

## **India: Decline in domestic rubber output worries tyre industry**

The continuous fall in domestic rubber production is worrying the tyre industry, with consumption moving up following industry initiatives to boost domestic manufacturing.

Quoting the Rubber Board's latest figures, the Automotive Tyre Manufacturers Association said production has contracted significantly, by 16 per cent, in the first two months of this fiscal year. Against 0.98 lakh tonnes in Apr-May 2017, only 0.82 lakh tonnes were produced in the first two months of the current fiscal year.

Consumption, on the other hand, has risen 13 per cent to 2 lakh tonnes during the same period, leaving a yawning gap of 1.2 lakh tonnes.

ATMA, in its communication to the Ministry of Commerce, stated that the consistent decline in the domestic availability of rubber and its erratic supply is hurting the production process at tyre companies. The industry needs to take recourse to heavily taxed NR imports to meet the growing deficit.

While NR imports are imperative to meet domestic demand, the policy environment is highly restrictive. Not only is the customs duty (on imports) steep at 25 per cent, there are further challenges in accessing natural rubber. The tyre industry needs to adhere to pre-import conditions for import against (tyre) export obligations. Further, the export obligation period (for tyres) has been reduced from 18 months to 6 months making it tough for the industry, said Rajiv Budhraja, ATMA Director General.

The Government has removed port restrictions on the import of rubber under advance authorisation. However, the industry is looking for removal of port restrictions for all imports since import of rubber is imperative to keep the factories running, ATMA said.

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