

Imported radials hurting domestic makers: JK Tyres

Dealers association seeks removal of anti-dumping duty

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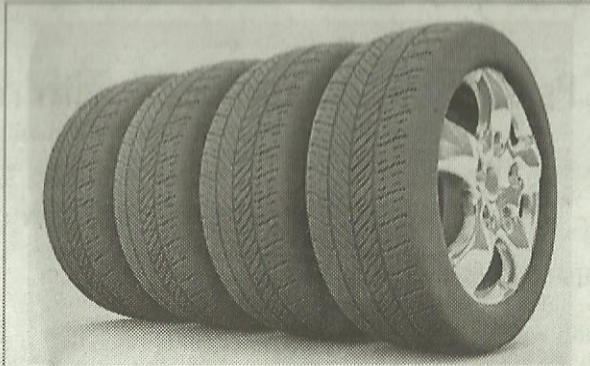
Chennai

THE influx of imported passenger car radials in the Indian market is an area of big concern for the domestic tyre makers, said a top official of JK Tyres, amid reports on fall in tyre imports due to depreciation of rupee over the past few weeks.

“Passenger car radials (PCRs) are imported in a big way and the imported volumes have increased substantially compared to the past numbers. Imported PCRs account for about 40 per cent (in terms of quantities) of replacement market. This is very high and these tyres are sourced in large number from China and Thailand,” said Dr Raghupati Singhania, VC & MD, JK Tyre and Industries.

The industry has been seeking a safeguard duty for PCRs as the imports are on the rise, he said, adding that the inverted duty structure wherein there is higher customs duty on import of the input material — natural rubber, than the finished products is causing damage to the industry.

Arun K Bajoria, president and director, JK Industries said the present duty for car radials is about 9.1 per cent. However, under the



Duty call

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Bangkok agreement, tyres can be imported at about 7.5 per cent duty. Import of tyres at this rate is causing huge damage to the domestic firms. Thus, there is a very fit case for anti dumping duty for import of car radials,” he added.

Stating that there is no shortfall in domestic supply, Singhania noted that the truck radial tyre imports have come down since the imposition of anti-dumping duty. According to estimates, imported truck tyres

stood at about 2.2 lakh units of total truck market size of 3.7 million tyres during the first quarter of present fiscal. During the second quarter, the imported truck radial volumes came down further to about 1.8 lakh units. The price difference between the imported tyre and domestically made tyre is estimated at about 15-20 per cent.

While the domestic tyre makers want dumping duty on car radial tyre imports, the All India Tyre Dealers'

Federation had urged the government to remove anti-dumping duty on truck and bus tyres (both radial and cross ply nylon fabric) stating that the depreciating rupee at 52.84 against the US dollar had caused a drastic drop in tyre imports, coupled with tariff and non-tariff barriers, high prices and shortage of various categories of tyres and tubes despite onset of traditionally low domestic demand winter seasons in the country.

However, Bajoria noted that there could be some fall in imports due to depreciation of rupee during November-December period. But, rupee started appreciating from mid-January and at the present level there will be unlikely fall in imports.

In the meanwhile, the company has commenced operations at its highly automated new tyre factory near Chennai that has come up at an investment of Rs 1,500 crore. It will initially have a capacity of 25 lakh passenger car radials and four lakh truck radials and will be ramped up to 50 lakh passenger car radials and six lakh truck and bus radials in six months.

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