

Ref No. 2bII/7253

2 April 2008

Shri Govindan Nair, I.A.S,
Principal Secretary,
Commercial Tax
Govt of U.P.
Lucknow

Subject :- VAT Rates of Adhesives to be rationalized. .

Dear Sir,

IIA had requested your good self through its letter No. 2bII/7120 dt 9 Jan.08 & 2bII/7231 dt 12 March 08 to consider. Taxability of Adhesive including Rubber based Adhesives @4% as the same is essentially required as “Input” in the process of many a big Industries.

The main contention of the Association was that discrepancies in various States as well as the CST Rates brought down to 3% & now 2%. This is so injurious to the health & growth of U.P. Industries as the same will endanger the very existence of U.P Industries. To plug up the lacunae the U.P.T.T. had provided for concessional rates under section 4-B. Which has since been withdrawn under VAT System, Now the Industries requiring the Inputs as are costlier under VAT in U.P will automatically opt for their purchase from outside the State of U.P against form “c”. To cope up with this flaw Uttrakhand has resorted to provision of 4-B under VAT too.

Under these circumstances U.P. Industries will face tremendous challenge from neighbouring States & the higher rates of VAT in U.P are likely to bring the doom of Home Industry.

It is therefore requested that your goodself may very kindly consider:-

- (1) Adhesive including Rubber based for Input @4% & save the Industry from extinction or
- (2) Introduce same provisions like U.P.T.T section 4-B and adopted by Uttrakhand under VAT to protect & safeguard U.P Industries.

Thanking you,

Yours truly,

D.S. Verma
Executive Director