

- **Taxability of Cotton & Cotton yarn.**

Ref No. 2bII/7100

22 December 2007

Shri Sunil Kumar, I.A.S,  
Commissioner Trade Tax, U.P.  
Trade Tax, Vibhuti Khand, Gomtinagar,  
Lucknow

**Subject: Taxability of Cotton & Cotton yarn.**

Sir,

U.P. State is devoid of the "Cotton" Crops & imports the same from other States, which are "Cotton" growing States, e.g. Maharastra, Haryana & Punjab by paying C.S.T as well as incurring heavy expenses on its transport under strict "loading Code" (Not exceeding 10 Tonnes). Other States sell the same on cheaper prices without incurring expenses & C.S.T. As such they are in a position to produce yarn at cheaper Rates vis-à-vis our state and the product of cotton get more cheaper.

We are in the state loss in competitive fields & our Small Scale Industries as well as Spinning Mills find it hard to manage a market because of 4% Tax on cotton & 4% on yarn.

We are thankful to your goodness for allowing "Cotton Yarn in 'hanks" at 0%.

It is requested to have a sympathetic look to this Industry & allow it to flourish in competitive market by declaring all kind of Cotton & Silk yarn" in the 0 % Tax schedule. Many weavers & Mills suffering the impetus of Competition will get a new lease of life thereby.

Thanking you,

Yours truly,

D.S. Verma  
Executive Director