

SME units in crisis over natural rubber supply

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UNLESS a multi-faceted action plan is implemented to enhance natural rubber (NR) production in the country, used industries will suffer due to supply shortage. The production-consumption gap is increasing since the last five years and there had been many-fold increase in NR price, endangering the existence of rubber-based small and medium enterprises (SME).

According to industry estimates, 500-800 small units like sandal, rubber band makers, etc, have shut in the last year due to swelling raw material prices.

In India, the number of rubber-based SME units is at least 4,500 plus and a large number of them are on the verge of closing down, according to the All India Rubber Industries Association (AIRIA).

Talking to *Business Standard*, Vinod Simon, president, AIRIA, said big companies can continue production, whatever might be the price tag. They can either opt to buy rubber at a higher price tag or import, which SME units can't. He said AIRIA was in the process of collecting statistics on the status of SME units and closed units in recent years.

During 2006-07, rubber supply was in excess by 32,590 tonnes, but from 2007-08 onwards consumption exceeded production. In 2007-08, there was a shortage of 36,110 tonnes which increased to 99,165 tonnes in 2009-10. In the current financial year, the Rubber Board estimates a shortfall of 75,000 tonnes, but industry associations like AIRIA and Automotive Tyre Manufacturers Association project a shortfall of 189,000 tonnes.