

Budget Expectations from the Aluminium Industry

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We would like to share with you Indian Aluminium Industry's suggestions for the Union Budget 2021-22 as compiled by the Aluminium Association of India.

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As you know, India is one of the fastest growing economies and fastest emerging markets in the world and the Aluminium Industry plays a vital role in nation's economy and the country's vision for an Atmanirbhar Bharat. Aluminium is an essential commodity for various other industries / SMEs due to its critical role in diversified applications crucial for economy like energy security, national defence, infrastructure, electrification, aerospace, automobile, consumer durables, packaging etc.

However, the Indian Aluminium industry is going through a challenging phase and is under immense threat by rising imports, declining domestic market share, increasing production and logistics costs. These challenges have been further compounded by the COVID-19 pandemic which has adversely impacted the domestic demand for aluminium. At the same time, the industry is not able to compete effectively in the global markets as the burden of Central & State taxes & levies amounting to ~15% of Aluminium production cost puts the domestic industry in a significant disadvantage compared to its global peers.

In this context, the Indian Aluminium industry under representation from Aluminium Association of India urges the Union Government for support as per the attached recommendations for the Union Budget 2021-22. In summary are the 5 key recommendations for the Union Budget and 4 for the Railway Budget.

The below asks assume special importance as these are absolutely necessary to battle current challenges being faced by the industry in sustaining the share of the domestic aluminium demand, which is today being imploded with imported aluminium – both scrap aluminium and primary aluminium, as well as make Indian aluminium more competitive in the global markets to retain and boost exports.

1. Increasing the basic custom duty on Primary Aluminium and Aluminium Scrap to 10%.
2. Elimination of cess on coal (GST Compensation cess of Rs.400/MT) to support highly power intensive

industries like Aluminium.

3. Reduction in custom duty on critical raw materials for aluminium industry value chain- Calcined and Raw Petroleum Coke, Caustic Soda and Alumina.

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