

Natural rubber output may rise 4.6%, says Board

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THE Rubber Board has projected an increase of 4.6 per cent in natural rubber (NR) output at 902,000 tonnes for the current financial year, as against 861,950 tonnes in 2010-11. According to the board, total domestic consumption of NR would be 977,000 tonnes, depicting a growth of 2.9 per cent as against 949,205 tonnes in the last financial year.

The board's latest projection differ with the estimates of All India Rubber Industries Association (AIRIA) and Automotive Tyre Manufacturers Association (Atma). The associations had said that in the last four financial years, NR production had increased only one

per cent, while the consumption increased 15 per cent.

In the current financial year, according to industry estimates, domestic consumption is likely to lag production by 189,000 tonnes. New capacities and major expansion plans undertaken by tyre companies to cater to the booming automobile industry will lead to an increase of 150,000 tonnes in consumption.

Rejecting the board's projection on consumption, AIRIA and Atma said by the end of this financial year, consumption would be 1.08 million tonnes, up 150,000 tonnes, leading to a gap of 189,000 tonnes in the local supply and demand. But the board projects a shortage of 75,000 tonnes only.

There would be a reduction

in imports, this year, according to the board's projection. It projects imports to be 120,000 tonnes as against 177,637 tonnes last year. Also, it projects export of 50,000 tonnes of NR as against 29,851 tonnes in 2010-11.

Though the supply-demand gap of NR is widening every year and both AIRIA and Atma strongly argue for revamping calculation of stock in the country, the board expressed optimism that there would be 271,000 tonnes of stock by March 31, 2012, against 276,110 tonnes this March.

In a representation to the Rubber Board, AIRIA and Atma have demanded that the definition of NR stock be changed to that of 'saleable stock', in line with market realities. Despite

high NR prices, for the last three-four years, domestic stock is progressively on an increase. This is contrary to the real situation in the market and to the trend in other major NR producing and consuming countries.

According to the latest estimates of the board, 32 per cent of the total rubber production was kept as stock as on March 31. This is a highly inflated figure and the method of calculating the stock should be revamped.

This misleading figure of the Board wrongly influences the government policy decisions is the complaint. This influences the ministry of commerce not to allow duty-free import. AIRIA and Atma had demanded 200,000 tonnes of duty-free



Total domestic consumption of natural rubber would be 977,000 tonnes as against 949,205 tonnes last year, a rise of 2.9 per cent

import this financial year.

Meanwhile, in April, NR production increased to 56,800 tonnes, up 6.2 per cent, against 53,500 tonnes in last April.

Monthly consumption in April increased 1.2 per cent to 82,500 tonnes as against 78,250 tonnes in April 2010. The month-end stock was 250,250 tonnes.