

Budget comes in for some praise, some criticism in Andhra

Industrialists in the agriculture, food processing and textiles sectors welcomed the central budget 2007-08, while those in the tourism and hospitality business in Andhra Pradesh said it was 'disappointing'.

Finance Minister P. Chidambaram's budget fell short of expectations, some industrialists felt. However, initiatives like increase in allocation for education by 34.2 percent, for health by 21.9 percent and greater allocation for Bharat Nirman (rural development programmes), offset these disappointments.

'This will help in improving infrastructure in rural areas,' said G. Vivekanand, president, Confederation of Indian Industry, Andhra Pradesh.

Former CII president Pradeep Dhobale welcomed the initiatives to increase growth rate of agriculture. He added that the finance minister should announce special purpose funds for pulpwood like the one for tea, coffee, cashew and spices.

He hoped that the announcement to construct 500,000 more classrooms would benefit the paper industry.

Praise for the budget also came from M.K. Patodia, managing director of GTN Industries Limited. He welcomed the announcement to enhance allocation for Technology Upgradation Fund (TUF) for textiles from Rs.5.35 billion to Rs.9.11 billion.

He also hailed the increase in allocation for textile parks from Rs.1.89 billion to Rs.4.25 billion and cut in duties on some raw materials. 'These measures will help improve production.'

Y. Harish Chandra Prasad of Mahalaxmi NBFA Ventures Private Limited said the budget was lukewarm on infrastructure.

'We have long been demanding gas cost regulator but the budget is silent on that. With Reliance gas production in 2008-09, nobody knows the cost at which it will be available,' he said, pointing out that gas scarcity had hit electricity generation.

Prasad said the budget had nothing to offer on improving urban infrastructure.

'There is no clarification on the sunset clause for IT industry, which says that it would lose all the benefits by 2009 if not shifted to special economic zones (SEZ). The clarification is necessary as several SEZs are coming up and the process will be badly hit if the sunset clause is not implemented,' he added.

The tourism and hospitality industry termed the budget as disappointing. According to D.V. Manohar, chairperson of the Shri Shakti Group, an important sector providing huge employment opportunities had been neglected.

Leading healthcare provider Apollo Group welcomed Chidambaram's stress on communicable diseases like HIV, tuberculosis and malaria saying this would help in reducing the disease burden in

the lower socio-economic groups.

The budget states that 'major emphasis' would be put on the prevention and treatment of communicable diseases such as tuberculosis and malaria. The finance minister has also vowed to bring HIV/AIDS 'out of the closet' and promised 'bold and determined efforts to achieve zero-level growth of the disease'.

'There is a mention about health insurance in the budget (health insurance for the unorganised sector like weavers and tax exemption for health insurance premium up to Rs.15,000) but this is inadequate and a significant distance away from the ultimate goal of mandatory health insurance,' said K. Hari Prasad, CEO, Apollo Hospitals.

He said reduction in customs duty from 12.5 percent to 7.5 percent on medical equipment and removal of service tax on clinical trials would have a positive impact on the healthcare sector.

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