

Harrisons Malayalam sees red ink due to natural rubber crisis

FE BUREAU

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PLANTATION MAJOR HARRISONS

Malayalam (HML) said that it would slip into the red this fiscal given the crisis faced by natural rubber since 2013. Part of the RPG Enterprises, HML is India's largest producer of rubber and south India's largest cultivator of tea.

A fall in natural rubber prices from 2013 has seen many rubber farmers not tapping the standing crop, leading to a fall in natural rubber production. India is the second-largest consumer of natural rubber after China. Despite India being one of the key producers, contributing to over 5% of global output, it remains a net importer. During FY18, India produced 6.9 lactonne of natural rubber but consumed 11.1 tonne by importing the rest.

The average price of benchmark RSS-4 grade came down to ₹129.80 per kg in 2017-18 from ₹208.05 per kg in 2011-12. The RSS-4 grade in Kottayam on Monday closed at ₹125 per kg, while the similar grade at Bangkok market was ₹110.5 per kg.

According to Venkitraman Anand, chief executive of Harrisons Malayalam (HML), "intense competition from emerging geographies with low wages" coupled with policies favouring import from Southeast

Asian nations is killing the local industry.

He also added that state policies and delays in implementing decisions are also adding to the woes of the plantation companies. Replanting of the tress is also not happening due to low returns, which will lead to further fall in future yields from them, he said.

HML has lost ₹100 crore in the last five years with nearly a sixth of its natural rubber trees not being tapped.

"Nearly 1,000 hectares (ha) of the total 6,500 ha of rubber – which needs to be immediately replanted – has been left

untouched due to the high seniorage (fees) charged by the forest department and other sanctions. While timber from an acre of land fetches ₹4 lakh, the cost of replanting comes to ₹6 lakh," he added. Average production from a hectare of rubber plantation is pegged at around 1,300-1,400 kg.

Anand said that it is an irony that while replanting is encouraged by the government and the boards in all other crops, replanting in natural rubber is suffering due to misinformation. Yield from natural rubber is also estimated to decline in Kerala by 40-50% in the coming months due to loss of foliage in the trees.

HML sources also said that the natural rubber import in FY19 is likely to hit a record six lakh tonne, accounting for 50% of natural rubber consumption in the country.

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