

Revenue, job loss stare Karnataka in face

Karnataka will celebrate its 53rd Formation Day Saturday amid fear of revenue loss to government in the wake of global financial meltdown and warning of job loss because of non-friendly investment policies.

The meltdown has hit the real estate sector, which means lesser revenue to the government from stamps and registration, a top state official said. Every land and building deal has to be registered with the state government after paying a fee for the stamp paper.

(States were reorganised on language basis Nov 1, 1956 and all Kannada speaking areas which were part of Madras - later Tamil Nadu; [Hyderabad](#) province - later Andhra Pradesh, and Maharashtra were integrated into Mysore state, as Karnataka was known till Nov 1, 1973.)

'We are assessing the loss (in revenue) as there is likely to be decline in revenue generated from sale of stamps (stamp paper) and registration (fee),' M.R. Sreenivasa Murthy, principal finance secretary, said.

Murthy said he expected a fall in commercial transactions and sale of motor vehicles as well because of the meltdown. Revenue from both commercial tax and motor vehicles tax is likely to be less this financial year, Murthy said at a meeting with industry leaders and economists on the impact of global recession on Karnataka.

Leaders of Information Technology industry told the government that Karnataka is not investor-friendly.

'The state has lost 45,000 jobs this (financial) year to [Chennai](#) and other places and may lose 30,000 more jobs in the next (financial) year if the situation does not improve in the state,' T.V. Mohandas Pai, director and head of Human Resources of Infosys Technologies, told the meeting.

Pai and Infosys chief executive officer Kris Gopalakrishnan said the government must speed up clearance of the projects by simplifying regulatory procedures. The time taken to clear projects and the procedures to get clearance have given Karnataka 'a bad reputation and investors are not coming to the state', Pai said.

Federation of Indian Chambers of Commerce and Industry (FICCI) president Rajeev Chandrashekar suggested the state government spend more on infrastructure and create an environment to attract investments in the non-information technology (IT) sector.

The Karnataka government, in the meantime, has announced it plans to set up by the year-end a separate authority to facilitate early clearance of IT and biotechnology (BT) projects.

'A decision on this will be taken in the next 60 days,' state IT-BT minister Katta Subramanya Naidu told reporters.

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