

Further cut in natural rubber import duty ruled out

Our Bureau

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The Centre has ruled out further reduction in import duty on natural rubber. Domestic tyre manufacturers had sought full customs duty exemption on natural rubber imports.

Since April 1 this year, natural rubber attracts basic customs duty of 20 per cent ad-valorem or Rs 20 a kilogram, whichever is lower. A further concessional rate of basic customs duty of 7.5 per cent ad-valorem has been provided to imports of natural rubber up to an aggregate quantity of 40,000 tonnes during financial year 2011-12. Natural rubber imports also attract special additional duty of 4 per cent ad-valorem.

"There is no proposal to carry out a further reduction in duty (import duty on natural rubber) at this stage," Mr S.S. Palanimanickam, Minister of State for Finance, said in a written reply to a Lok Sabha question.

ATMA REQUEST

The request for full exemption of customs duty on natural rubber had been made by the Automotive Tyre Manufacturers' Association (ATMA). Taking into account the interest of domestic growers, and the totality of factors, this request of ATMA has not been acceded to, the Minister said.

While the Centre had in July this year allowed imports of 40,000 tonnes of natural rubber at a concessional duty of 7.5 per cent for the current fiscal, a similar regime was allowed in December 2010 for last fiscal.

The move to allow imports at a lower duty followed demand from the user industry, particularly tyre manufacturers, who wanted the Centre to allow import of two lakh tonnes duty free. The Commerce Ministry had recommended allowing one-lakh tonnes duty free, but the Finance Ministry settled for 40,000 tonnes at concessional import duty of 7.5 per cent.

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