

Shri Navneet Sehgal,  
Chairman  
UPPCL,  
Shakti Bhawan, Lucknow

**Subject: Lowering down of VAT Rates of Electrical goods mainly used by UPPCL.**

Sir,

IIA had been requesting the Commercial Tax Deptt to lower down the Rates on Electrical goods which are usually non-consumer goods & mainly or say in bulk used by UPPCL but so far the woes of U.P. Manufactures have not been taken into account so far. This proposal was submitted with twin objective of making industries in U.P competitive and reducing the tax burden on UPPCL.

While we were striving to get such rates reduced the Govt of U.P. issued Notification No. 1283 dated 13/07/06 (Copy enclosed at **Annexure-I**). This Notification manifestly helped the Ex. U.P. players and ruined U.P. manufacturers as rates for Ex. .P goods were 0% & U.P. goods were taxable exceeding 10%. During a period stretched to two years the U.P players were rendered Non-participants in these bids & the tenders wee taken control by the Ex-U.P manufacturers. Since then U.P industry met a serve slump as this trade/Manufacturer was fed by UPPCL.

While U.P. manufacturers were attempting to recover that VAT was imposed w.e.f. 1/01/08 & these goods with great difficulty could be brought to 4% VAT Rates. But then C.S.T. Rates came down to 3% & them to 2%. Under the present status of 4% VAT Rates, U.P manufacturing units were striving to reconcile that w.e.f 30.09.08 vide Notification 2758/29.09.08 the tax on Electrical goods has been raised to 12.5 whereas the Ex. U.P. C.S.T. Rate is only 2% making room for Ex. U.P manufacturers to defeat us in the long drawn war for survival of the industries.

In the above context it is also worth mention that if the rates continue to be 12.5% in U.P. the UPPCL will have to bear a heavier burden of 8.5% which in turn will tell upon the "Utility service to get more costlier". Thus it will be the govt or the Power Corporation to suffer the heavier burden either way.

Thus U.P manufacturers will not be able to sustain this impetus as they are reeling under the heavy financial stress for the least two years or more. Many units have been closed down & others are deciding to leave the scene. Thus industry will get severe below instead of protection-Pat.

IIA has worked out the list of such items which were declared 0% for Ex-UPians during R.G.G.V.Y and are taxed at 12.5% at present. A copy of the same is enclosed at **Annexure-II**.

It is therefore requested that your goodself will act as a patron of UPPCL interests as well as protector of U.P Industry & recommend the Rates of goods as shown in **Annex-II** at 4% under VAT schedule.

Thanking you,

Yours truly,

Anil Gupta  
Sr. Vice President

Copy to – Additional Managing Director, UPPCL,

Anil Gupta