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Inverted duty on rubber needs to be addressed: DGFT

New Delhi, Aug 7: Director General of Foreign Trade (DGFT) Pravir Kumar on Friday said that existing inverted duty in rubber sector is a valid concern and should be looked into earnestly.

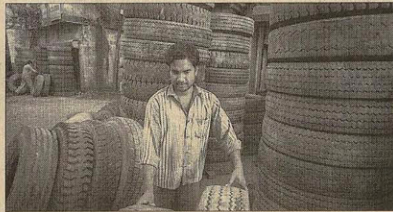
"Inverted duty structure is an issue which needs to be addressed. It impacts the production domestically and thereby exports in any sector," Kumar said while addressing the National Rubber Conference organised by All India Rubber Industries Association (AIRIA) here.

If import duty on raw ma-

terial is higher than the finished goods, it naturally disincentivises the domestic production, he pointed out adding that the DGFT will take up the issue with the concerned department.

Currently, import duty on raw natural rubber is between 5 and 70%, while import duty on finished rubber goods is below 10%.

On the industry's demand to allow second hand capital goods under the Export Promotion Capital Goods (EPCG) scheme, Kumar said, "I am sorry that goes against the very philosophy of the scheme, which is for



the modernisation of the industry, technological upgradation.

"It is the conscious decision of the government not to allow second hand capital goods under the scheme. You

are welcome to bring new and advanced technology and machineries without paying duty under the scheme. It would be difficult to support second hand capital goods under the scheme,"

Currently, import duty on raw natural rubber is between 5% and 70%, while import duty on finished rubber goods is below 10%

he noted.

Speaking at the event, AIRIA president Mohinder Gupta said: "The export potential of rubber industry is immense and exports can be doubled if certain policy enablers are in place. Inverted

duty needs to be corrected urgently and import duty needs to be waived off on those raw materials which are not available domestically."

"Not only import duty on raw materials is higher than finished products, the government levies anti-dumping and safeguard duty on raw materials such as rubber chemicals and carbon black which affects cost competitiveness of the industry," Gupta said, while demanding hike in import duty on finished rubber products.

India is deficient in both natural rubber and synthet-

ic rubber production, so import of raw materials is inevitable.

Higher import duties on raw materials such as natural and synthetic rubbers has affected the growth of rubber sector in India, the industry body said.

The rubber industry also asked for creation of a separate export promotion council for rubber sector in India.

Rubber exports have been increasing in double digits for several years and currently the export turnover of the rubber industry including tyre and non-tyre is over ₹17,000 crore, it added. *PTI*