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Secretariat Annexe, Lucknow

Subject: Waiver and Reduction of UPSIDC Transfer Levy.

Dear Sir,

We wish to draw your kind attention on the subject. At Present UPSIDC charges 15% transfer levy on resale of plots. This is very exorbitant. For further industrialisation of state, this transfer levy needs to be reduced. Mentioned below are rates of transfer charges levied by State Industrial Development Corporations of other States.

- (1) Uttranchal 0%
- (2) Harayana 2-3%
- (3) Punjab 3%
- (4) Himachal 10% of original rate(average 1-3 % today's rate)
- (5) MP 0% on sale by any Bank/FI/BIFR/Official Lieqidator/Courts
- (6) Maharashtra 1-3%
- (7) Gujrat 10% GUT full refund on commencement of production.
- (8) Andhra Pradesh-As above-
- (9) Kerala 1.5 – 2%
- (10) Rajasthan 2%

The above rates are for open plots and subsequent discount is given on covered areas; like UPSIDC.

This matter, of rate of transfer levy has been discussed with UPSIDC at various forums. Their contentions is that transfer levy is charged to discourage speculation in plots trading. On the contrary, this rate of transfer levy is hurting only genuine entrepreneurs who are in majority, compared to minority speculators. Despite transfer levy, speculators can still take benefit, like, 0% transfer levy on company transfers, company demegers etc.

It would not be out of place to mention that Hon'ble High Court Allahabad have given many decisions against transfer levy, terming it "having no statutory basis and beyond the terms of lease deed." UPSIDC have gone on appeal in Supreme Court, which is ironically against interest of industries.

You will realize that land is a scarce commodity and new buyer of industrial plot needs to be encouraged at lowest cost. The above survey clearly shows that industrialised states have kept their costs and levies to bare minimum.

Process of deblocking of sick industrial assets should be incentivised rather than taxed/levied upon. We therefore suggest the following for UPSIDC.

- (1) No transfer levy is charged in cases of units taken over, under section - 29(SFC Act), by State Financial Institutions. This facility should be extended to all Banks/Fis/BIFR/Official Liquidators, Courts etc.
- (2) Direct sale purchase cases, other than above, may be charged @ 2%.
- (3) On commencement of production the charged transfer levy should be refunded.
- (4) Samadhan Yojana should be announced to encourage disposal of pending cases.

UPSIDC is for promotion of industries rather than profiteering by trading of assets. We solicit your support and intervention in this matter, which will certainly help industrialisation in the State.

Yours truly

D.S. Verma

Executive Director