

Export markets open up for rubber component makers

Import duty on finished products India vs others

(%)	India	China	Indonesia	Sri Lanka	Bangladesh
Natural rubber	27.5 or ₹30*	20	5	15	10
Latex	70	20	5	15	10
Rubber ?					
chemicals	10	6.5	5	0	5
Butyl	10	6.5	0	0	5
Zinc Oxide	10	6	5	0	5
Carbon black	5**	5 & 0-4	5	0	5
Titanium dioxide	10	5	5	0	5
Magnesium oxide	10	5	5	0	5

*whichever is lower **AD on China and Korea

Source AIRIA

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EXPORT MARKETS ARE opening up for the rubber component making industry, with global manufacturers looking at suppliers outside China, officials at the All India Rubber Industries Association (AIRIA), the apex body of manufacturers of rubber products, said.

VT Chandrasekharan, president of AIRIA, told FE that India has tremendous potential to grow and could become a hub for sourcing rubber components and products if the inverted duty structure in the rubber sector is corrected.

India has more than 6,000 units, majority of which are in the MSME segment, making automotive components, tyres, footwear, adhesives, sports goods, cables, belting and hoses.

"Other than tyres, there are at least 200 rubber components in an automobile. Then

there are keypads in mobiles, refrigerator beading and rubber seals, etc. Today, China is the source for all these components. We also manufacture and export some of these products. But when it comes to volumes, we are unable to compete with China," he said.

"Landed cost of rubber into this country 27.4% higher than the international price of rubber and it gets added to raw material costs. If we use 30% of that in a product, the cost goes up by 6-7%, and today in manufacturing, you don't make more than 2-3% margin," he said.

The rubber industry uses more than 70 raw materials and some of them also attract anti-dumping duty. The ideal duty structure for growth in the country should be the highest for finished goods, medium for intermediate goods and the lowest for raw materials, he added.

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