

India: Govt move to hike rubber import duty will hit SME units

KOCHI, MARCH 6:

Protest is brewing among the rubber industry over the Government's move to hike import duty on natural rubber. Small-scale rubber units, around 4,500 across different clusters, have represented to the ministers of Commerce, Finance and MSME to reconsider the proposed duty hike. All-India Rubber Industries Association (AIRIA), the representative body of small and micro rubber units, has pleaded with the Government that the proposed 70 per cent increase in duty on import of natural rubber will severely hit the SME rubber units and around 4.5 lakh people working, therein. There is no significant differential in the current domestic and international rubber prices which should warrant a drastic action on the lines proposed, it said.

According to Rubber Board data, the price differential between domestic and international rubber prices is currently less than five per cent. The main concern of rubber growers and their representatives that there was significant price differential to the tune of Rs 20/kg necessitating import curbs was no longer the case, Niraj Thakkar, President, All-India Rubber Industries Association, said in a statement.

According to AIRIA, the economic slowdown is affecting all the sectors of industry especially automobile which is having a negative spin off for tyre and non-tyre natural rubber consuming interests as well as rubber plantation sector.

In such a situation, the government's endeavour should be to encourage rubber consuming sectors so that there is buoyancy in consumption.

There is already a wide gap between domestic rubber production and consumption making imports imperative.

Increasing import duty on rubber will discourage rubber manufacturing sector further deepening the crisis for both consuming and producing interests, Thakkar said.

AIRIA has, therefore, pleaded with the Government not to take any decision without detailed discussion with all stakeholders including rubber consuming interests.