

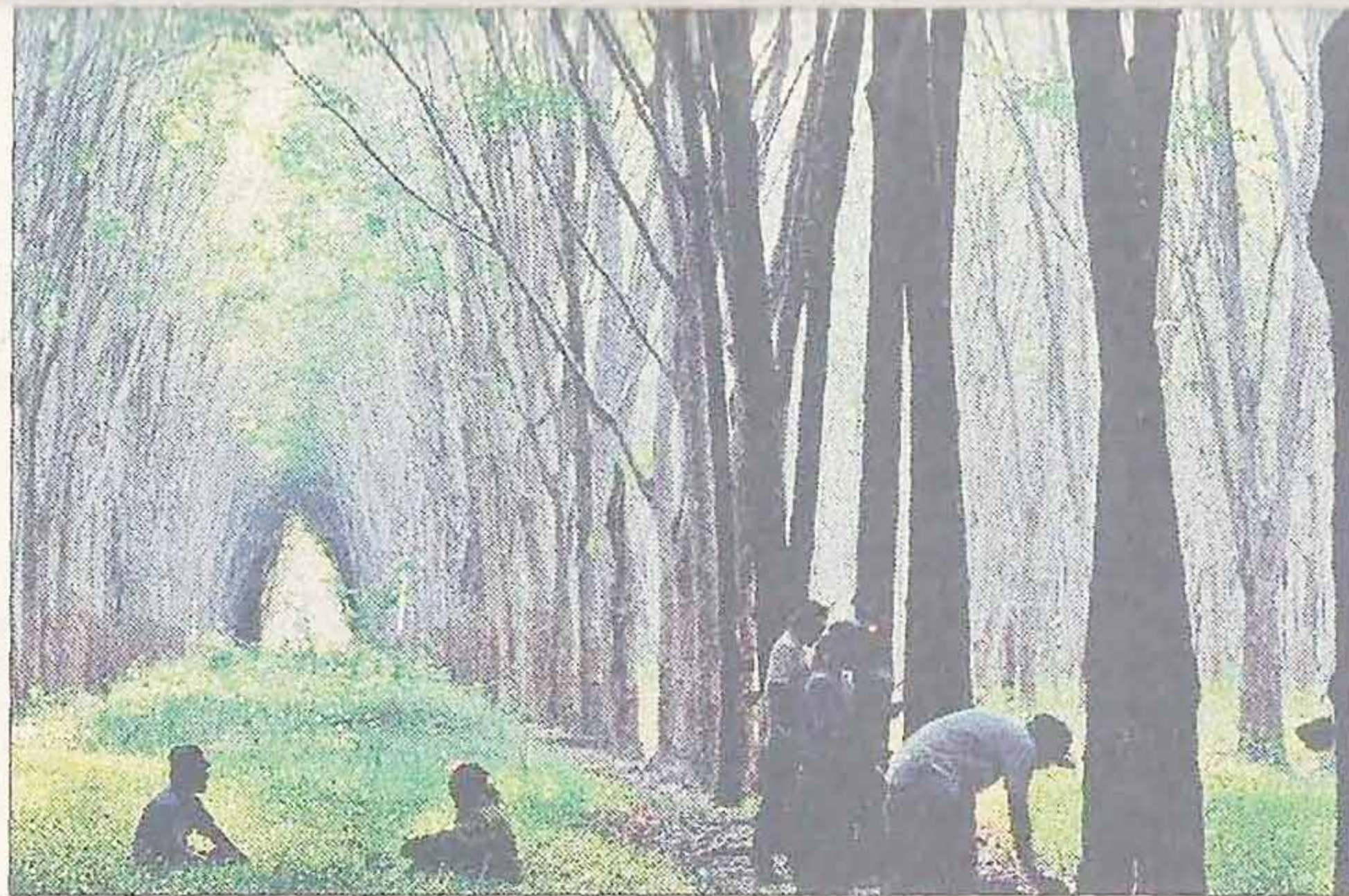
Rubber Band Makers Face Stiff Competition from Chinese Imports

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Rubber band units in the country are facing a crisis with Chinese products flooding the market. Burdened by the high-cost inventory, the local units are forced to sell their products at lower prices, suffering heavy losses. Several units have already folded up their business.

The units concentrated in Kerala and parts of Tamil Nadu are the primary suppliers to the north Indian markets. But for the last few months, the buyers have been depending on the Chinese rubber bands, which are cheaper and more colourful.

"Unlike the rubber bands made from the latex here, the Chinese bands are made from dry rubber and hence the cost of production is lower. This helps the Chinese manufacturers to sell the product in bulk quantities cheaply,"



said Iype, managing director of Vikas Rubbers.

Though there is an import duty of about 60%, the buyers under quote prices and import it cheaply. The quality is not as good as the local products but it is cheaper, more colourful and more piec-

es in a kg pack -- 10,000 pieces -- while the domestic units will be able to give only 7,000 pieces.

"We have bought latex at Rs 200 per kg and above. With the current drop in rubber prices, the buyers are asking us to cut prices. The prices of good quality

rubber bands have already dropped from a level of Rs 300 per kg to Rs 250," said Sunny Joseph, managing director of KVR Rubbers.

The Chinese rubber bands are available at prices below Rs 200 per kg. The local manufacturers feel that they will suffer heavy loss if they sell below Rs 200. "However, some manufacturers are forced to sell at Rs 160-170 per kg," said George Varghese, head of St. Mary's Rubbers.

There are around 150 to 200 rubber band units in Kerala and Nagercoil and Coimbatore in Tamil Nadu. Each unit employs around 10-20 workers, mostly women. The wages have gone up and there is a shortage of skilled workers. "Most workers have gone after NREGA schemes and we are continuing production with Assamese labourers," Iype said. The existing units are waiting to liquidate the old stock before resuming production.