INDIRECT TAXATION POLICY ON SMALL SCALE INDUSTRIES: 
AN APPRAISAL

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ABSTRACT

The Small Scale Industries in India have been playing a very significant role in the economic development of our country. Small Scale segment has emerged as a vibrant and dynamic segment in terms of their contribution towards providing large scale employment in non-agricultural industries which are mainly labour-intensive, effective utilization of indigenous resources, accelerating the rate of production and exports. Fiscal concessions by way of lowering excise duties (presently termed as CENVAT) and other form of taxes are meant to support the SSIs to take care of the cost disadvantages arising from non economies of scale. In addition to tax concessions, supports are also given in various other forms such as concessional credit, capital subsidy and rebate on sale of products and so on. In view of their potential for generating employment and developing indigenous industries for picking up the pace of the rural economy, many fiscal measures as well as incentives have been provided by Government of India for development of Small Scale Industries from time to time.

The objective of this paper is to analyze the Regulatory Framework and mechanism for SSIs operating in India. The other objective is to spell out and analyze the provisions under CENVAT and other tax laws putting arguments in favour and against such provisions under fiscal laws. The study is based upon secondary sources of information collected from Annual Reports of MSME, SSIs, Laghu Udyog, and some important books, journals, etc. are being consulted for interpretations and conclusions. The study is basically analytical in nature where the researcher has used the information already available and analyzed these to make a critical evaluation.

KEY WORDS: Regulatory Framework, SSI, Fiscal Laws, CENVAT.

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