

Aluminium recyclers in doldrums as govt delays ₹5,000-crore refund

These units are dependent on imported scrap

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The small and medium aluminium recycling units are facing a huge cash crunch due to accumulation of over ₹5,000 crore duty paid on raw material import.

The secondary aluminium producers are entirely dependent on imported scrap for producing auto parts, deox used in steel plants and utensils.

Kishore Rajpurohit, Executive Committee Member, Metal Recycling Association of India, told *BusinessLine* that the import value of scrap is artificially marked up by the Customs Department while re-assessing the consignment based on the benchmark London Metal Ex-

change price for primary aluminium metal.

"If the import value of a container with 20 tonnes of scrap is priced at \$1,100, the Customs values it at \$1,400 for levying the import duty of 2.5 per cent. The value addition on the scrap itself is not more than \$200," he said.

The Customs authorities are using the 'alert' published by the Directorate General of Valuation in 2016 to reassess the value of imports higher, he added.

On top of this, he said under the GST rule commodity importer are eligible for refund on certain expenses if they export value added products, but the aluminium recycling industry has not received any refund on their exports in last six months.

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GST pain

Notwithstanding the raw material issue, the GST rate on both aluminium scrap and finished product has been fixed at 18 per cent. The industry has also urged the government to reduce the rate on raw material to



12 per cent. This will not lead to any revenue loss for the government as its income depends on the rate levied on the final product, said Rajpurohit.

So much for the government's 'Make in India' programme, duty-free import of aluminium alloys from ASEAN countries has increased significantly in last three years, while domestic manufacturers are made to pay 2.5 per cent import duty on aluminium scrap, the key raw material, said Rajpurohit.