

## Budget evokes mixed reactions from Andhra Pradesh industry

The union budget for 2008-09 has evoked mixed reactions from the industry in Andhra Pradesh. Information technology, biotechnology, textiles and tourism sectors have termed it as 'disappointing' while some other sectors have described it as a balanced budget.

However, the industry has hailed the proposal for skill development mission, saying it would go a long way in improving the competitiveness of India Inc.

'The budget is on expected lines. It is in tune with the three pre-budget recommendations of CII (Confederation of Indian Industry) for building people, strengthening rural economy and enhancing competitiveness,' said Pradeep Dhobale, chairman of CII, Andhra Pradesh.

'The budget focused on agriculture, education and health but as the finance minister (P. Chidambaram) himself has said, a lot more could have been done,' he added.

Dhobale welcomed the proposals to waive off agricultural loans to the tune of Rs.600 billion (\$15 billion), to increase the area under irrigation, and to hike allocation for education, skill development fund, and the move to wipe out fiscal deficit and described these as positive steps.

Dhobale, however, said the budget did not mention anything on exports and infrastructure.

'The short-term evaluation of the budget is negative as indicated by the Sensex but the results will become clear in the long run,' said Utpal Sen Gupta, vice-chairman of CII, Andhra Pradesh.

According to Anil Kumar V. Epur, former chairman of CII Southern Region, had the government implemented M.S. Swaminathan Committee's recommendations for paying remunerative prices to farmers for their agriculture produce, there would have been no need for waiving agricultural loans.

'Last year the farmers lost Rs.240 billion on rice alone as they were paid Rs.2,400 less per tonne,' said Epur. He felt that the finance minister should have spelt out his stand on the Swaminathan Committee report.

The textile sector felt that the crisis gripping it would continue as the budget proposed no relief for it.

M.K. Patodia, a representative from the sector, said the textile industry was facing the crisis due to rupee appreciation and cotton exports. Pointing out that Chidambaram announced a few sops for handlooms, he said this would not help the industry overcome the crisis.

'In his anxiety to please vote banks, the finance minister has ignored key sectors like tourism and IT,' said D.V. Manohar, chairman of Shree Shakti Group. He, however, said the 'populist budget' was also positive in some respects.

Y. Harish Chandra Prasad, representing electricity sector, said there was not much for the sector in the budget. He welcomed the proposal for national fund for transmission and distribution but termed the proposal for coal regulator as 'bad', saying the move would hit the projects based on linkages.

The biotechnology sector also seems to be disappointed with the budget. 'There is nothing for us in

this budget,' said Suchitra K. Ella of Bharat Biotech.

'The biotechnology needs support from the government due to the nature of the business we are in, but there is no reference to the sector in the budget speech,' she said.

The healthcare industry welcomed the budget.

'Budget 2008 is a boom for healthcare industry/providers in the country. It will encourage healthcare providers like CARE to extend quality medicare to smaller towns. It suits us considering the expansion plans we have,' said N. Krishna Reddy, chief executive officer, CARE Group of Hospitals.

'The potential markets identified for expansion are the tier-II and tier-III cities. We are happy that the government has realised the need of the hour that major healthcare providers in the country like CARE should enter into smaller towns and cities to provide better and quality healthcare,' he added.

However, real estate developers are not optimistic about he budget.

'The budget gives a negative picture to the real estate developers constructing energy-efficient (green) buildings. The industry which expected the finance minister to exempt the green quotients of construction from tax is disappointed,' said P. Surya Prakash, managing director of SatyaVani Green Homes, which is building green homes.

'By giving tax break to the energy-efficient buildings, the government would lose just 3 to 4 percent of the tax component it gets from the organised construction industry, which is minimal. But the exemption would have encouraged more and more players to go for green buildings,' he said.

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