



Central Board of Indirect Taxes & Customs

Department of Revenue, Ministry of Finance, Government of India



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Circular No. 368/1/98
dated 6/1/98

F.No. 126/2/97-CX.3

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs, New Delhi

Subject: Board's Circular No. 315/31/97-CX dated 23.5.97-Classification of "Ready Mix Concrete" - Reg.

Attention is invited to Board's Circular No. 315/31/97-CX dt. 23.5.97 regarding classification of Ready Mix Concrete. It has been brought to the notice of the Board that in some cases concrete mix manufactured at the site of construction is being denied exemption under S.No. 51 of Notification No. 4/97 dt. 1.3.97.

2. The Board has examined the issue of "RMC" afresh and finds that a clear distinction needs to be made between the two types - (a) concrete mix at site and (b) Ready Mix Concrete. The Ready Mix Concrete plant consists of stone crushers, conveyors, vibrator screen to segregate different sizes of stone aggregates, and a sand mill to produce sand from stones. A central batching plant is also installed in which all aggregates are weighed, batched by electrical controls and limit switches. Cement from silo is carried to the batching plant by a screw conveyor operated with automatic weighing gauges. Water is fed through flow meters after subjecting such water to chemical analysis. The mixture of stone aggregates, sand, cement and water is mixed in a mixer. The shelf life of the mixture so obtained is increased by addition of chemicals. This mix is loaded on a transit mixer mounted on truck chassis which is transported to the site of the customers and the same is discharged at site for use in further construction of building etc.

3. The qualities of Ready Mix concrete, are some what different to site mixed concrete. The final product Ready Mix Concrete is a material in plastic, wet process state and not a finished product like blocks or precast tiles or beams.

4. Ready Mix Concrete is thus an excisable product which has a separate tariff entry under sub-heading 3824.20 of the Central Excise Tariff Act, 1985. It is also known under the Indian Standard IS: 4926-1976, which for the purposes of that standard defines Ready Mix Concrete as concrete delivered at site or into the purchaser's vehicle in a plastic condition and requiring no further treatment before being placed in the position in which it is to stay and harden. Ready Mix Concrete attracts duty at the rate of 13% prior to 21.10.97. subsequent to 21.10.1997 vide Notification No. 65/97-CE dt. 21.10.97 the duty on Ready Mix Concrete classified under sub-heading 3824.20 has been reduced to 8%.

5. A doubt has been raised as to whether concrete mix manufactured at site using large mechanical devices is a form of ready mix concrete.

6. The matter has been examined and concrete mix implies the conventional method of concrete production conforming to the ISI Standard 456-1978, which is produced and used at the site of construction. It is this concrete mixture, manufactured at the site of construction which is fully exempt vide Notification No. 4/97-CE dt. 1.3.97(S.No. 51). It is thus clarified that ready mix concrete or pre-mixd concrete, by its very nature, cannot be manufactured at the site of construction and is brought from the factory of manufacturer for use in construction.

7. In view of the above and keeping in mind the distinction between Ready Mix Concrete and "Concrete Mix" it is clarified that Ready Mix Concrete is an excisable product classifiable under sub-heading 3824.20, chargeable to duty at the appropriate rate whereas "Concrete Mix" manufacturer at the site of construction for use in construction at such site, is fully exempt vide Notification No. 4/97-CE dt. 1.3.97-(S.No. 51).

8. All Pending disputes/ assessments on the issue may be settled in the light of these guidelines.

Sd/-
(Renu K. Jagdev)
Under Secretary to the Govt. of India

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