

# Secondary steel scrap recycling industry seeks rationalisation of GST structure

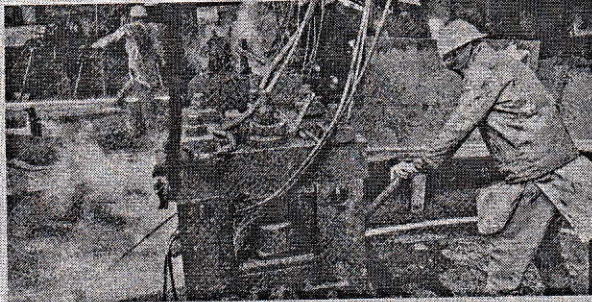
Our Bureau  
New Delhi

The All India Induction Furnaces Association (AIIFA), along with regional industry associations from across the country, on Thursday, requested the government to rationalise the GST structure on metal scraps which is a pressing issue for the iron and steel sector in India.

The induction furnace sector contributes around 35 per cent to the total steel production in India. According to associations, the scrap steel industry, which manufactures steel by recycling the steel scraps and passing them through the induction furnace route, sources its raw material from scrap dealers.

## UNDER SCRUTINY

The industry is under scrutiny as the scrap dealers have



**KEY CONTRIBUTOR.** The induction furnace sector contributes about 35 per cent to total steel production in India AFP

been found guilty of claiming fraudulent input tax credits. On one hand, while the input tax credit that is availed by the dealers is irregular, there is also an underpayment of tax. This eventually leads to revenue leakage for the government. While the government bodies have taken efforts to curb tax evasion on account of fraudulent input tax credits, their actions have

also created some practical challenges for the manufacturers, they added.

Sudhir Goyal, Member, All India Induction Furnaces Association (AIIFA), said, "I request the government to consider our recommendations for implementing 'reverse charges mechanism' (RCM) and introducing distinct HSN codes for the old and new scraps, and notify old scraps

under RCM on sales to manufacturers."

Mohinder Gupta, President of Induction Furnace Association, Mandi Gobindgarh, acknowledged that the government has been focusing on supporting business continuity and ease of doing business on an ongoing basis. However, the measures to tame the errant scrap dealers also impact the industry adversely, he said. The Council is scheduled to meet on February 18.

## 'WIN-WIN SITUATION'

Himachal Pradesh Steel Industries Association's President, Megh Raj Garg claimed, "this will be a win-win situation for both the government and the industry as it will reduce tax evasion from the government's standpoint and will go a long way in supporting the industry in these difficult times."