

# Business Standard

## Higher mineral tax likely to pose a challenge to cement sector recovery

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A Supreme Court (SC) judgment in July 2024 is now impacting the cement industry. The SC ruled that state governments have the authority to levy taxes on mineral rights and mineral-bearing lands, in addition to collecting royalties. Following this, the Tamil Nadu (TN) government introduced the Tamil Nadu Mineral Bearing Land Tax Act, 2024. Under this Act, the state has imposed a levy of ₹160 per tonne on limestone with effect from February 20. This will impact cement companies that source limestone from TN, and if other states follow up with similar Acts, it could raise the costs for the cement industry.

Limestone is a key raw material for cement. It amounts to about 65 per cent of the total raw material cost. At present 20–22 per cent of total operating cost is raw material cost, while total operating cost is 80–85 per cent of sales.

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