

Indian Natural Rubber Sector: An Overview

Dr N M Mathew
Director
Rubber Research Institute of India
Kottayam - 686 009

ABSTRACT

The rubber plantation industry in India has completed a century of years since the crop was first introduced in the country on a commercial scale in 1902. Over the years, this industry has not only withstood the challenges of difficult times, but registered spectacular growth in terms of expansion in area and increase in production and productivity. Rubber cultivation has contributed substantially to the socio-economic development of the regions where it is undertaken. This paper is an attempt to review the salient features of the sector, the progress achieved with respect to production, processing, consumption etc. and also the changes in the commercial aspects of the commodity including price and external trade. An attempt also has been made to analyse the weaknesses and the programmes for further growth and development of the sector during the immediate future with special reference to the programmes included in the current Five Year Plan.

The production sector in the country is dominated by smallholdings, which account for 88 per cent of the production and area with an average holding size of 0.5 ha. There are nearly one million producers and about 0.4 million people engaged in the plantation sector as workforce, either directly or indirectly. About 10,000 tribal families, mostly in the North East, have been resettled with rubber-based rehabilitation programmes. India is now the fourth largest rubber producer next to Thailand, Indonesia and Malaysia, accounting for over 711,650 mt yr⁻¹. More importantly, the productivity of rubber in India, at 1663 kg ha⁻¹ yr⁻¹, is the highest among the major producing countries. Now, rubber plantations spread over 5,70,000 ha in 16 states generating steady income for about a million farmers. The country is the fourth largest consumer of natural rubber with a strong manufacturing base producing over 35,000 different products out of rubber. Of the 4,931 manufacturing units, 40 per cent consume less than 10 mt of rubber per year. Although the manufacturing sector has been mostly inward oriented, the growth in external trade during the last few years has been significant and the sector has accounted for nearly Rs. 2,528 billion worth export during the year 2002-2003. Consumption has been growing at a faster rate than production during the last few decades. However, the annual growth rate in consumption has gone down during the years 1997-2002. However, it has picked up again reaching nearly 9 per cent in 2002-2003.

Although the plantation sector is now 100 years old, significant developments have taken place during the last 4-5 decades. There has been substantial growth in the area under cultivation as well as production during the 1980s and early 1990s. However, the annual growth rate in production has decreased from 8.4 per cent during 1996-1997 to less than 1 per cent in 2002-2003. Although the country has been producing all the major forms of raw rubber, ribbed smoked sheet (RSS) accounts for over 72 per cent

of the total production followed by concentrated latex (10.5 per cent), technically specified rubber (9.6 per cent) and others (7.7 per cent).

The price of NR in the domestic market has been moving in tandem with the international price ever since the new economic policies have been introduced by the Government in 1991. In general, the domestic price has been remaining slightly higher compared to the international price although during the recent past, the domestic price has been remaining lower than the international price. With the opening up of the economy, both imports and exports of rubber are possible and the balance between these two depends mainly on the relative prices in the domestic and international markets. The Government of India have recently introduced certain export promotion measures and hence export of rubber has increased during the last two years.

The weaknesses of the production sector in India include a relatively high cost of production in spite of the high productivity, dominance of sheet rubber grades in the raw rubber market and the relative inconsistency in quality of TSR produced in the country. Packaging and presentation of rubber also need some improvements to make them meet international standards. The various schemes, which are being implemented by the Rubber Board during the X Plan include measures to overcome the weaknesses and to make the NR sector in the country competitive with respect to cost and quality. Further increase in production is attempted mainly through productivity enhancement by replanting of low yielding areas and also by popularizing still higher yielding varieties. Additional income generation through intercropping, value addition to rubber wood, utilization of rubber seed and bee keeping in rubber plantations are being encouraged. Greater emphasis is being given to quality improvement and cost reduction in the processing sector. TSR processing factories are encouraged to modernize, so that cost of production is reduced and quality improved. They are also provided with assistance for implementation of quality management systems such as ISO 9000. Market development for natural rubber will be attempted through strengthening of research and development in the area of rubber technology, particularly with respect to development of non-conventional applications of natural rubber. The environment-friendly credentials of natural rubber will be further promoted and environmental issues related to rubber cultivation and processing will be addressed to promote NR as a green commodity.

