

Cheer for rubber sector as prices bounce back

Tight supply, tyre industry demand, volatile global prices keep rates upwardly mobile

V SAJEEV KUMAR

Kochi, July 5

The recent price improvement in natural rubber has brought some cheer for the planter community, as the majority feels that "it is a positive trend that will boost production in the coming days."

With rates rising to ₹143/kg from ₹130 over the last week, growers said that the rising trend at a time when the sector is passing through a crisis would instil confidence among rubber farmers to return to tapping.

George Vally, President of the Kottayam Rubber Dealers Association, attributes supply tightness, demand from tyre manufacturers to deliver pending natural rubber contracts, and fluctuations in international prices as the reasons for the recent price increase.

The present conditions have brought the majority of farmers back to rubber farming. This, coupled with the Kerala government's announce-



The lean production outlook, low stock levels in exchange warehouses and reports of quality concerns in imported rubber have supported the sentiment

that it will continue incentives for growers, good rains in processing areas, and long tapping holidays after an extensive summer likely to see good yields for farmers, is benefiting Kerala's rural economy in a big way.

Strong demand

Describing the price surge as a positive trend, Sibi Monipilli, General Secretary of the Indian Rubber Growers Association, told *BusinessLine* that the continuing rains are hampering production and growers are facing difficulties in putting rain guards on trees.

He expressed the hope that the production would pick up in the current year itself, if the price goes beyond ₹150/kg.

According to analysts, the ongoing recovery in domestic

natural rubber prices is likely to continue as demand has outpaced domestic availability. The lean production outlook because of monsoon, low stock levels in exchange warehouses and reports of quality concerns in imported rubber have also supported sentiment.

Looking ahead, prices in the most active NMCE July futures contract have an upside room till ₹156-160 levels a kg initially and later towards ₹172, if the fundamentals remain intact.

A drop below ₹120 a kg is not anticipated in the immediate future.

Import surge a concern

However, PC Cyriac, President, Indian Farmers Movement (Infam), was of the view that

the basic issue plaguing the sector is uninterrupted imports of natural rubber, leading to a production drop.

To control imports, he suggested implementation of safeguard duty as per WTO recommendations and imposition of Customs tariff to create confidence among domestic growers to enhance rubber production, which is a strategically important raw material for all industrial purposes.

According to Rajiv Budhraj, Director-General, Automotive Tyre Manufacturers Association (ATMA), the situation has worsened even as prices have gone up. There is a widening gap between availability and demand, which is hurting the industry.

Currently, domestic prices are ruling at around ₹35/kg, above international prices. Despite this, there is an availability issue, he said, adding that imports are the only way to meet demand.

The deficit in supply of natural rubber has a major impact on micro, small and medium enterprises and it is difficult for the industry to manage competitiveness in the absence of raw material availability, adds Mohinder Gupta, President, All India Rubber Industries Association.

Japanese firm, TNAU in pact for mushroom cultivation

OUR BUREAU

Coimbatore, July 4

Yats Corporation, Japan, with the support of JICA (Japan International Cooperation Agency) is in the process of inking an agreement with the Tamil Nadu Agricultural University for upliftment of farmers engaged in mushroom cultivation.

A team from Japan visited the Farm Varsity here recently to understand the local condition and for transfer of technology in the cultivation of Shiitake mushroom.

The team, in the first place, initiated a feasibility survey to be followed by a verification survey of Shiitake mushroom

in Coimbatore, Mettupalayam and Ooty.

Once done, Yats Corporation would - with cooperation from TNAU - provide technological support like manufacture of sawdust blocks, incubation technology, growing of organic Shiitake mushrooms by supplying machines like autoclave, mixer and auto packaging.

Mushroom farmers say there is good demand for Shiitake mushroom in India, but the produce at present is being imported from Thailand, Korea and China.

The average cost of the imported dried Shiitake mushroom is said to hover at around ₹1,600/kg.

Coonoor tea trade turnover edges up in first half



PS SUNDAR

Coonoor, July 5

There has only been a marginal increase of 0.47 per cent in the cumulative turnover at the auctions of Coonoor Tea Trade Association (CTTA) in the first half of current calen-

dar over the same period of 2015.

This has happened because while the average price rose by ₹24 a kg, the volume sold dropped by some 73 lakh kg.

In all, 25 auctions had been held till June when the average price rose to ₹97.66 a kg from ₹73.61 last year.

Because of the sharp increase in price, the volume sold dropped to 2.09 crore kg from 2.76 crore kg.

Nevertheless, the high price helped the overall realisation to rise to ₹204.11 crore from ₹203.16 crore.

This increase of ₹95 lakh marked a marginal growth of 0.47 per cent.