

Tyre makers to FinMin, don't hike rubber import duty

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Tyre makers have urged Finance Minister P. Chidambaram to maintain the current import duty structure on natural rubber imports.

Any hike in import duty on natural rubber will throttle growth of the consuming sector (tyre & non-tyre) in India, Anant Goenka, Chairman of Automotive Tyre Manufacturers' Association (ATMA), said in a letter to Chidambaram here.

ATMA represents tyre companies that account for 95 per cent of tyre industry in terms of tonnage and turnover.

Instead of clamping import restrictions on a key raw material (like natural rubber), the Government may consider encouraging natural rubber exports whenever domestic natural rubber prices are lower than international prices.

This representation by the

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- Govt may look at boosting rubber exports when domestic prices fall, says ATMA
- There is growing pressure on FinMin to hike specific duty component of import duty on natural rubber
- Current domestic rubber prices are largely in sync with global prices

tyre makers comes at a time when pressure is building on the Finance Ministry to hike the specific duty component of import duty on natural rubber.

Currently, import duty on natural rubber is pegged at 20 per cent or Rs 20 a kg, whichever is lower.

The Commerce Ministry is understood to have now recommended to the Finance Ministry that import duty on natural rubber be revised to Rs 34 per kg.

"We earnestly request that status quo be maintained on natural rubber duty and stake-

holder consultations be held prior to arriving at any decision on the issue," Goenka said in his letter to the Finance Minister.

ATMA said the proposed hike in natural rubber duty is unjustified and unwarranted on the grounds that there is a shortfall between domestic consumption and availability of natural rubber, making imports imperative.

Also, current domestic natural rubber prices are in line with prevailing international prices (the difference is about two per cent).



China has reduced customs duty on import of natural rubber from 7.5 per cent to 6 per cent with effect from January 1, 2013, thereby making imports even more competitive for the Chinese tyre manufacturers.

Also, lean production season in India commences from March-September during which natural rubber production drops significantly whereas consumption remains more or less the same, ATMA has said.

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