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Industry expresses concern as rubber output shrinks

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June 22: The rubber industry has pressed the panic button at the rate natural rubber (NR) production in the country has been shrinking. NR production has nosedived in the last two years and this needs urgent solution, the industry bodies said in a letter to the Union commerce ministry.

According to the Rubber Board statistics, NR production has witnessed a decline of 11% in the first two months of the current fiscal. In 2014-2015, the year-on-year fall was 15% and in 2013-2014 the figure was 14%. Industry has always been arguing that the production has been lower than what the official statistics claim.

The Automotive Tyre Manufacturers Association (ATMA) fears that another consecutive year of fall in NR production would be a huge blow to all rubber consuming industries. "With automobile sector coming out of a long recession, the NR demand is counted to go up during the current fiscal. Tyre industry

has put in large investments to meet the pick-up in demand. At this juncture, raw material concerns are likely to play a spoilsport in the Make-in-India story as far as the tyre sector is concerned," said Rajiv Budhraja, director general, ATMA.



The NR consumption had increased by 4% in 2014-15. This trend continues during the current fiscal. This mismatch, according to Budhraja, is alarming.

In the previous fiscal, the gap was more than 3.6 lakh tonne. During the current fiscal, the gap is likely to yawn more than the market can contain. "The situation could be hard-hitting for rubber-based MSMEs, which do not have the deep pockets to hold jumbo in-

ventories," said Mohinder Gupta, president, All India Rubber Industries Association (AIRIA).

Both AIRIA and ATMA are disturbed that the import duties on rubber have been jacked up, when the domestic production is falling. The worst impact is on the small scale players. The industry has reiterated its campaign that the purchase tax of 5% on NR should be abolished immediately.

The rubber market is almost in a self-perpetuating nexus. The consuming industry had been pleading for lower domestic prices for several years. As the price has been falling, rubber farmers have been demotivated from replanting old rubber trees and even from tapping. "It is surprising that when the price comes down to its lowest point too, the industry complains," Sibi Monipally, general secretary, Indian Rubber Growers Association (IRGA) told *FE*.

This time the grouse is not the price, but the non-availability of raw material — natural rubber.