

PREFACE

The most important objective of all the developing countries is rapid economic development. Development necessitates mobilisation of resources for investment purpose. Resource mobilisation is an important problem in the process of economic development. The financial requirement of the centre and State Governments have continuously increased. It is felt that the state governments can raise substantial resources from agricultural sector by suitably modifying their tax structure. It is beyond doubt that the agricultural sector, especially the large landholders, is grossly undertaxed. Throughout the era of planned economic development the average as also the marginal rate of taxation has been considerably lower for the agricultural sector as compared to the non-agricultural sector. Rapidly expanding scope for enhancing tax burden on the non-agricultural sector on the one hand and limited tax bases, inflexible tax rates, low yields from agricultural taxes and political, social and economic difficulties in the taxation of the agricultural sector on the other, led to a rather indifferent attitude of the public authorities towards the taxation of the agricultural sector.

Several efforts have been made in India to revise and reform the pattern of non-agricultural taxes with a view to make them more productive, but agricultural taxes have since long

remained untouched. This source of taxation has failed to meet the growth requirements of the country. Taxation of the non-agricultural sector tended to touch the saturation point leaving a big gap between the current resources and the financial requirements needed for India's economic development. Since this gap could not be filled with voluntary domestic savings and external assistance, India is forced to make vigorous efforts to tap her domestic sources by all possible means in order to meet the financial requirements.

The emergence of such a situation has once again necessitated a thorough investigation into the prospects of agricultural taxation and has stimulated interest of the public authorities, economists and the national and international economic organisations in the study of the problem of agricultural taxation. Considerable amount of work has been done in this field. But there is still a serious dearth of such literature on the subject as can offer appropriate and feasible measures to tax the agricultural sector which still constitutes the largest segment of Indian economy and is supposed to possess a large volume of saving potential. It is therefore, necessary that the agricultural sector should be adequately taxed so that additional resources may be raised to finance the development schemes and also to achieve overall equity within the different sectors of the economy. The present study aims at just consolidating the facts and viewpoints on agricultural taxation in India to present a panorama

of the situation.

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