

Rubber output, consumption gap at new high

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Natural rubber production in India is falling and the gap between demand and domestic production has reached a historic high of 470,000 tonne, as projected by the Rubber Board. It was 60,000 tonne five years ago.

While Rubber Board officials were not available for comment immediately, the Automotive Tyre Manufacturers Association (ATMA) has stated that natural rubber NR and domestic NR availability scenario is getting dimmer.

Last financial year, the deficit was 410,000 tonne. ATMA's 11 large tyre companies members account for over 90 per cent of production in the country. The tyre industry consumes 65-70 per cent of the natural rubber produced in the country.

The association has asked for urgent measures to make NR available to the industry by making imports easier.

"Domestic NR production is projected to be whopping 40 per cent short of domestic requirements during the current financial year. Such levels of shortfall is a matter of grave concern for the

tyre industry as the segment has lined up ambitious investments to support the economic and auto growth in the country. Needless to say, import dependence of the industry for NR will further go up to meet the domestic requirement," said Rajiv Budhraj, Director General of ATMA.

The tyre industry has been bearing the brunt of heavily-taxed NR imports to keep factories running. About 25 per cent duty makes import restrictive. Moreover, NR imports are permitted at only two designated ports (JNPT & Chennai). Such non-tariff

barriers add to the landed cost of NR and logistics time.

There are further road blocks in accessing natural rubber. Tyre industry needs to adhere to pre-import condition for NR import against (tyre) export obligation. Further, export obligation period (for tyres) has been reduced from 18 months to only six months, making it tough for the industry to access a raw material which is in short supply domestically.

While duty on NR import is around 25 per cent, the basic customs duty on most tyre categories is 10 per cent.