

Rubber Trade Seeks Correction in Inverted Duty Structure

ENS Economic Bureau

Kochi: Over 6,000 small and medium rubber units scattered in different clusters across the country have sought a correction in the inverted duty structure in the upcoming Budget.

"India levies the highest duties on import of raw materials and one of the lowest duties on import of finished rubber goods. Given the Modi Government's emphasis on Make in India, it is important that the inverted duty structure is corrected. We are confident that the Finance Minister will take cognizance of the same in the Budget," said Mohinder Gupta, President of All India Rubber Industries Association (AIRIA).

Many small rubber goods manufacturers have turned into rubber goods traders as they find it difficult to compete with cheaper goods imported from China and other countries.

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— MOHINDER GUPTA, President, All India Rubber Industries Association

According to the association, the finished products can be easily imported as the import duty on rubber products is between zero to 10 per cent, while the duty on raw materials for rubber industry is between 5 to 70 per cent. For instance import duty on Natural Rubber in China is 10 per cent as against 20 per cent or ₹30 per kg in India. On Natural Rubber Latex, the import duty is 70 per cent in India while it is just 10 per cent in China. Similarly, in case

of Synthetic Rubbers the import duty is 7.5 per cent in China as against 10 per cent in India.

A survey by AIRIA last year showed that from 2,450 rubber products manufacturing units supposed to be existing, 990 units (40 per cent) had closed down in Punjab, Maharashtra, Kerala and Tamil Nadu during the last five years.

Imports of rubber products in India has gone up almost 100 per cent from ₹3,810 crore to ₹7,608 crore in three years between 2009-10 and 2012-13.

There is a lot of potential for growth of rubber manufacturing industry in India as the consumption of rubber in India is amongst the lowest in the world. As against per capita consumption of 5 kg in China and the world's average of 3 kg, in India the per capita rubber consumption is just 1.1 kg, AIRIA stated.