

IMPORT OF CHINESE TYRES UP

Modi Talk No Help, Rubber at 8-yr Low, Blame it on China



PM assures sector higher import duty; rubber price touch ₹100 a kg

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Kochi: Prime Minister Narendra Modi's assurance to protect rubber producers by putting more curbs on imports has come at a time when rubber price has crashed to a nearly eight-year low at ₹100 a kg, with the domestic industry reeling under the onslaught of cheaper Chinese products.

Speaking at a BJP rally in Kerala on Monday, Modi has promised to increase import duty on rubber and stressed on the importance of rubber products in the Make in India campaign.

Ironically, rubber imports fell this year due to slack demand from the tyre industry, which is a major consumer, rather than the government's decision earlier this year to increase import duty to 25%. Imports were down 9% from a year earlier in the eight months to November.

The rubber consuming industry says the higher import duty on the raw material compared with finished products is hurting them. This has led to increasing imports of Chinese truck and bus tyres, according to the local tyre industry. "Tyre

ET VIEW

Make Rubber Go Green

Higher duties on raw materials and lower for finished products makes economic logic stand on its head.

There may be a case for safeguard action to protect rubber farmers. But given the softening trend in prices, the problem seems to be one of declining demand. Notice that rubber imports have been failing as well. The way ahead is to shore up demand. Natural rubber needs to be marketed as a 'green', environment-friendly product. We need to boost productivity and efficiency in local plantations, including by beneficial tax treatment and attractive investment allowances.

companies have slashed production by 15-20% in the truck and bus tyre segment because of sluggish sales," said Swaranjit Singh, director-materials at JK Tyres. This has led to lower imports despite a plunge in international rubber prices.