Set right skewed duty structure, rubber industry body urges

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A skewed import duty structure that makes it cheaper to import finished products than raw materials has put the domestic rubber industry at a disadvantage, according to Vinod Simon, President, All India Rubber Industries Association.

Addressing the 60th annual general meeting of the association, he said the customs duty on input rubber is higher than on tyre and non-tyre rubber products.

Stretching producers: Rubber being tapped at a plantation near Kochi in Kerala (file photo).

VOLATILE PRICES

Domestic manufacturers are hit. The tariff on rubber products is about 10 per cent while on natural rubber it is 20 per cent though with a cap of Rs 20 a kg. On latex, it is 70 per cent with a cap of Rs 49 a kg.

Natural rubber prices have also been volatile, with prices hitting a high of Rs 258 a kg in April 2011, declining subsequently only to continue to rise again. These changes also hit the small manufacturers, he said.

The rubber products sector is a Rs 50,000-crore industry with the tyre segment accounting for Rs 30,000 crore comprising large players. The non-tyre segment is dominated by about 4,000 small-scale and tiny sector firms that account for the balance. There are 500 medium-sized players and about 60 large players.

Natural rubber production has increased by about 5 per cent to 9 lakh tonnes in 2011-12 against 8.60 lakh tonnes in the previous year. Imports were 2.13 lakh tonnes against 1.90 lakh tonnes in the previous year.

In 2011-12, exports of automobile tyres, tubes and rubber grew by 36 per cent to Rs 11,129 crore over the previous year's Rs 8,183 crore.

M.V. Subbiah, Chairman, National Skill Development Corporation, and the Chief Guest at the event, congratulated the rubber industry on the rapid progress in setting up the Rubber Skill Development Centre, one of the 14 approved by the Corporation. The NSDC, a public-private partnership initiative to create a skilled workforce by setting up industry-specific councils that will launch training programmes, is set to approve 14 more such councils, he said.

Industry should see such programmes as an investment and not a cost. A trained workforce is more productive and cuts down on wastage. This is a benefit that has been realised in the industry. Training centres are an excellent entrepreneurial opportunity for those willing to invest, he said.

balaji.ar@thehindu.co.in