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Problems dog Indian rubber industry

Shortage of skilled manpower, cheaper imports hit domestic rubber manufacturers hard

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GLOBAL demand for natural rubber is expected to be slow through 2016, as consumption growth has weakened in China, the biggest importer, curbing the price of the raw material used for a range of goods like tyres to medical gloves and condoms.

Expansion will moderate to 3.5 per cent in 2016 from 3.9 per cent this year and 4.1 per cent in 2014; a Bloomberg report said quoting a former top official of the International Rubber Study Group. China's demand will rise by 4.8 per cent next year from 6 per cent in 2015 and 7.1 per cent in 2014, the report said.

However, the Indian rubber industry is faced with a crisis of myriad nature, which along with price decline has prompted the United Planters Association of South India (Upasi) to seek urgent government intervention.

Things have come to a situation that a large number of farmers have been forced to abandon rubber farming and shift to other inter-cropping options. While the consuming industry's need for low-cost raw material is comprehensible, Upasi is concerned about imports in excess of the production-consumption gap.

The planters' body wants the government to play a regulator to ensure sustainability of the rubber sector in view of its impact on small growers in South India, particularly Kerala. Over two million people are employed in more than 5,000 rubber and tyre units,



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India buys natural rubber from Thailand, Malaysia, Indonesia and Vietnam, and is expected to ship in about 425,000 tonnes this year ending March 31. This is in comparison with the average total domestic production of 9 lakh tonnes a year. According to analysts, natural rubber imports are likely to remain strong, as Indian rubber farmers switch to other crops, and

ample global supplies and weak benchmark prices.

Another major problem facing the industry is lack of skilled manpower. Industry watchers say skilled manpower can significantly enhance productivity of natural rubber. The per capita productivity of natural rubber in India is still far below other producing nations.

According to the All-India Rubber Industries Association (AIRIA), there is a wide gap between availability and

demand of skill in the rubber sector, particularly in the MSME segment. A large number of educated youth get attracted towards the services sector. There is an immediate need to find innovative solutions to bridge the skill gap in the small-scale sector by offering industry-ready study curriculum and training.

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car markets in the world and a big jump in synthetic rubber output is not a tall order.

Rubber board statistics shows that India's synthetic rubber output stood at 112,886 tonnes in financial year 2013-14. Imports stood at 371,839 tonnes, three-fourth of the total consumption of 483,575 tonnes. Imports could drop to 300,000 tonnes this year and 100,000 tonnes by 2015-16, reflecting a steady growth in domestic output and eventually self-sufficiency.

Domestic synthetic rubber producers are ramping up capacity in the wake of positive sentiment from tyre manufacturers. A number of new plants are also coming up. India's annual synthetic rubber output is projected to grow three times to 550,000 tonnes once these new plants commence commercial production by the end of 2016.