

Output-supply gap sees rubber imports rise



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The production-consumption mismatch is continuing in the natural rubber (NR) market and this in turn is increasing the country's import. According to the latest provisional estimates of the Rubber Board, production dropped 0.5 per cent in the April-July period, while consumption edged up 1.8 per cent. In the said period, 238,700 tonnes were produced as against 240,000 tonnes in the same period of the last financial year. The cumulative figure of consumption is 330,250 tonnes as against 324,425 tonnes.

Production of NR for the month of July increased by 2.6 per cent to 66,000 tonnes, compared to 64,300 tonnes during July last year. Consumption in July increased marginally by 0.6 per cent to 83,000 tonnes compared to 82,500 tonnes in the same month last year. It is significant to note that the demand-supply gap is widening in the domestic trade of rubber as in April-July period there was an overall shortage of 91,550 tonnes. In July alone the shortage was 17,000 tonnes. So, the market is desperately in need of more rubber and now this shortage is being met by imports from southeast Asian countries.

Data from the Board showed that 76,666 tonnes of NR was imported during

the April-July period as against 60,461 tonnes, that clearly indicates the shortage of rubber in the Indian market.

Onkar Kanwar, chairman, Apollo Tyres, said there is a serious shortage of natural rubber due to the slow pace of re-plantation and adding acreage in the rubber sector. Re-plantation is the urgent need of the day, otherwise the industry will have to depend more on imports. Companies like Apollo are now looking at taking over plantations in countries like Indonesia and Thailand to meet their needs, Kanwar added.

According to experts, there has been a marked increase in the demand for rubber during the last decade, thanks to capacity expansion and greenfield plants of major tyre companies. But the production of NR is almost static, providing opportunity only for incremental increase. It is likely that India would have serious problems on the rubber front as the country would require 1.5 million tonnes by 2015-16, while production is likely to increase to a range of 1.1-1.2 million tonnes, they added.

Sources in the Rubber Board said India was having a comfortable stock and there will not be a serious shortage in the near future. The Board now estimates a stock of 216,000 tonnes.