

As rubber output dips, tyre-makers ask govt to ease supplies

Demand-supply gap rises to 45% during first 10 months this fiscal

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The tyre industry has voiced its concern over the decline in production of natural rubber in the country, as it led to a widening gap between domestic demand and supply.

The Automotive Tyre Manufacturers Association (ATMA) said that natural rubber consumption has grown by 12 per cent, while production declined by 7 per cent in the April '18-January '19 period. The production-consumption gap for April-January period in the previous year stood at 3.16 lakh tonnes (lt), which has increased to 4.63 lt in the current financial year.

Rising consumption

Quoting Rubber Board figures, ATMA said rubber consumption in India has touched a figure of 10.2 lt for the period under review, while production stood at 5.6 lt, leading to a gap of 45 per cent.

"For the first time, the natural rubber consumption in India has crossed the 10-lt mark in the first 10 months of the fiscal, recording an average monthly consumption of 1 lakh tonnes. The commitment of tyre industry to increase production footprint needs to be supported by increasing the supply of raw materials. Otherwise, it will leave domestic manufactur-

ing uncompetitive," said Rajiv Budhreja, Director-General, ATMA.

The consumption is likely to surpass the Rubber Board's projection of 12 lt for 2018-19. With domestic production catering to only 55 per cent of the total NR consumption, the dependence on imports for consuming industry has increased by 30 per cent. The imports for the April '18-January '19 period was 4,89,085 tonnes (3,75,339 tonnes).

Industry demands

The industry, in a communication to the Commerce Ministry, has asked for easing the availability of natural rubber, saying that imports are imperative for tyre plants to run. However, the policy environment is highly restrictive. The Custom Duty (on NR imports) is at 25 per cent much higher than the rate of duty levied by any other rubber importing country.

The port restrictions on rubber imports is also adding to the costs and delays. Moreover, the tyre industry needs to adhere to pre-import condition for NR import against (tyre) export obligation. Further the export obligation period (for tyres) has been reduced from 18 months to only 6 months, making it tough for the industry.

Tyre industry has, therefore, urged the government for increasing domestic production of rubber and reducing the import duty on NR (raw material) to less than 10 per cent since the basic import duty on tyres (finished products) is 10 per cent.

Rubber balance sheet

| | Apr'17-Jan'18* | Apr'18-Jan'19* | Change | YoY (%) |
|-------------|----------------|----------------|----------|---------|
| Production | 5,97,000 | 5,56,000 | -41,000 | -7 |
| Consumption | 9,13,410 | 10,18,600 | 1,05,190 | 12 |
| Gap | -3,16,410 | -4,62,600 | | |

*in tonnes