

Case for Improved Agricultural Holding Tax in Bihar

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ABSTRACT

Bihar is the most backward state in India. Bihar's backwardness in terms of per capita income was the lowest in India. Taxation, being one of the primary means of internal financing, has been looked upon a powerful instrument for mobilizing resources. In the context agricultural taxation in Bihar may be an effective instrument for economic development. Agricultural Holding Tax (AHT) is a viable alternative as far as Bihar is concerned. The RAJ Committee's recommendations provide a viable alternative to land revenue. Bird has also supported and calls it critical minimum of a brave attempt has been made by Bagchi to simplify AHT and supports AHT and has put forth a refined version of AHT without destroying the basic tenets of AHT.

Bihar is the most backward state in India. Bihar's backwardness in terms of per capita income was the lowest in India. The per capita income of Bihar was Rs.1174 in 1983-84 at current prices whereas it was Rs.3147 for Haryana & Rs.2231 for Bengal. Financial resources are urgently required for its development. Financial resources are urgently required for its development.

Taxation, being one of the primary means of internal financing, has been looked upon a powerful instrument for mobilizing resources from different sectors of the economy. In this context agricultural taxation in Bihar may be an effective instrument for economic development.

The present system of agricultural taxation in Bihar needs to be replaced by a rational tax system. Agricultural Holding Tax (AHT) is a viable alternative as far as Bihar is concerned. Most of the objections advanced against implementing AHT seem to be either exaggerated or beyond the purview of agricultural taxation. For instances, no system of agricultural taxation can be expected to provide a solution to those problems which fall under the purview of agrarian reforms. It is impossible to devise a simple and uniform set of valuation rules to deal equitably and adequately with land on a mass basis.

The RAJ Committee's recommendations provide a viable alternative to land revenue. There istremendous scope for simplification and adjustment which can be introduced to suit the local condition. Richard. Bird has also supported and calls it critical minimum of political and administrative capability.

A brave attempt has been made by Bagchi to simplify AHT and support AHT in the drawing and revision of schedules of ratable value of land, assessment of holdings, basis of assessment, various time lags for computation and aggregation and related constitutional issues. In spite of areas of disagreement, Bagchi has put forth a refined version of AHT without destroying the basic tenets of AHT.

The objection that AHT will impose a heavy burden on revenue administration is not a valid objection because the question of revenue mobilization cannot be brushed aside simply on the pretext of administrative difficulties. Besides, decentralization of planning and administration linking resources to the local expenditure, giving more financial powers to local bodies will also solve most of the administrative problems.

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