

The Executive Director,  
Udyog Bandhu,  
12-C, Mall Avenue,  
Lucknow

**Subject: Rationalisation of VAT Rate on Handmade Paper product.**

Dear Sir,

The Department of Commercial Tax has been kind enough to accede to our request of accepting the case of "Hand Made Paper" for VAT rationalisation. But the products of Hand Made Paper have been left out.

The basis of our request had been that under U.P.T.T. these goods used to enjoy exemption under Khadi- Gramodyog. But under VAT the scheme of K.V.I.C has been done away with. The business has not come up to the level that it may bear the burden of Tax. Under VAT we will not be able to get I.T.C. for Hand Made Paper product due to Raw Material i.e. Hand Made Paper will not be eligible for I.T.C due to its classification. Therefore this will create hardships for the under developed home industry to flourish consequently the impact of Govt. relaxation of Tax on Hand Made Paper will offset the advantage due to its non-eligibility for I.T.C. The scheme of K.V.I.C envisaged this background & exempted both Paper & Products. If this concession is denied the under developed industry will not be able to recover & may become extinct.

Therefore it is requested that Hand Made Paper products may kindly be classified in schedule-I @ 0% & help the under developed to recover.

Thanking you,

Yours truly,

D.S. Verma  
Executive Director