

**Relevant Recommendations culled out from the Report of the Working
Group on Cement Industry for XII Five Year Plan (2012-17)**

Ministry of Finance

19. a Fiscal support to housing and roads could accelerate the demand for cement quite substantially. Given the housing shortages in rural and urban areas and given the increase in the cost of affordable house income tax relief for the interest paid on the house building loans may be extended from Rs 1.5 lakh to Rs. 4 lakh per annum.

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20. a Cement is highly taxed commodity in India. The overall rate of tax on cement was estimated to 30% compared to 19% in China and almost negligible in Thailand. Therefore tax burden on cement industry be lowered suitably.
- b Excise duty on cement is currently being levied at mixed rates i.e. ad-valorem (on transaction value) plus specific (specific rate to be charged on the basis of MRP).
- c Levy of Excise Duty on Cement should be simplified i.e. specific rate or as a per cent to Retail Sale Price with suitable abatement as is available in other commodities.
- d There is no import duty for import of Cement into the country. This tax anomaly puts domestic manufacturers at a disadvantage. Thus such differences in tax treatment need to be removed to offer a level playing field to domestic production vis-à-vis imports. The import of cement should also be with a duty of 5 per cent along with the applicable CVD.

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46. To encourage cement industry and bring it at par with other core and infrastructure industries, it is necessary to rationalize the excise duty rate from 10% to 6 - 8%.
47. Two major materials needed for construction of any infrastructure are Cement and Steel. However, the rate of VAT charged on Cement and Steel differs vastly. While VAT on Steel is only 4%, it is charged @ 12.5% even up to 15% in some of the States on Cement and Clinker.

48. Current rate of VAT on cement and clinker, be brought in line with similar important construction material like Steel at 4%. This would make cement more affordable
49. Import Duty on Coal, Pet Coke and Gypsum be abolished to be in line with the established principle that “Import Duty on Inputs should not be higher than on the finished product.” Further it is also recommended that Cenvat Credit be allowed on Clean Energy Cess.
50. Electricity Duty & Water Cess be withdrawn.

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17. b The royalty paid on lime stone should be neutralized for export of cement. This is consistent with the approach that domestic taxes are not exported.

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