

Suggestions for Pre-Budget Memorandum 2021-22

The ICC National Expert Committee on Minerals & Metals was formed with a view to provide a platform to all the stakeholders of the sector and primarily focus on addressing key concerns through industry experts. The Expert Committee would like to make the following recommendations for the Pre Budget Memorandum 2021-22.

i) Exemption from import duties on coking /anthracite coal:

The Basic Customs Import Duty on Anthracite/Coking Coal is 2.5%. Since it plays a vital role in the manufacturing of Steel, it is necessary to make coking /anthracite coal available at international competitive price to make Indian steel mills more competitive.

It is therefore recommended that Customs duty on Anthracite/Coking Coal (CT27011100/27011910) as mentioned above to be reduced to NIL.

ii) Enhancement of export duty on pellets:

There is severe shortage of Iron Ore in the country due to various reasons, impacting the production of Steel in the country. This exemption from export duty on pellets is causing further shortage of iron ore in the country due to enhanced export of pellets.

Therefore, in order to conserve the iron ore / pellets for the domestic consumption, it is necessary that pellet exports are discouraged by imposing the same export duty as in case of iron ore i.e., 30% on the export of pellets having Fe Grade 60% or higher.

iii) Exemption from import duty on steel grade limestone and dolomite:

While cement grade limestone reserves are adequate, SMS, BF and Chemical grade limestone (required by the steel industry) are not adequate and occur in selective areas. Increase in steel production in the country, has led to rising demand for SMS and BF grade limestone. Therefore, the limestone imports have been increasing consistently.

So, it is requested to exempt the Customs Duty on the limestone (CTH 2521) and dolomite (CTH 2518) from 2.5% to NIL imported for Metallurgical use in line with similar imports from ASEAN countries, without any technical condition.

iv) Alignment of rate of GST on services provided by Govt.

Under the GST Tariff the activities of "Licensing services for right to use minerals including its exploration and evaluation" are classified as services under the SAC head 997337 and taxed at the rate of 18% (9%CGST+9%SGST) w.e.f. 01/01/2019 vide Notification 27/2018 dated 31/12/2018 which was earlier charged at the 'same rate as applicable to mineral involved' i.e. @5%. **In view of the above, it is suggested that the tax structure relating to supply of services by Govt. in respect of mines be aligned with the rate of services under SAC 997337 @5% which is applicable to ores instead of 18% at present.**