



Institute for Solid Waste Research & Ecological Balance (INSWAREB)

February 28, 2007

Mr P Chidambaram
Hon'ble Union Minister for Finance
Government of India
New Delhi 110 001

Dear Mr Chidambaram,

Sub: Union Budget for 2007-08: Waival of Excise Duty on fly ash bricks & Blocks

This has reference to your budget for 2007-08. Over the last one year, we made several representations to you for waival of excise duty on fly ash bricks. Unfortunately this has not bagged your due attention. We recall the justifications once again:

1. There is a need to put to use over 150 million tons of fly ash generated in various thermal plants and boilers.
2. So far over 10 million tons are used in cement and concrete industry and 10-12 million tons are used in brick and block industry. Thus there is over 120 million tons of fly ash as untapped potential.
3. Though there are over 6 billion fly ash bricks produced in the country, this is a decimal output when compared to the total demand of 360 billions at National level.
4. Tiny and small scale segment alone cannot produce enough to meet such massive demand. Please note, the production of fly ash brick needs the involvement of organized sector in comparison to that of clay bricks totally in informal sector. Thus there is a dire need to encourage the entry of Mid-Corporate sector for the production of fly ash bricks.
5. Imposition of 8% duty on fly ash bricks during last budget deterred the entry of these Mid-Corporates. Thus your ministry has contributed to enormous disservice to the promotion of fly ash utilization.
6. Fly ash bricks & blocks are the right products under Clean Development Mechanism (CDM), conserving energy, top soil and abating carbon emissions.
7. Fly ash utilization has a lot of spin off for pollution abatement and ecological welfare as explained below:



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- Production of each billion fly ash bricks conserves 200,000 tons of coal or equivalent fuel worth of Rs. 300 millions.
 - Production of each billion fly ash bricks conserves 3.5 million tons of topsoil for which no price can be fixed. It is the precious intangible wealth that takes centuries together for formation. Please note, it is the precious canvas for cultivation for the farmer for which you have exhorted so much in your budget.
 - Each billion fly ash bricks abate emission of approx. 350,000 tons of carbon dioxide worth of over US \$ 3.5 million dollars in international market.
8. Against all these benefits to the country, the revenue through excise duty that you aim to earn notionally would be just Rs. 160 millions. This revenue is notional because imposition of excise duty deterred the Mid-Corporates to enter this field and, thus, the exchequer can never earn this kitty.

But, by not tapping the potential of 100 billion fly ash bricks, you are making the country to lose 100 times to what we computed above. Please evaluate judiciously and do the needful in contributing your mite to the fly ash utilization program in India.

Thanking you and with kind regards,
Sincerely yours

Dr N Bhanumathidas
Director General

N Kalidas
Director

Copy to:

Dr Manmohan Singh
Hon'ble Prime Minister
Government of India, Delhi

Dr Pradipto Ghosh
Secretary
Ministry of Environment & Forests
Government of India, Delhi

Ms Gayathri Ramachandran
Special Chief Secretary and
Director General: EPTRI
Government of Andhra Pradesh, Hyderabad.

For kind information and necessary coordination.