

Rubber to be part of Make in India, Modi tells growers

Industry seeks measures to curb cheaper imports

OUR BUREAU

Kochi, December 15

Prime Minister Narendra Modi's assurance to include rubber in the Make in India programme has come as a shot in the arm for the rubber sector, which is passing through an unprecedented crisis due to declining prices.

Natural rubber prices are as low as ₹102/kg for RSS-4 grade forcing many farmers to stop tapping and switching over to other cash crops.

The Prime Minister, while referring to the financial crisis faced by rubber growers in Kerala at a public meeting in Thrissur, pointed out that the Centre had already restricted import and increased import duty.

He also assured all help to growers, as Kerala accounts for over 90 per cent of the country's rubber production.

May raise output

N Radhakrishnan, Advisor, Cochin Rubber Merchants Association, told *BusinessLine* that the announcement is a welcome move as it would benefit the plantation sector a lot.

It would definitely boost production in the next three years by adding another four lakh tonnes.

Rubber production this year will be in the range of six lakh tonnes. However, the need of the hour is incentives to farmers to encourage production, he said.

Duty-free imports

However, Sibi Monippilli, General Secretary of the Indian Rubber Growers Association, was of the view that Make in India initiative on rubber is only a value-added programme and it would not address the real issues in the sector.

He pointed out that duty free imports are affecting both the



prospects of farmers and domestic production in a big way.

The Prime Minister, he said, had not mentioned any measures to curb cheap imports and arrest the price fall. He also emphasised the need to retain the farmers in rubber cultivation to increase production, thereby fetching them the deserved prices for the commodity.

MSMEs hit

Meanwhile, the All India Rubber Industries Association said that a stiff import duty of 25 per cent on rubber, at a time when domestic production is grossly short of consumption, is hurting competitiveness and growth of micro, small and medium rubber units.

There are around 5,000 small and medium scale rubber units in the country manufacturing 35,000 different rubber products.

Not only import duty on rubber in India is amongst the highest in the world, domestic prices are also about 20 per cent higher than international prices. Rubber MSMEs are, therefore, at the receiving end of two extremes, said Mohinder Gupta, President, AIRIA. Rubber industries have also contested the argument by Upasi that imports of rubber were much higher than domestic production deficit.

Quoting Rubber Board data, the industry has stated that against rubber production-consumption gap of 2.85 lakh tonnes in the April-November period of current financial year, 2.88 lakh tonnes of natural rubber has been imported.