

NR prices slide as imports get cheaper

M SARITA VARMA

Thiruvananthapuram, August 12

AFTER A BRIEF spell of price recovery up to ₹152 per kilo last month, natural rubber (NR) has found itself on a slide, following feeble demand from the automobile-driven tyre business. On Monday, the price of premium grade RSS-4 (ribbed smoked sheet) has dropped to ₹145 per kilo.

“Besides the lukewarm demand from automobile industry, the drop in rubber price in Malaysian and Indonesian markets has triggered NR imports to India,” Siby Monipally, secretary, Indian Rubber Growers Association (IRGA) told *FE*. Last year, riding on about 1 million tonne consumption, India had imported above 4 lakh tonne NR, according to the Rubber Board of India.

India's rubber imports from Malaysia alone grew by 16.7% in value terms to \$29.7 million in 2018 in the last 10 years, Malaysia's primary industries minister Teresa Kok had revealed at a seminar on rubber products in New Delhi last week. With the international price of NR bobbing in a low band of ₹109-112 per kilo this week, the consuming industry has



taken recourse to imports, pushing down the domestic NR price.

In Indian Commodity Exchange, the most active August contract had closed at ₹14,625 per 100 kilos last week.

Meanwhile, the Rubber Board had been counting on the current year's NR production touching 7.5 lakh tonne, according to KN Raghavan, executive director, Rubber Board. Last year, when NR production was 6.6% lower than that in the previous fiscal, the board had explained it citing the havoc caused by the once-in-the-century floods in Kerala and the subsequent abnormal leaf fall disease. By the Rubber Board's provisional estimates, the production in 2018-2019 was 648,000 tonne,

against 694,000 tonne in 2017-2018. There were green shoots in the air that the price revival would lure the farmers who abandoned rubber back to tend to their plantations.

Indian rubber farmers, who saw the price surge 17% in 45 days from the last week of April, had been slowly building confidence in the crop when the slide began. The second round of devastating rains too have dampened hopes. “We are bracing up for the price collapse to the April price of ₹129 per kilo,” says Josekutty Antony, president, Rubber Nursery Owners Association.

Not surprisingly, both United Planters Association of South India (UPASI) and Consortium of Indian Rubber Growers Organisation (CIRGO) are disturbed by the flow of imports that dictate the Indian rubber price. “The Centre should restrict imports from Southeast Asian nations. Port restrictions are not enough. There needs to be staff and infra support to tight-belt imports or Indian farmers would abandon rubber cultivation altogether,” says Johny Mathew, coordinator, CIRGO.