

Import duty on compounded rubber hiked

The Hindu Bureau

COIMBATORE

The Union Budget proposes increase in basic Customs Duty on compounded rubber from 10 % to 25 % or ₹ 30 per kg, whichever is lower, at a par with natural rubber, other than latex.

This is to curb circumvention of duty, Finance Minister Nirmala Sitharaman said in the Budget speech on Wednesday.

Welcoming the announcement, Jeffry Rebello, president of United Planters' Association of Southern India, however, expressed concern as there was no clarity if the duty would apply on imports from countries under Indo-ASEAN Free Trade Agreement (FTA).

According to the Asso-

ciation, import of compounded rubber (CR) during 2021-22 was 1.14 lakh tonne.

Significantly, the ASEAN countries (Thailand, Malaysia, and Indonesia) accounted for 87 % of total imports with nil duty under the FTA.

“Hence, it appears that literally the increase in import duty may not have any considerable impact. Rather, CR will continue to be imported at nil duty from ASEAN countries.”

It would be applicable to other countries such as Korea, Germany and the United States.

The import of CR increased 21.73 % annually, he said.

Shashi Singh, senior vice president of All India Rubber Industry Association, said rubber industries

in micro, small and medium-scale enterprises sector will face problems with the increase in the duty.

Automotive companies and rubber part consumers will have an option to import finish products that have a lower customs duty of 10 %, he said.

Mr. Rebello added that the UPASI had sought the government's support to guarantee stability to the plantation sector.

The UPASI's major proposals for the Budget 2023-24 were, to consider higher allocation of funds for the Commodity Boards to implement developmental schemes, enhanced benefits under RoDTEP scheme for plantation commodities, and increasing import duty on compound rubber to 25 per cent from the existing 10 %, he said.