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**Indian Rubber Industry
- Current Trends and Outlook -**

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I. Introduction

With the economic reforms initiated in India in 1991 and the removal of QRs on the import of natural rubber, the Indian rubber industry has undergone radical changes from the status of an insulated and internally regulated island to become an intrinsic part of a highly competitive world economy that is ruled by free market forces. As a consequence, Indian NR market witnessed unprecedented price fluctuation during the post-reforms period. Given the integration of the domestic NR market with the world market, the prospects of the Indian rubber sector, to a large extent, depends on the developments in the global NR sector. In a globalised set up, the rule of the game is that the countries that innovatively change production technologies leading to attainment of cost efficiency and quality improvement will have an edge over others. While this new world economic order poses challenges to the Indian rubber plantation and rubber goods manufacturing industries, it offers opportunities as well.

II. Development of Indian Rubber Plantation Industry

Though the Indian rubber plantation industry was dominated by large estates during the initial five decades, it has subsequently undergone important structural transformation leading to the dominance of smallholdings. Today smallholdings account for 88 percent of the area and production

Despite the dominance of smallholdings, more than 98 percent of the total area under the crop is occupied by high yielding varieties. The most noteworthy factor is that the smallholding sector occupies almost the same status as that of the estate sector in adoption of productivity enhancement measures. On account of these factors, the productivity measured in terms of average yield per unit hectare, which was as low as 284 kg during 1950-51, increased sharply over the years. With the average productivity of 1663 Kg realized during 2003-04, India occupies the first position in productivity among the major producers of NR in the world.

As a result of the consistent increases both in tapped area and productivity, the production of NR increased at the average annual growth of 8.4 percent during the Eighth Plan (1992-97) period and 2.8 per cent during the Ninth Plan period (1997-2002). The production growth anticipated for the Tenth Plan (2002-2007) is 5.9 per cent. As regards the Tenth Plan period, production grew by 1.0 per cent during 2002-03 and 9.5 per cent during 2003-04. The growth anticipated during 2004-05 is 6.0 per cent.