



A Study on natural rubber and its scenario in India

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Abstract: Indian rubber industry is characterized by the co-existence of a well-established rubber production sector and a fast growing rubber products manufacturing and consuming sector. The Rubber Industry value chain begins from NR plantations and ends with a huge range of dry rubber and latex based products. Historically, NR was a regulated commodity with strong tariff protection and domestic market regulations. The key factors which have contributed to the growth of Indian rubber industry are positive intervention of institutional agencies aiming at self-sufficiency and import substitution. Most of the rubber products including tyres require blends of NR and SR. Consumption of SR is mainly determined by end product composition, technological change and relative prices. Consumption of SR in India in rubber products manufacturing sector increased from 411,830 tonne in 2010-11 to 633,975 tonne in 2017-18. Currently, there are four companies producing SR and production increased from 110,340 tonne in 2010-11 to 331,221 tonne in 2017-18. Styrene Butadiene Rubber and Poly Butadiene Rubber accounted for 63% and 34% of SR production in the country. Import of SR amounted to 338,189 tonne in 2017-18. Consumption of SR in India is projected to reach 1.2 million tonne by 2025.

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Introduction

Natural Rubber is a commercial plantation crop from the tree species, *Hevea brasiliensis* is grown in tropical humid climatic conditions. Thailand, Indonesia, Malaysia, Vietnam, China and India are the major NR producers globally. The current world production and consumption of NR is around 12.40 million tonnes and 12.60 million tonnes respectively. The major NR consumers are China, India, USA, Japan, Thailand, Indonesia and Malaysia. Rubber is largely perceived as a strategic industrial raw material and accorded special status globally for defence, national security and industrial development. Major consuming countries keep strategic reserves of NR. Rubber is an internationally traded commodity and price of rubber is influenced inter alia by trends in economic growth, production in major producing countries and demand in major consuming countries. Domestic NR prices generally follow the trends in the international market and is therefore, subjected to fluctuations in price.

Production and Consumption

India is currently the sixth largest producer of NR in the world with one of the highest productivity (694,000 tonnes in 2017-18). The production capacity in India is around 900,000 tonnes, of which around 75% is tapped. Out of the total area under rubber in India of around 8 822,000 ha, 614500 ha is a mature yielding crop. Traditional

rubber-growing states comprising Kerala and Tamil Nadu account for 81% of production. Major non-traditional rubber growing regions are the North Eastern states of Tripura, Assam and Meghalaya, Odisha, Karnataka, Maharashtra and West Bengal. Sheet rubber is the most preferred form of processing accounting for around 70% of processed rubber. Block rubber and latex comprise 17% and 12% respectively of rubber production in the country. India is the 2nd largest consumer of NR globally with current consumption of around 1.1 million tonnes. Sheet rubber, block rubber and latex account for 47%, 43% and 8% respectively in NR consumption. Around 40% of the total NR consumption in India is at present met from import of rubber. 68% of NR consumption in India is in the automotive tyre sector.

Rubber Export

NR is not a traditional export-oriented commodity, more so because of the current deficit in production. Export of NR happens to adjust temporary demand-supply imbalances in the NR domestic market. There is a huge export potential for rubber products in the country, which if promoted, shall indirectly increase the demand for domestic NR as also the export earnings. Export from rubber products was worth ₹ 20,915 crores in 2017-18.

Socio-Economic Scenario

Globally and locally NR is largely grown by smallholders and 91% of rubber planted area and 92% of production is in smallholding sector (below 10 ha). There are around 1.3 million rubber growers and 0.6 million workers in rubber plantation sector in India. Average size of holding is the lowest in India among the major NR producing countries at 0.57 ha. Most of the growers in the non-traditional rubber growing regions are from tribal and other resource poor communities.

Legal and Institutional Framework in India

The Rubber Act, 1947 (XXIV of 1947) provides for the development of the rubber industry under the control of the Union. The Rubber Board, headquartered at Kottayam, Kerala, under the administration of the Ministry of Commerce and Industry has been effectively supporting the rubber industry since seventy years by undertaking/assisting/encouraging scientific, technological and economic research, providing training on improved methods of planting, cultivation, manuring and spraying, giving technical advice to rubber growers, improving marketing of rubber, compilation of statistics etc. Considerable investment from the Central Government has been made in the last seventy years for providing financial support, advisory and regulatory services through the Rubber Board as per the requirement from time to time. 9 Provisions of Central and State level legislations and rules thereof relating to taxation, forests, land use, environment, pollution etc are also applicable to rubber sector. For promotion of rubber sector, Government of India has allowed 100% Foreign Direct Investment (FDI) in plantations of rubber, coffee, tea, cardamom, palm oil tree and olive oil tree.

International commitments and cooperation

India is a member of World Trade Organisation (WTO) and a signatory to several trade and economic cooperation agreements with other countries. Present economic and trade policies for the sector are in consonance with the commitments made under such Agreements. India is also a member of intergovernmental commodity organisations, the Association of Natural Rubber Producing Countries (ANRPC), International Rubber Study Group (IRSG) and the International Rubber Research and Development Board (IRRDB). ANRPC coordinate NR related issues, IRSG generate statistics on production and consumption of NR & SR and IRRDB coordinate research on NR and SR. These organizations generate statistics and other relevant information on rubber sectors for member countries and facilitate networking and research on rubber. The rubber sector in the country benefits from India's association with these organizations by participating

with specific agenda, focusing on technology sharing and coordinated research. There is a need for Rubber Board and Associations in the private sector to influence such intergovernmental organisations to pro-actively take up issues of (a) Impact of climate change and mitigation measures, (b) Ways of balancing the demand and supply and projections for the future, (c) Promote the ways in which NR could be used in diverse set of industries, (d) Challenges faced by the small growers and possible roadmap for sustainable rubber production.

Strengths and Challenges of Indian Rubber Sector

The major strengths of the sector include existence of a domestic rubber products manufacturing industry capable of consuming the entire NR produced in the country, vast areas in non-traditional regions suitable for rubber cultivation, strong and systematic rubber research, well-knit extension network and grower forums comprising Rubber Producers Societies (RPS), Self Help Groups (SHGs), RPS companies and Cooperatives. The sector also faces many challenges, some of which are sub-optimal agro-climatic conditions and adverse impact of climate change, saturation of area for new planting in traditional regions, agro-climatic, topographic, social, cultural, institutional and infrastructure constraints in non-traditional regions, global price volatility and low-price situations, and its repercussions on production, lack of competitiveness, stagnation in the growth of Non-Tyre Rubber manufacturing sector etc.

Policy priorities

The external and internal challenges in the Indian rubber industry can be addressed by ensuring synergy amongst components of the entire rubber value chain and through appropriate 10 policy interventions. While sustained production of NR and price support are critical to protecting the incomes of rubber farmers, the rubber products manufacturing sector is at the centre of growth in the value chain in the Rubber sector and therefore needs specific focus. Taking cognizance of the presence of vast untapped production potential of NR and large consumption base of rubber products in various sectors, including strategic industries such as defence, aerospace and petrochemical, specific policy and operational interventions need to be devised for a sustainable development of the domestic Rubber Industry. Also, in recognition of the strategic importance of Rubber, policy priorities need to be accorded to rubber as a strategic raw material. In the context of projected growth of Indian economy, strengthening and advancing all links in the value chain in rubber sector is the key policy priority and objective of the National Rubber Policy.

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