

India: Commerce Ministry seeks hike in rubber import duty, again

NEW DELHI, MAY 21: The Commerce Department wants the Finance Ministry to act fast on its recommendation for an increase in import duty on rubber to help domestic farmers deal with falling prices. Prices of rubber have fallen to about Rs 160 a kg from last year's Rs 230 a kg. Commerce Secretary S.R. Rao met Revenue Secretary Sumit Bose recently to follow up on the issue, but was not given any assurance as to when the duty hike would be implemented, a Commerce Department official told Business Line. The Commerce Department had suggested two months ago to the Revenue Department that specific import duty on rubber be increased to Rs 34 a kg from Rs 20 a kg, based on the average price prevailing in the past three years. It, however, did not suggest any change in the 20 per cent ad valorem duty. DUTY STRUCTURE Currently, importers can pay either 20 per cent import duty on the value of rubber or Rs 20 per kg of imports, whichever is lower. "We had given our proposal for a re-calculation of import duty to the Revenue Department two months ago, after rubber farmers approached us with complaints of a fall in prices. We hope the Finance Ministry will respond soon," the official said. Rubber farmers from Southern States had met Commerce Minister Anand Sharma in March and had pointed out that if import duties were not hiked, cheap rubber from neighbouring countries would flood the Indian market, further bringing down prices and may cause a domestic crisis. Congress MPs from Kerala have already met Sharma to press for an increase in import duty on rubber to protect domestic farmers. Kerala accounts for about 90 per cent of the rubber produced in India. Business Line