

POST-BUDGET 2007-08

Date Of Report: 28th February, 2007

TEXTILE

IMPACT - Positive

- The reduction in import duty on Man-made fibres is a positive as it will have an impact upon PSF & VSF prices.
- Man-made fibres in India are mostly sold at import parity prices, therefore any reduction in the import duty on them has a direct impact upon domestic prices.
- Interest subsidy provided under the TUF scheme to be continued. Corpus size increased from Rs.535 crore in FY07 to Rs.911 crore. Textile companies that are into expansion mode, like RSWM, to benefit.

CEMENT

IMPACT - Negative

- Reduction in the rate of excise duty from Rs. 400 per metric tonne to Rs.350 per metric tonne on cement sold in retail at not more than Rs.190 per bag and a rate of Rs. 600 per metric tonne on cement that has a higher MRP may lead to reduced profitability of the companies in spite of strong demand.

- Increase outlay for Bharat Nirman, Rural housing and roads is a positive as it will lead to increased demand of cement.

HEALTHCARE

IMPACT - Positive

- Increase emphasis on healthcare and immunization.
- Increased allocation for NRHM from Rs.8207 crore to Rs.9947 crore and NACP-III, starting in 2007-08, to undertake HIV / AIDS control programme; outlay earmarked to the tune of Rs.969 crore. A provision of Rs.1290 crore in 2007-2008 for Polio eradication.
- Peak customs duty on chemicals reduced from 12.5% to 7.5% will be a positive for companies engaged in APIs business.
- 150% weighted average tax deduction for R&D expenses extended for 5 years, will help research - based pharma companies.
- Clinical trials exempted from the service tax net, a major positive for the companies undertaking research and CROs.
- Medical insurance deduction u/s 80DD increased to Rs.15000 will result in greater population seeking such insurance policies.

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