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Sent: 10 May 2012 11:11
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Subject: Request letter for increase in Exemption limit for footwear in Delhi VAT.
Attachments: Request for increase in Exemption limit for footwear in Delhi VAT..doc

Honourable Chief Minister Ji,

Please find the Request letter for increase in Exemption limit for footwear in Delhi VAT, enclosed by attachment.

Thanking You

Warm Regards,

ASHUTOSH YADAV

Office Secretary

Udyog Nagar Factory Owners Association (Regd.)

contact:-7428756264/25181237

Director (Plg.) MPR/TC,
 D.D.A. Vikas Nagar N. DELHI-2
 Dy.No. 3316
 Dated 21/5/12

Handwritten signature
 21/5
 AD(P)I



CAMS/2012

8th May, 2012

To,

Honourable Smt. Sheela Dikshit Ji,
 Chief Minister of Delhi
 Level – 3, A – Wing,
 Delhi Secretariat,
 New Delhi – 110002

Subject: Request for increase in Exemption limit in Delhi VAT on non leather footwear from Rs. 300/- to Rs. 500/-.

Honourable Chief Minister Ji,

Our Delhi Government is allowing exemption in VAT for footwear upto MRP Rs. 300/-. This exemption was increased **EIGHT YEARS** back. In relation to the price index this MRP of Rs. 300/- should be increased, as has been done by our Hon'ble Finance Minister Sh. Pranabh Mukherjee in the recent Union Budget.

We are reproducing the Central Budget Notification 2012-2013.

The exemption limit available to non-leather footwear is being increased to MRP Rs. 500. For footwear exceeding Rs. 500/-, the applicable duty would be 12%. [S. No. 180 of notification No. 12/2012-CE dated 17-03-2012 refers].

This exemption shall apply only to such footwear on which the retail sale price is indelibly marked or embossed on the footwear itself.

Exemption limit on footwear is being enhanced from Rs. 250/- per pair to Rs. 500/- per pair. Footwear above Rs. 500/- per pair would attract excise duty of 12%.

Further the neighborly State of Rajasthan also allows exemption in VAT for footwear upto MRP Rs. 500/-. The same is being reproduced below:

SCHEDULE – 1

[See Sub-Section (1) of Section 8]
 Goods Exempt from Tax

All kinds of footwear (excluding footwear made of leather) having maximum retail price less than Rs. 500/- per pair and deshi Juthiyan.	w.e.f. 23-03-2011
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Even Arunachal Pradesh has recently increased the limit on exemption on footwear.

Raising the exemption in VAT on upto MRP upto Rs. 500/- will add to the revenue of Delhi since the VAT will be paid on all the inputs.

Delhi is leading State of Manufacturing non leather footwear in India. This provides employment to woman folk, artisans and to the economical weaker section of the society.

Further this category of footwear is worn by the common man and this step will make the product more affordable to the masses.

Increasing the exemption limit on footwear upto Rs. 500/- will help in reducing the prices of footwear for mass consumption for every one. Footwear is used by children, women, men that is every one. Reduction in Prices of this category of footwear shall help the State Government in providing affordable footwear to common man.

The exemption given by the Central Government on Footwear upto Rs. 500/- as being guided by the recommendation given by the Counsel for Leather Exports.



Council for Leather Exports
(Sponsored by Ministry of Commerce & Industry, Government of India)



Sanjay Kumar
Regional Director - North

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Presently the list of major Exporting Countries of non leather footwear is given below:-

(Value in Million US Dollar)

	2005	2006	2007	2008	2009
China	10375.54	12245.43	14621.51	18306.80	18222.66
Italy	1721.15	1927.18	2224.31	2347.53	1929.28
Belgium	1546.69	1535.82	1564.65	1712.29	1683.54
Hong Kong	2092.22	1941.02	1908.70	1766.90	1449.17
Germany	652.27	758.22	957.25	1197.80	1188.85
Netherlands	453.24	466.64	603.38	840.05	921.84
Spain	552.59	583.30	693.81	847.47	847.49
France	543.59	591.77	759.21	861.08	779.96

China is having 72% share in Global Export on Footwear whereas India is stand at 0.13%.

There Projected growth in Footwear Exports from 1732 crore to 7100 million US Dollar.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Footwear	1732.04	2200	2800	3500	4200	5200	7100

Accordingly, India's export of Footwear is envisaged to touch US Dollar 7100 million by 2016-2017 at a compounded growth rate of 26.50%.

We request you that the Central Government has promoted this Footwear Industries, if Delhi Government extends the exemption on Footwear on similar guidelines. The growth in VAT collection through VAT on input of raw materials be increase. Sales of footwear above Rs. 500/- will give annual growth accordingly, India's export of Footwear is envisaged to touch US Dollar 7100 million by 2016-17, at a compounded annual growth rate of 29.50%.

Further more it will give relief to the weaker section of the society to have affordable footwear. Moreover it will also provide incentive to the backward section of the society manufacturing footwear.

Presently Delhi is the largest producing state of Non Leather Footwear in India.

Since earlier when the exemption in Central Excise was Rs. 250/- for Footwear in Delhi Government in Uttaranchal, U.P. was allowing Exemption on Footwear upto Rs. 300/- whereas Rajasthan Government was exempting footwear upto Rs. 500/-.

LOOKING AT THE ABOVE FACTS WE REQUEST YOU TO PLEASE PROVIDE RELIEF BY INCREASING THE EXEMPTION LIMIT OF MRP TO RS. 750/- FOR FOOTWEAR IN DELHI VAT IN COMING DELHI BUDGET.

Thanking You

Yours truly,

For *Confederation of All India Micro & Small Scale Industries*

VINOD BANSAL

Joint Secretary

C C Copies to:-

1. Shri Vijay Bahuguna Ji – Hon'ble Chief Minister of Uttrakhand
2. Shri Harish Chandra Durgapal Ji – Hon'ble Minister of Small Scale Industries.
3. Smt. Dr. Indira Hridayesh Ji – Hon'ble Minister of Finance
4. Shri Subhash Kumar Ji – Hon'ble Chief Secretary of Uttarakhand
5. Hon'ble Tax Commissioner Ji – Commercial Tax Headquarter
6. Shri Akhilesh Yadav Ji – Hon'ble Chief Minister of Uttar Pradesh
7. Shri Anoop Mishra Ji – Hon'ble Chief Secretary
8. Smt Sheela Dikshit Ji- Hon'ble Chief Minister of Delhi.
9. Shri Arvinder Singh Lovely Ji – Hon'ble Minister of Education, Transport, Gurudwara, Election and Administration.

P.T.O.

10. Shri Harun Yusuf Ji – Hon'ble Minister of Power, Food, civil Supplies and Development.
11. Shri Dr. A. K. Walia Ji – Hon'ble Minister of Health and Family welfare, Urban Department, Revenue and Irrigation and Flood.
12. Smt. Dr. Kiran Walia Ji – Hon'ble Minister of Social, welfare and Woman and Child Department and languages.
13. Shri Ramakant Goswami Ji – Hon'ble Minister of Industries, Labour and Elections.
14. Shri Ajay Maken Ji – Hon'ble Member of Parliament, (New Delhi).
15. Shri Sandeep Dikshit Ji – Hon'ble Member of Parliament, (New Delhi).
16. Shri Mahabal Mishra Ji – Hon'ble Member of Parliament, (New Delhi).
17. Smt. Krishna Tirath Ji – Hon'able Member of Parliament, (New Delhi).
18. Shri Jai Prakash Aggarwal Ji – Hon'ble Member of Parliament, (New Delhi).
19. Shri Kapil Sibbal Ji – Hon'ble Member of Parliament, (New Delhi).
20. Shri Ramesh Kumar Ji – Hon'ble Member of Parliament, (New Delhi).
21. Shri Rajender Kumar Ji – Commissioner (Department of Trade @ Taxes)
22. Shri U. K. Tyagi Ji – Joint Commissioner (Policy)