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'SMEs confident of correction in rubber import duty structure'

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Kochi: Over 6,000 small and medium rubber units (SMEs) operating in different clusters across India are confident of a correction in inverted duty structure in the upcoming Budget, said All India Rubber Industries Association (AIRIA).

According to AIRIA, finished rubber products can be imported easily as the duty on such products is between 0 to 10%, while the duty on raw materials for the rubber industry is between 5% and 70%. As a result, small manufacturers of rubber goods are not able compete with cheaper goods imported from China and other countries, leading to money loss to the exchequer and the loss of employment.

"Given the Modi government's emphasis on domestic

manufacturing, it is critical that the inverted duty is corrected. We are confident that the finance minister will take cognizance of the same in the Budget", said Mohinder Gupta, president of AIRIA, in a statement.

A survey by AIRIA last year showed that among 2,450 rubber products manufacturing units, 990, i.e. 40% of the units, had closed down in the states of Punjab, Maharashtra, Kerala and Tamilnadu in a period of five years as they couldn't withstand the onslaught of cheap imports of rubber goods.

The import duty on natural rubber in China is 10% against 20% or Rs 30 per Kg in India. On natural rubber latex, it is 70% in India. For synthetic rubber, China levies 7.5% as against 10% in India, AIRIA said quoting data by Capexil.