

Bringing of Agricultural land within purview of Wealth Tax Act

2356. SHRI DHARAMVIR VASISHT: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether agricultural land was expressly excluded from the operation of Wealth-tax Act of 1957, if so, the circumstances leading to its inclusion within the purview of the Act later on; and

(b) whether Government propose to review the Wealth Tax Act of 1957, if so, facts thereof?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) Yes, Sir. Prior to the amendment made in the Wealth-tax Act, 1957 by the Finance Act, 1969, the value of agricultural land owned by a person was not includible in computing his net wealth. The reasons for amending the relevant provisions were given by the then Deputy Prime Minister and Minister of Finance in his Budget speech for 1969-70 in the following words:—

"Agricultural wealth has so far been exempt from wealth-tax. This has encouraged purchase of such land by the richer professional and business classes. While this has often acted as a spur to greater productivity in agriculture, there is no case in equity for taxing other productive wealth but exempting wealth in the form of agricultural land."

(b) No, Sir, Government is not considering any proposal to review the aforesaid provision.

Measures to Curb Inflation

2357. SHRI P. K. DEO: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether a note has been submitted to the Prime Minister by a

noted economist of India, Prof. C. N. Vakil urging the Central Government to declare a "war on inflation" and asking for "emergency discipline"; and

(b) if so, the salient features of the note and reaction of Government thereto?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) Yes, Sir. Prime Minister has received a "Memorandum on a Policy for Inflation Reversal and Guaranteed Price Stability" from Professor C. N. Vakil.

(b) A summary of the Memorandum is enclosed. While the Government have taken and will continue to take measures to control inflation, the package of suggestions made by Professor Vakil are not favoured by Government.

Summary of Suggestions made by Shri C. N. Vakil in his Memorandum on 'A Policy for Inflation Reversal and Guaranteed Price Stability'

1. The Government must announce a target-norm of a reduction in the price level from the current figure of 182 in end March 1977, by about 10 per cent or by about 18 points, over the next two financial years.

2. Over the current year, 1977-78, the stock of money should be reduced by about 5 per cent in the light of the feasible growth-rate of output of about 3 per cent during the current year; this would enable prices to be brought down by about 4 to 5 per cent over the year. The contraction is to be achieved through (a) a reduction in net bank-credit to the Government sector by Rs. 750 crores (b) Limitation of credit expansion, over the fiscal year 1977-78, to Industrial-Commercial sector to about Rs. 1000 crores (c) Limiting monetised new exchange-reserves over 1977-78 to about Rs. 500 crores (d) an expansion in time-deposits by about Rs. 1500-1750 crores, and (e) an increase in net impounded deposits by about Rs. 250