

# Cheaper Rubber Imports Likely to Last for a Month

Govt says the scheme hasn't found many takers, but consumer industries oppose the proposal

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The government is planning to do away with a concessional duty on rubber imports under the Tariff Rate Quota scheme from the next financial year. The scheme, launched in 2010-11, was extended up to March 31, 2012, to enable rubber companies complete their imports. "We are recommending to the finance ministry to discontinue this scheme from the next fiscal as imports have been recorded low. This scheme allows an annual import of 40,000 tonne at a 7.5% import duty. In 2010-11, the imports were around 3,500 tonne while in this fiscal, companies have completed only 20-25% of the stipulated quota," said an official of commerce ministry.

The rubber consumption body - Automotive Tyre Manufacturers Association - however said there was a need to extend the scheme for the next year as well. "Demand continues to outstrip production. We demand an enhancement in quantity to 1 lakh tonne and withdrawal of the import duty or further reduction to 5% from 7.5%," said ATMA director general Rajiv Budhraj. He claimed that tyre companies have completed 75% of their quota under the Tariff Rate Quota (TRQ) scheme despite delays and uncertainty on its continuation.



"Our members received Tariff Rate Quota licences for 33,700 tonne of which they have been able to ship close to 25,000 tonne. There was a little delay in processing import orders as the average international prices of rubber were higher than domestic prices. Imports even at lower duty were not viable in August and September. They became viable in the period from October to January when international prices dropped," he said.

All India Rubber Industries Association, another industry body, too advocated for a duty exemption on rubber im-

ports. "There is a gap of around 64,000 tonne between demand supply. The gap is likely to widen with demand expected to grow at 15% while there will hardly be any variation in production. Duty-free imports will balance the market," said its president Vinod Simon. However, government's rubber body Rubber Board says there will not be any shortage of natural rubber in the domestic market in 2012-2013. "The projected opening stock of natural rubber in April 2012 is 230,000 mt and rubber consumers could import more than 100,000 mt, ruling out any shortage," said Sheela Thomas, the board's chairman.