

No cartelisation in cement sector: Vinita Singhania

CMA President insists pricing is market-driven

INTERVIEW

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Ms Vinita Singhania, Managing Director, JK Lakshmi Cement, became the first woman to take charge as the President of the Cement Manufacturers Association (CMA). She spoke to Business Line on the road ahead.

Excerpts from the interview:

What are your priorities as President of CMA?

My top priority would be to take up issues that are critical to the healthy growth of this sector with the decision-makers concerned in the Government. These mainly relate to the high tax incidence which, if resolved, can make cement more affordable to the common masses.

The total tax burden works out to about 60 per cent of the ex-factory realisation, which is the highest in any country in the Asia-Pacific region. The next highest is in Sri Lanka with 20 per cent.

We have already highlighted the need for lower excise duty, rationalisation of VAT (value-added tax) on a par



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of fly ash and railway wagons as well as associated issues on restoration of import duty on cement.

How do you see the demand-supply scenario panning out in the next six months?

Considerable capacities have been planned to match the needs of this commodity as envisaged by the Planning Commission's working group

current year till September, we have already achieved a growth rate of over 12 per cent.

With demand for cement slowing down, will sale of power become a new revenue stream for companies?

Cement companies have been increasing captive power capacity largely to reduce dependence on outsourced pow-

er cement sector?

I do not think the Government has, at any time, accused the industry of cartelisation. It has only requested the association, as and when the prices of cement (in their view) have gone up, to persuade companies to reduce the prices.

As is the case with any other commodity, cement prices are determined by market dynam-

manufactured products based only on the (manufacturing) cost. In some cases, the Centre levies excise duty on the retail price but abatement is given on the post-manufacturing expenses incurred up to the stage of retail sale. White cement, a similar product, too gets abatement.

It is unfortunate that in cement, though excise duty is charged on the retail price (since May 2007), no abatement is given. We are confident we can convince the Government on the genuineness of our demand.

Do you think the Centre will consider abolishing import duty on coal given the recent fall in prices?

The Government had discontinued import duty on cement in 2007 probably assuming that domestic output was not matching demand.

Even the countervailing duty and special additional duty on import duty were abolished. Fortunately, however, the CVD and SAD have since been re-imposed but the import duty continues to be zero.

Due to short supply of quality local coal, the cement industry has to depend on imported coal and petcoke. It