

UNIVERSITY OF CALICUT

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WITH SPECIAL REFERENCE TO

INDIA,

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being

THE THESIS SUBMITTED BY

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for the

B. PH. DEGREE.
of the
MAHARAJA UNIVERSITY.

24th AUGUST 1959

1959.

U. G. C. COPY

PREFACE.

The following thesis is the result of the work done by me as a University Grants Commission Research Scholar in the Department of Economics of the Presidency College from July 1957 to December 1958. The subject of the thesis was suggested by Prof. Velayudam, M.A., L.T., B.Com(Hons), London, Chief Professor of Economics, Presidency College, Madras. And throughout this period, he has guided my work and offered me all help & guidance.

Land taxes are very old taxes and are not nearly as important today as revenue producers as they were in many past periods. But they have a place in the financial systems of underdeveloped countries like India in the context of their economic development. The very size of the agricultural sector in most of the underdeveloped countries creates a strong case for the mopping up of a substantial portion of the required revenue from that sector. As Samuel Laing observed once, - "Capital and trade of India as well as her land should contribute in fair proportion towards the support of the State". Economic development in the densely populated and underdeveloped economies

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depends to a great extent on the intersectoral shifting of the human and other real surpluses (that are generated due to economic development) from agriculture to industry. The pace of industrialisation can be stepped up by augmenting genuine farm surpluses & diverting them to the industrial sector. A fair parity between the agricultural and other sectors of the economy is inevitable for the economic stability of a developing economy. Thus, the importance of land taxes cannot be lost sight of in the light of the abovementioned ideals.

But the confusing array of existing types of land taxes and the fact that they are so deeply rooted in the fiscal experience of virtually all countries argue the necessity for their reform in order that they may be adapted for purposes of developmental financing.

It has been my endeavour in the following pages, to trace the evolution of the land tax in the different countries of the world and in India, and to discuss the theoretical issues and implications of the various methods of land taxation. In the first Chapter, the methods of taxing land in many countries of the world have been traced and discussed and a broad classification of systems of land taxation has been attempted on the basis of this study of evolution.

The rest of the entire study is based on this classification. Secondly, the special suitability of land for taxation, the canonical eligibility and the incentive effects of land taxation have been clearly delineated to explain the rationale of land taxation. In the third Chapter, the different methods of land taxation (as classified by the author) are taken one by one; and the theoretical issues, administrative problems, incidence and effects of each of them examined in detail. The fourth Chapter deals with the evolution of the land tax in India from very ancient times to the present day. The fifth and the final Chapter examines the defects of the present landtax system of India, the necessity for its reform and reappraisal in the light of goal of development, the various phases of reform and the practicability of the same.

Before I conclude, it is my pleasant duty to thank Prof. S. Velayudam, M.A., L.T., B.Com(Hons), London, Chief Professor of Economics, Presidency College, Madras, for his encouragement and thorough guidance from beginning to end. I am deeply indebted to him for all his valuable assistance. In short, he was a friend, philosopher and guide. Due to his continued interest, advice, and discussion,

I was enabled to think critically on the several aspects of the problem. It is no exaggeration to say that the work bears the stamp of his masterly analysis and thoroughness. I cannot adequately thank him for all his encouragement and guidance.

My thanks are also due to Prof. K. A. Joseph, who as Professor of Economics, Presidency College, guided my work during the year 1956 - 57 when I was working in the Department of Economics as a research student with a stipend from the Madras Government, prior to the award of the scholarship by the University Grants Commission.

I am particularly indebted to Dr. R. Balakrishna, Professor of Economics, University of Madras, who spared time in the midst of his heavy work, to discuss the topic with me and outlined the broad plan of work. I have attempted to incorporate his suggestions with regard to the reform of the land tax system in our country.

From January 1958, I have been working as a research scholar in the Institute for Research in Economic and Social Growth, University of Delhi. This fortunate circumstance cast me in the midst of an array of eminent economists of the Delhi School of Economics, Delhi, with whom I was enabled

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to discuss the topic and get valuable suggestions. In this connection, I must mention with particular gratitude, Dr. A.M. Khusro, Professor of Macro-Economics, Institute for Research in Economic and Social Growth and Dr. B.B. Misra, Professor of Economic Growth, Institute for Research in Economic and Social Growth. As a student of the Institute, I had access to the working paper prepared by Prof. I.M.D. Little, Professor of Economics, Institute for Research in Social and Economic Growth, on "Taxation and III Plan", which was a source of inspiration for my last Chapter². I had also occasion to participate in the seminar in the Delhi School of Economics on "Agricultural Development and Socialist transformation of the Indian economy" by Dr. P.K. Mukerjee, Professor of Agricultural Economics, Delhi School of Economics. I profited much from his valuable paper and the discussions that ensued.

I had collected valuable material relating to the systems of land taxation in different countries of the world, from the foreign embassies at Delhi. I thank the staff of the different embassies for their kind co-operation and ready assistance.

My thanks are also due to the staff of the Madras University Library and the Librarian of the

Ratendon Tata Library of the Delhi School of Economics for their unstinting and willing help.

Finally, I must offer my thanks to the Government of Madras for awarding me the studentship for the year 1956-57 and to the University Grants Commission for their benign grant of scholarship for 1957-58 which had enabled me to address myself to the task and continue it to its successful conclusion.

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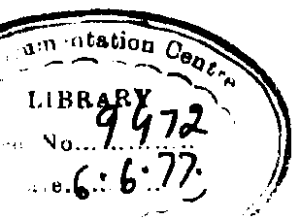
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