

Rubber industry seeks correction in inverted duty structure

VIJAY C ROY

Chandigarh, 23 February

The ₹76,000-crore domestic rubber industry, dominated by micro, small and medium enterprises (MSMEs), wants a correction in the inverted duty structure through lower import duties on raw materials and higher duties on import of finished rubber products.

Entrepreneurs are of the view the industry has huge potential for growth, and can play a leading role in the 'Make in India' initiative, provided this is done. The industry is cur-

rently growing at less than five per cent a year.

Industry executives say that finished products can currently be easily imported, as the import duty on rubber products is between zero and 10 per cent, while the duty on raw materials varies between five and 70 per cent. Moreover, some finished products can be imported at even less than 10 per cent, owing to various trade pacts that India has with other countries.

There are over 6,000 enterprises manufacturing rubber products in India, 90 per cent of which are MSMEs.

"India is deficient in both natural rubber and synthetic rubber production, so import of raw materials is inevitable. India levies among the highest duties on import of raw materials and among the lowest duties on import of finished rubber goods. Given Prime Minister Narendra Modi's emphasis on domestic manufacturing, it is critical that the inverted duty is corrected," said Mohinder Gupta, national president of the All India Rubber Industries Association (AIRIA).

AIRIA has stated that import duty on natural rubber

in China is 10 per cent, compared to 20 per cent, or ₹30 per kg in India. On natural rubber latex, import duty in India is 70 per cent but just 10 per cent in China. Similarly, in synthetic rubbers the import duty is 7.5 per cent in China, as against 10 per cent in India.

The import duty on finished rubber goods is lower in India. For instance, on tubes, pipes and hoses, the import duty in China is 10 per cent and above, while in India it is six per cent.

For the full report, visit
www.business-standard.com