



## *From President Desk*

**Dear FAPCCIATES,**

Extraordinary times such as the present global meltdown and the deepening recession and consequent slowdown in Indian economic growth coupled with high unemployment and increasing fiscal deficits, demand extraordinary strategies and practical solutions. The run up to the Union Budget 2009 has been full of anticipation and high expectations from various sections of people. These expectations turned out to be disappointing and not so encouraging as the budget proposals were unfolded on the 6<sup>th</sup> of July and this was quite evident from the way the stock market crashed. There have been varied opinions on the budget as a whole, ranging from “very good and balanced budget” to “disappointing”, and a “missed opportunity”. Suffice it to say that nothing substantial by way of financial sector reforms or on the taxation front has been addressed.

A predominant feature of the budget is the adherence to Keynesian principles of spurring the demand, wherein greater outlay of Rs.68,000 crores has been allocated for the rural and social sector spending towards inclusive growth. The greater allocation to the infrastructure sector by about 23% over the last budget is a positive indication to spur the growth. Many critics have been vocal in saying that greater social sector allocation through NREGA may spur demand some what but might adversely affect the availability of farm labour and even to the infrastructure sector too, because of the mindset of the rural population to relocate and on account of the financial benefits of the scheme. Further, effective implementation and the benefits of the scheme are debatable.

Overall, the increase in fiscal deficit to 6.8% and non adherence to FRBM targets is of greater concern to all of us. The increasing revenue deficit is also a matter of great concern. Large scale borrowing by the Government may adversely affect the private sector investment and may further harden the lending by Banks to the SME sector.

We conducted Pre-Budget Round Table Conference and Post-Budget Conference. Both the meetings were well received by the public and the media. We are also coming up with a

post budget memorandum after considerable deliberations. Let us hope that eventually, necessary corrective measures would be taken to make the Budget more industry friendly.

We have received a high level delegation from Israel on June 28, 2009 and concluded a MoU with them in the presence of Sri A.R. Sukumar, IAS. Commissioner, Food Processing and Commissioner & Director of Agricultural Marketing.

On July 16, 2009 another high level delegation comprising of two Ministers and a MLA from Manitoba, Canada interacted with us. The deliberations resulted in signing of the MoU in the presence of Sri K. Lakshminarayana, Hon'ble Minister for Major Industries, Commerce & Export Promotion, Food Processing, and other senior Government officials. Signing of MoUs, as you are aware is just the beginning of a business relationship and we have to put in concerted efforts to make them work to our mutual advantage.

I had the opportunity to presiding over the installation of newly elected body of the Nizamabad Chambers of Commerce & Industry on July 18, 2009 which was attended by Sri D. Srinivas, President, A.P. Congress Committee, Sri D. Sridhar Babu, Hon'ble Minister for Higher Education and Sri P. Sudershan Reddy, Hon'ble Minister for Medical Education, MPs and other dignitaries. We are planning to spread the FAPCCI activities to other important centers in Andhra Pradesh to increase our interaction and reach out to our fraternity across the State.

A presentation meeting on India International Trade Fair, (November 14<sup>th</sup> to 27<sup>th</sup> 2009) at New Delhi and India Show, Dubai (UAE) (January 12<sup>th</sup> to 16<sup>th</sup>, 2010) in association with India Trade Promotion Organisation (ITPO) was held at FAPCCI on July 23, 2009. The meeting was attended by Sri Rajiv Yadav, IAS., Executive Director, ITPO, Dr P.V. Ramesh, IAS., Commissioner of Industries, Government of Andhra Pradesh, Sri G. Ravi Kumar, IRTS., CMD, A.P. Trade Promotion Corporation, and Sri Naseem Ishaque, General Manager, ITPO. FAPCCI agreed to closely work with ITPO and A.P. Trade Promotion Corporation to promote industrial participation in these fairs.

We look forward to the newly constituted sub-committees of FAPCCI coming up with good initiatives and spirited teamwork to further the cause of trade, industry and commerce.

**K. Harishchandra Prasad**