

Trade body seeks duty-free import of natural rubber

AGENCIES

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The rubber industry has sought duty-free import of 2,00,000 tonnes of natural rubber in the current financial year to meet an estimated supply shortfall, T K Mukherjee, president of All India Rubber Industries Association, said today.

"Our natural rubber consumption may grow 20 per cent this financial year as against the annual production growth rate of 5 per cent," Mukherjee has said at an industry conference.

He pegged domestic rubber output in the current financial year at 9,01,680 tonnes, and estimated demand at 1.08 million tonnes, which would lead to a shortfall of 1,78,320 tonnes.

Mukherjee said scrapping import duty on natural rubber would benefit the country more than duty-free import of tyres, which is hurting the Rs 1,90,000 crore domestic rubber goods industry.

He said rubber products imported from China currently work out 25-50 per cent cheaper than locally produced goods.

"Chinese government is rapidly acquiring rubber plantations abroad at a heavy premium, on behalf of their companies," said Neeraj Kanwar, chairman, Automotive Tyre Manufacturers' Association.

Meanwhile, a delegation of rubber bodies headed by Mukherjee would discuss today with Planning Commission, measures that could help offset rising costs and improve their



margins.

"We are seeking a hike in import duty of finished rubber goods from 8 per cent now to 20 per cent, so that the domestic industry remains competitive," Mukherjee said.

The delegation is also likely to discuss the issue of high prof-

it margin of rubber growers compared with those of rubber product manufacturers and seek a ban on futures trade and export of natural rubber.

"The Rubber Board of India estimates cost of current production at Rs 50 a kg as against Rs 170 a kg retail price...the government is welcome to do its own cost analysis through the Bureau of Industrial Cost and Prices," he said. India's natural rubber import touched a record high of 1,70,048 tonnes, up 118.7 per cent on year in 2009-10, while exports fell 49 per cent to 23,764 tonnes.

Earlier in February, another industry delegation had met Prime Minister Manmohan Singh to address the same issues.

Output rises 15% in April

India's rubber production rose by over 15 per cent to 59,500 tonnes in April compared to 51,520 tonnes in the same month last year on account of widespread rainfall over Kerala and higher realisation.

Rubber consumption, too, grew 7.52 per cent to 79,000 tonnes in April 2010 against 73,470 tonnes in the year-ago period on the back of increased demand from the tyre industry.

"The increase in natural rubber production during April 2010 against April 2009 was due to the attractive price in the domestic market and as a result of widespread summer rain all over Kerala," a senior Rubber Board official said. The prices of rubber (RSS-4 grade) stood at 159 a kg yesterday at Kottayam,

up from Rs 82.50 a kg on April 1, 2009.

The consumption also increased due to rise in demand from the tyre sector, he said, adding that the trend would continue this financial year. On the trade front, rubber import declined by 41 per cent to 6,128 tonnes from 10,421 tonnes in the review period. "The lower import was because of increase in the price of natural rubber in the international market than that in domestic market," the official said.

Exports also fell from 726 tonnes in April 2009 to 497 tonnes in April 2010. The Rubber Board has projected natural rubber production at 8,93,000 tonnes in 2010-11 financial year against 8,31,000 tonnes in the previous financial year.