiled from Table 4.5.



HIERARCHY OF STATES RELATIVE TO TAX EFFORTS ON AGRICULTURAL INCOME-TAX .

but significantly declined to 0.21 percent and 0.27 percent respectively in 1980-81 but improved marginally to 0.46 percent and 0.62 percent in 1985-86.

Inter-state comparison of the states levying agricultural income tax would be more enlightening. Table 4.6 ranks these states on the basis of their income tax as percentage of aggregate tax revenue. The hierarchy of the states in 1975-76 was Assam, Bihar, Karnataka, Kerala, Maharashtra, Tamil Nadu, Tripura, West Bengal, Orissa and Uttar Pradesh. From the point of tax collection, of the aggregate collection, Assam alone claimed 45.42 percent while Kerala and Karnataka shared 25.38 percent and 10.60 percent respectively. Rest of the states together shared less than 10 percent.

A decade later, in 1985-86 too the same three states dominated the scene; West Bengal joined the trio. These four states together commanded 91.82 percent of the national tax proceeds. Rankings of the states upto Sixth rank remained undisturbed over the decade in question. Briefly, the lion's share of agricultural income tax in the country accrues from 5 states only - Assam, Kerala, Karnataka, West Bengal and Tamil Nadu. The contribution of other states is negligible. This is enough to throw light on the apathy of the states to tax agricultural incomes.

4.11 CONCLUSION

The review of agricultural income tax in India from

1951-52 to 1985-86 has a single pointer. The state government were never serious about utilisation of this item of income. In fact, majority of the states either totally abstained or sooner dropped from the imposition of the tax. Those few states that determined to go on were never buoyant in its use and hence could not generate noteworthy quantum of money. Presently, they can be said to be just clinging to the levy. The result of this kind of attitude was bound to be unsatisfactory on any account. The farmers do not all feel the levy and are perhaps rest assured that the government, whatever be the ruling party, would not at all put its hand in their pockets.