

# A mixed bag, says TN Inc

■ State companies feel Budget is on expected lines

Sajan C Kumar  
Chennai, Mar 18

Tamil Nadu Inc has evoked mixed response at Union finance minister Pranab Mukherjee's Budget. The state's corporates were of the view that the Budget was on expected lines, considering the current economic environment, it would have been good, had there been more sops for the industries.

Chairman of Confederation Indian Industry (CII) Southern Region TT Ashok said the Budget was well on the expected lines, positive, realistic and focused on domestic demand driven growth. He said more can be expected from the direct taxes code and GST and from the whole pile of schemes for the capital market. About the hike in excise duty, he said, "we would have been happy with the existing rates".

Venu Srinivasan, chairman and managing director of TVS Motors said the Budget was pragmatic, positive and would ensure over 7% growth. "We wish there was a greater push on the manufacturing sector," he said.

Preetha Reddy, the managing director, Apollo Hospitals Enterprises, said the ₹5,000 tax exemption for preventive health check-up and the focus on good drinking water were positive steps with long-term benefits.

K Raghavendra Rao, chairman and managing director, Orchid Chemicals and Pharmaceuticals, said the incentive for research and development should have been extended to all areas of R&D.

Anand Sundaresan, MD of Schwing Stetter & CII chairman, Chennai Zone said, "The increase in service tax and excise duty from 10% to 12% was expected and didn't come as a surprise. There are lot of positive points to boost the

## Royalty tax to make software packages more expensive

**Bangalore, Mar 18:** The software packages could become costlier by 10-20% with the Union Budget proposing to bring them under the purview of royalty. That would attract a withholding tax anywhere in the range of 10-20%. Added to this, the proposed change in regulation has been done with retrospective effect going back all the way to 1976.

Ganesh Raju, Executive Director, Tax and Regulatory Services, PricewaterhouseCoopers said that so far the sale of software package was treated as a licence and not as transfer of knowledge which translates into royalty.

Guruswamy Ganesh, Country Manager, Freescale Semiconductor India said, "This (APA) would provide an opportunity to resolve potential transfer pricing issues in a spirit of mutual agreement and cooperation rather than the adversarial litigation environment." *fe Bureau*

infrastructure industry.

Srinivas Acharya, MD, Sundaram BNP Paribas Home Finance said there were a couple of positives for the housing finance sector: NHB has been allowed to float tax free bonds up to a limit of ₹5,000 crore. This is likely to increase the funding source for us at lower rates of interest.

R Sarabeswar, chairman and CEO, Consolidated Construction Consortium Limited said, "In spite of remarkable introductory speech, in action, expectations not likely to be met. Of course ECB in low-cost housing and in certain areas may ease funds for infrastructure projects. Increase in Service Tax and Excise duty will set inflationary trend. Since there is no clear guidance about GST and DTC, it is disappointing."

Gopal Srinivasan, chairman and MD of TVS Capital said the Budget has removed the restriction permitting pass through benefits for income tax purposes to venture capital Funds to only nine specified sectors.

Rajamannar Ramaswamy, group managing director, Inno Group said, "Increase in central excise

duty from 10% to 12% and a similar increase in service tax from 10% to 12% will hit the common man badly as these will in turn increase the price of day to items and services".

NK Ranganth, the managing director, Grundfos Pumps India, said the efforts of the finance minister to look at clean drinking water was a positive step.

S Chandramohan, the chief financial officer, Tractors and Farm Equipment said the proposed state-run irrigation companies would be helpful for the agriculture sector.

Narayan Sethuram, managing director, WS Industries, while welcoming the thrust of the Budget on the power sector said that there was no mention about the import of power equipment and also about exports.

Mahavir Chand, managing director, GoDB Tech, said, "A status-quo Budget. Use of mobile technology to manage fertiliser movement and subsidy is a novel step and will act as catalyst for other M-governance projects. Service tax base widened and little relief for common man."

## Jaya: No bold measures, Budget disappoints

*fe Bureau*

**Chennai, Mar 18:** The Union Budget has demonstrated the continued policy paralysis gripping the UPA government, said Tamil Nadu chief minister J Jayalalitha. In a four-page detailed reaction to the Budget presented by finance minister Pranab Mukherjee, Jayalalitha said it did not provide any solutions to the problems crippling the economy.

The economy, she said, "calls for some bold measures to stem the price rise, build investor confidence, enhance the purchasing power of the common people and put the Indian economy back on track." The Budget has turned out to be 'business-as-usual' with some tinkering here and there with excise and customs duty, income tax, Jayalalitha said.

"The minor concessions in the higher slabs of income are negligible. The relief announced hardly compensates for the run-away inflation the country has been witnessing in the last few years. The small concessions do not really help even the middle class whose purchasing power has been eroded considerably. It has been acknowledged worldwide, including by the US that the rich need to be taxed more since they have the capacity to pay," she said.

Holding that there was no announcement to enable states directly raise resources to implement infrastructure projects, she said the Centre could have created an instrument for raising debt funds to provide support to such projects similar to the infrastructure debt fund to finance Central projects.