

Rubber growers need proper marketing strategy

The market system we had been following for many years is totally inadequate and against the interests of both the growers and the consumers

The Government has taken many measures to support the natural rubber price as well as to motivate the growers. The market intervention (procurement), fixing benchmark price, ban on NR import against advance licence, export promotion measures, supply of rubber to consumers at the international price, the STC's credit sales up to 150 days at FOB rate, providing difference of price to traders who supply NR at the international price to consumers surrendering advance licence etc. are some of such measures.

But observers are keenly watching the outcome of all these aggressive efforts and finding faults with the measures. Many are of the view that the NR price will no longer be controlled by any such protective measures, but it will depend on market forces. Therefore, without developing a proper market mechanism in this area, the development of the Indian NR industry is impossible. What is urgently required is to take some corrective measures to rejuvenate the NR industry to regain its strength and vigour in the domestic market as well as to make entry into the world market.

Standardisation

The question today is whether the Indian NR market is equipped to meet the emerging requirement of consuming sectors in domestic and world markets? The fact is that many are aware of the supremacy of quality rubbers. Many

ber due to its inferior quality and marginally higher price. So, how an international consumer will buy Indian rubber?

For a quality consumer, price/duty/import restriction is not at all a problem. What he wants is good quality rubber at a stable price. Even if the prices are higher in the world market, consumers can resort to import quality materials. But global rates are normally Rs. 8 to 10 a kg lower than domestic price and so the Indian consumers very often like to avail the benefits of a likely fall in rubber prices in the international market. Import against any licence or duty is unlikely to pose any problem, as most of our big consumers are large exporters too.

Quality grades

In this scenario, why not we do something aggressively to promote specific quality grades for import substitution and export market? This quality grade rubber shall be marketed with "export grade mark" and routed through an authorised agency, which may help to create a good image for Indian rubber in the world market. The growers, at least those in the organised plantation sector should realise this and take necessary steps for product development, based on process standardisation and complete process control methods for achieving quality. But, all these need good capital investment and can be adopted only by the processors in the organised sector or as a co-operative venture with close interaction and support of Government agencies.

Licensing policy

There are different opinions about the present system of granting licence to the processing units. This may be looked into in future and only qualified processors in the organised sector may be given priority for issuing licence. Likewise, instructions may be given to the existing licensed units not to process inferior grades below a defined ratio. As far as possible, this may be implemented as a mandatory requirement for all processors. Changes if any made

and implementing such a mandatory requirement may not affect the product availability as the present capacity utilisation of the processing industry is not very high.

It is observed that production in many of the units is not done in well engineered plants. The result is high cost of production and difficulty in quality control. Much more research and development efforts are required to optimise and engineer the process and equipment system. Gone are the days when consumers absorbed whatever be the rubber produced by the growers.

Now there is limit for consumption and many alternatives are also there. For example, in the case of synthetic rubber all grades are now available for specific applications. Therefore, the need of the hour is to make NR available in tailor made forms for use in place of SR with cost benefits. Availability, cost, quality standards and processing characteristics are the major factors consumers generally take into account for purchasing new elastomers.

Traditionally, the growers have a motto that production is their main job at any cost without taking quality control measures. Now, as a result of change in the scenario, a new emphasis on strengthening the "market production linkages" is required. This can be achieved by a combination of 'market creation' and 'market matching' approaches. In market creation, attempt is to create new markets, i.e., to link production to markets through brand or image building. In market matching, products are sold to match the market demands i.e., only a little effort to influence the market.

Marketing strategy

It is true that, we don't have any marketing strategy for NR industry. Marketing is not producing something and selling it to needy persons. It is something more, i.e., find what is their actual requirements, what is reliable price, how the product is packed, how the demand grows, how the product is distributed etc. Quality ascertaining and offering guarantee

is also important. The market system we had been following here for many years is totally inadequate and against the interests of both the growers and the consumers.

In the international arena, marketing is well organised with primary, terminal and futures markets and this helps in contracting large volume sales. But, here terminal and futures markets are basically not there. Reliable prices, demand/supply positions and its data are not exactly known to the growers. So how can we make contracts for large volume transactions? Only at the estate level direct sale is taking place and its volume is less than 20%. Dealer off-take in India is more than 70% in volume. In this situation, setting up of a rubber commodity exchange or contract trading would definitely become futile. What we need urgently, before thinking of such jargons is to develop a marketing strategy at the growers level, which may help them to survive in the competitive environment.

Extension services

Setting up of "market extension services wing" in every rubber district will be useful to disseminate ideas and information on market-product linkages and market intelligence. Major services to be discharged by the market extension services include:

- Give up-to-date information regarding the arrivals and prices in various markets.
- Educate the farmers the benefits of processing good quality rubbers.
- Farmers have to be informed the importance of standardisation and packing of more speciality rubbers.
- Provide information on pricing trends, market intervention schemes, export prospects of certain identified forms, benefits or organised marketing structure, world pricing trends etc.

All these are possible only if market extension services wing shall be impressed upon market intelligence, feedback through extension and applied research activities, networking of farmers/

processors' organisations, and market assessment reports.

Based on the observations of Dr. Swaminathan Group it is suggested that, one 'extension worker' should cover at least 10 rubber villages, and every 10 villages administered by one "extension supervisor" who will be able to monitor the functioning of 'market extension' in the entire rubber district. These extension supervisors shall work closely with the plantations, identify some potential areas and recommend for converting it into organised planters/processors with the minimum discipline for processing quality rubbers.

Export market

When we talk of exports, we have to remember that export markets are not places for dumping the excess stock of any commodity from the domestic market. In order to make a dent into the export market for raw natural rubber, we have to build up a system to suit the international requirements. Of course it is true that, price-wise and quality-wise, we cannot compete with NR forms available from Malaysia and Thailand. These countries are closely following the world market trends and modifying their production plans and supplying tailor-cut forms timely required in the market. But the Indian NR is rejected in many instances by developed markets. We are also losing our image by exporting inferior grades to neighbour countries like Nepal and Bangladesh. But, these are only our mainstream markets. Niche markets of Europe and America shall be targeted only through promoting the image of the Indian NR in the international arena.

To sum up, one shall bear that all the existing short-term and protective measures may not work in future to the desired extent. Likewise, the traditional concept of marketing, "whatever is produced can be marketed gainfully", will not work in future. Therefore, it is time to take strong measures to co-ordinate the production with marketing and support the growers who wish to do excellent jobs in quality processing.