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1) The cess initially called “Clean Energy Cess” and “Clean Environment Cess”, with the roll out of the GST in India in July 2017, the Clean Energy Cess was abolished by the Taxation Laws Amendment Act, 2017. A new cess on coal, called the GST Compensation Cess, was put in its place at the same rate of INR 400 per tonne.

The purpose was to mobilize funds for supporting renewable energy through the NCEEF (National Clean Energy & Environment Fund). In FY 2015/16, only 24 per cent of the coal cess receipts went to the NCEEF and were redirected to support clean energy and other environment projects

Since introduction, the coal cess has been increased three times, from INR 50 per tonne in 2010 to INR 200 per tonne in March 2015 to INR 400 per tonne in March 2016. Clean energy cess was initially introduced to support renewable energy technologies; however, large-scale and solar renewable energy reached grid parity costs in India, meaning that these were competitive without subsidies. Therefore, if the coal cess may be abolished now or levied at lower rates or if at all the end users have to pay the coal cess then it should be MODVAT able. Superior quality coal should get benefit over inferior quality coal in terms of levy of coal cess. Since there is already a GST cess on coal, set off may be allowed against IGST.

The Steel & sponge iron industry has witnessed significant rise in production costs due to upward pressure on raw material costs due to levy of coal cess. Electricity tariffs of power generation companies as well as cost of production of power at captive plants are also increasing since introduction of coal cess. The raw material price in the Steel Supply is very competitive and it is very important.

2) The Government should work very actively on creating the infrastructure for smooth supplies of materials via port, railways, and roads. Cost of logistics is also very significant and important part in overall cost for the steel industry.

Break-up of the port logistics cost includes Port statutory charges, Storage charges, Stevedore charges, shipping line charges, Railway freight, detention & demurrage due to port congestions. The average cost incurred by the industry on port logistics as a percentage of the total value of consignment is in the range of 15-25%.

Some of the key areas that need urgent attention include Parity in Port statutory charges, Regulation of Stevedore charges, Availability of Railway rakes & freight, Rationalisation of railway freight, Detention & demurrage due to port congestions, Poor Physical Infrastructure deepening of drafts of berths, deployment of additional shore mobile cranes; storage space and better connectivity from ports to Inland Container Depots (ICDs), amongst others. Infrastructure, both inside and outside ports needs to be upgraded, and the last mile connectivity provided should also be strengthened by improving road connectivity.

3) Indian economy is going through a difficult phase right now due to the current Industrial recession which has led to less spending by the Government. In this regard, the following things are suggested

i) The utmost need of the hour is proper distribution of the money in the system which can only come through development in the infrastructure projects where the funds can be spent across and will also create employment.

ii) Government should fix on the target of execution what has been planned through proper financial mechanism and are currently struggling for the same since the NBFC and Bank system are disturbed. All the target should be time bound

Abolition of GST Compensation Tax and Coal Cess

Actively creating the infrastructure for smooth supplies of materials via port, railways, and roads for the minerals & metal industries.

Bringing in parity in Port statutory charges, Regulation of Stevedore charges, Availability of Railway rakes & freight, Rationalization of railway freight, Detention & demurrage charges.

Increase in infrastructure projects expenses in a time bound manner to generate employment and income to boost the economy in general.