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Financial Express

Roll backs service tax on health check: Industry

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■ Industry chambers join medicos, write letter to FM seeking tax review

Soma Das
New Delhi, Mar 6:

INDUSTRY chambers like CII and Ficci have raised their pitch urging the government to roll back the 5% service tax that the Budget 2011-12 proposes to levy on treatment and health check-ups at air-conditioned private hospitals with over 25 beds and diagnostic labs. While Ficci has shot off a letter to the finance minister Pranab Mukherjee over the weekend seeking a reversal of the decision, CII officials told *FE* that they are in the process of drafting a letter with similar demands.

Another industry chamber Assocham may also follow suit. This comes after the finance ministry last week indicated that it was not averse to a discussion on the issue and review of service tax on health and diagnostic check ups. Ficci in its appeal to the finance minister argues that the government's belief that the levy of this new service tax on health and diagnostic check ups would only impact 'high end treatments' in urban areas is misplaced.

"Today air-conditioning is an essential need and not a luxury in any hospital. This is substantiated by the NABH (a national accreditation granted to hospital) guidelines, which do not accredit hospitals without central air-conditioning in their facilities as split or window air-conditioning increases the risk of infection in the hospital. The service tax measure would deter hospitals from going for central air-conditioning which would increase the already high infection rates in most of India's hospitals. This could lead to mayhem in case of break out of an epidemic in the country," Ficci has said in a letter to the finance minister.

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The preventive check ups would be adversely hit and lives of rural populace will not remain untouched by the levies, the industry body submitted. "Most of the rural patients come to the tertiary care hospitals in the cities for treatment by mortgaging their personal assets. Any increase in healthcare costs, which is inevitable due to the new tax levy and would be passed on to the patients, will push them to the brink. This will add on to the 3.3% of India's population that gets pushed below poverty line due to the healthcare burden," Ficci has said in the letter to the finance minister.

The efforts of industry bodies supplements the larger pressure building in the medical fraternity against the tax with the finance ministry receiving several representations from individuals and groups seeking the roll back of the proposed tax.

The Indian Medical Association, in an open letter to Prime Minister Manmohan Singh termed it as "the modern day salt tax and the ill-health tax."

The Association urged Singh to withdraw the proposal of imposing service tax on hospitals and diagnostic services. Individually, healthcare industry captains, Devi Shetty of Narayana Hrudayalaya, Preetha Reddy of Apollo Hospitals, Shivinder Singh of Fortis Healthcare, Pervez Ahmed of Max Healthcare, Nagendra Swamy of Manipal Health Enterprises have called the imposition of such a tax a retrograde step asking the finance minister to revisit the issue.

Mandatory excise duty to hit garment industry

Kavitha Venkatraman

Chennai, Mar 6: The Budget 2011 has left the garment export industry under severe shock with the announcement that the optional excise duty regime has been converted into mandatory route at a unified rate of 10% for branded garments without Cenvat credit facility. This move would increase the transaction and administrative costs.

According to Premal Udani, chairman of Apparel Export Promotion Council, the excise duty on branded apparel was voluntary. The branded apparel manufacturer will have to mandatorily pay the excise duty of 10%.

A Sakthivel, president of the Tirupur Exporters Association emphasis that the mandatory duty should be applicable only to branded garments for domestic sales and exporting units should not be compelled to register with central excise department. Thulasidharan, chairman of the Southern India Mills Association feels the government could have implemented this exercise in stages to safeguard the interests of the industry.