

Kerala Rains Hurt Rubber Production

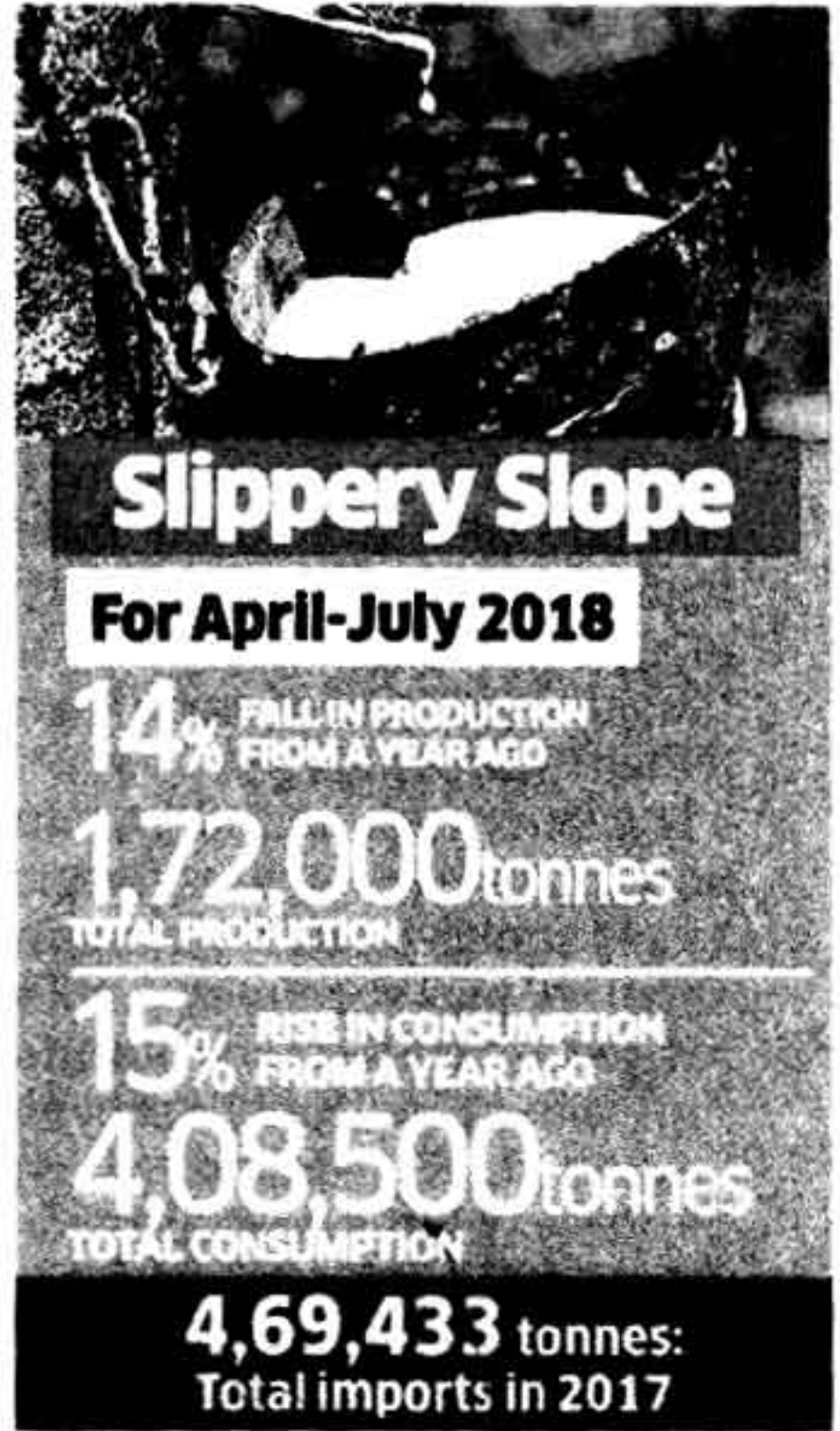
Tyre makers had no choice but to import, sometimes on spot basis, to meet demand

Krishnakumar.PK
@timesgroup.com

Kochi: The supply crunch in the domestic market may push imports of natural rubber this year to a new high despite a steep fall in rupee. Tyre makers, who account for the bulk of consumers in India, have no choice but to go for more imports as rubber output in Kerala, the largest producer, has been hit by rains since May.

Production for April-July 2018 is down 14% from a year ago at 1,72,000 tonnes, Rubber Board data showed. Against this, consumption climbed 15% to 4,08,500 tonnes for the same period. "We think imports will cross 5 lakh tonnes and may even move closer to 6 lakh tonnes this year," said Rajiv Budh-
raja, director general of **Automotive Tyre Manufacturers' Association**. Import touched a record 4,69,433 tonnes last year.

Usually the tyre industry engages in long term contracts for imports. But as the situation got worse with rains intensifying and the rupee falling, this was not possible. "The industry had to buy on a spot basis to meet the requirement. This has raised the cost,"



Budh-
raja said. Almost 70% of the rubber imports are coming with payment of duty.

Since most of the other raw materials like synthetic rubber, steel tyre cord, rubber chemicals are also imported, tyre makers are bracing for a loss this year. "The bottom line of the tyre companies will be dented this year," he said.

Growers are preparing for aggressive tapping as prices are good. "Loss of production in the first few months can be made up in the coming months. We may come near last year's production," said George Valy, former president of Indian Rubber Dealers Federation.