

TARIFF POLICIES UNDER THE REGIONAL TRADE AGREEMENTS OF INDIA: AN ANALYSIS OF THEIR IMPACTS ON IMPORT OF RUBBER

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Regional Trade Agreements (RTAs) are proliferating in the world. They affect different sectors of the economy differently. The present study analysed tariff policies of raw materials of rubber under India's RTAs and their impacts on the growth in imports into the country. All the tariff lines of natural rubber (NR), synthetic rubber (SR) and reclaimed rubber (RR) at the six-digit level of the Harmonised System (HS) were analysed. Along with the gravity modelling, breakpoint analysis and descriptive statistics were used for the analysis. The results of the study show that in the case of NR, no tariff lines exhibited growth in import due to the tariff policies under the RTAs of India. In the case of SR, the tariff policies of India under the RTAs led to growth in import of five tariff lines. In the case of RR also the tariff concessions given under the RTAs were a major factor for the growth of import into India.

Key words: Import, Gravity model, Natural rubber, Regional trade agreements, Tariff liberalisation.

INTRODUCTION

Rubber is a strategically important raw material, which can be produced from natural sources or can be produced industrially. Natural rubber (NR), synthetic rubber (SR) and reclaimed rubber (RR) are the three major categories of rubber. In the rubber segment, NR sector is the weakest one in terms of fluctuation in prices, organisational set up, combined bargaining power *etc.* After the independence, till 2008-09, the quantity of NR imported into India was only a small fraction of the total consumption (Jacob *et al.*, 2018). Thereafter, the share of domestic production of NR to total

consumption of NR in the country declined considerably. While in the production of NR millions of small and marginal rubber farmers are engaged, the SR and RR are factory outputs. India has a sound NR production system and is in the process of investing heavily to enhance its SR production capacity in order to meet the increasing domestic demand. However, the share of imported rubber raw materials to the total domestic consumption has been increasing (Rubber Board, 2020).

Studies on the external trade of rubber raw materials of India indicated that the import of rubber raw materials from the partner countries of its Regional Trade