

Tyre sector seeks duty-free import of natural rubber

Urges Centre to allow 4.4 lakh tonnes shipments to meet supply shortage this fiscal

OUR BUREAU

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A severe crunch in the availability of natural rubber is disrupting the production processes in tyre manufacturing units even as its demand for tyres is peaking, Automotive Tyre Manufacturers' Association (ATMA) said in a communication to the Union Minister of Commerce & Industry.

The scarcity of rubber at the height of peak production season in Kerala is unprecedented and does not augur well for the tyre industry value chain.

Domestic production during October and November is estimated to be 45,000-50,000 tonnes each, much

lower than the usual 75,000 tonnes.

Strong consumption

NR consumption, on the other hand, is expected to remain at over one lakh tonnes each in these two months, with a resultant deficit of one lakh tonnes in a short span of two months during the ongoing peak production season. This will lead to a major concern for the tyre industry that consumes nearly 75 per cent of the total rubber produced in the country, ATMA said.

The scarcity comes at a time when domestic production of Commercial Vehicles (CVs) is looking up after a prolonged downturn. Truck and Bus (T&B) tyres have relat-



ively a higher NR content. Demand is, therefore, expected to firm up further but the availability crisis is likely to throw a spanner in the works, said Rajiv Budhreja, Director-General, ATMA.

Supply deficit

According to Rubber Board data, the demand-supply gap is widening as consumption growth is far in excess of its production. Domestic deficit for the current fiscal, which was projected to be 45 per

cent of the production at 3.4 lakh tonnes at the beginning, is now projected to balloon to 55 per cent of the production at a massive 4.4 lakh tonnes.

Such widening deficit is a major concern as the policy to support domestic manufacturing under Atmanirbhar Bharat and especially the policy to restrict unhindered import of tyres has unleashed major growth opportunities for manufacturing and export of tyres.

With a view to ensuring that tyre production and exports take place in an uninterrupted manner, duty free imports of rubber should be allowed to the extent of projected demand supply gap in the country, i.e. 4.4 lakh tonnes. The duty free import volumes can be reviewed every year, as Tariff Rate Quota (TRQ) quantity, in

accordance with Production, Consumption estimates put up by the Rubber Board.

Moreover, port restrictions on NR import need to be removed, since import is imperative and critical for bridging the demand-supply gap. The restriction is only adding to the cost and affecting competitiveness of the industry.

Allaying the concerns of NR producing interests about import of NR being higher than deficit and thereby causing downward pressure on domestic prices, ATMA has stated that NR imports by tyre industry have been solely to meet the domestic deficit as the import figures correspond to deficit figures. As and when domestic availability has improved, NR import by tyre industry has been scaled down.