



IMPACT OF PROCESSING AND MARKETING OF NATURAL RUBBER THROUGH RUBBER PRODUCERS' SOCIETIES

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The Indian rubber plantation sector is dominated by smallholdings, which accounts for almost 87% of the production. The preponderance of smallholdings makes the sector vulnerable to fluctuations in price, exploitation by middlemen, etc. The RPS involved in the consortium programme has been successful in making considerable improvement in quality of produce by group processing of rubber to fetch better price. Group marketing through an apex company ensures a higher price. The paper discusses the various advantages of group marketing viz. sharing, switching over strategy, quality improvement, bargaining capacity and revival of the RPS involved. It also discusses price advantage obtained by the members of RPS compared to non-members in relation to the marketable forms of rubber viz. preserved latex and other forms of NR. This would help in adopting strategies to strengthen the institutional linkage at the grass root level to empower and to modernize the smallholding sector.

INTRODUCTION

The Indian rubber plantation sector is dominated by smallholdings, which accounts for almost 87 % of the production. Of the one million holdings, only 323 are classified as estates (>20 ha). The average size of the smallholdings is only 0.40 ha. (Krishnakumar and Dhanakumar, 2000). The preponderance of the small and marginal growers makes the sector vulnerable to fluctuations in price. Also they experience difficulty in gaining access to technology and information. In spite of the fact that 87 % of the production is from the smallholding sector, they have very little influence on the market. The Rubber Producers' Society (RPS) is a grass root level organization of small growers aimed at economic and social development of growers through a variety of activities. The RPS remain helpless in the present price crisis and the growers are at the mercy of the buyers. Some RPS are functioning only as input-distributing agents

though it was expected that the RPS could play a decisive role through collective marketing strategies. The role of RPS is very significant considering the exploitation of growers by other sheet procurement agencies. The adverse effect of monopolisation in the rubber market can only be tackled by forming a consortium of raw material producers under the RPS which are in turn linked to companies jointly promoted by the RPS and the Rubber Board.

The small growers of rubber in India generally face many difficulties in establishing processing facilities, marketing of their produce and implementing latest scientific information and technology in their holdings. A group management system only can help overcome the existing problems, as the ordinary growers do not have any direct influence on price. The RPS were envisaged to act as a force for group management in all activities of the smallholders.

In the consortium approach all the RPS



capable of group processing are tied up to form a network and work together for a common goal of better price through quality improvement and joint marketing. The Trading/Processing companies jointly promoted by the RPS and the Rubber Board channelise the marketing of raw materials like latex, sheet rubber and scrap. In an advanced stage when the RPS become capable of diversification, a part of the latex collected can be converted into latex coagulum for the manufacture of Technically Specified Rubber.

The objective of this paper is to highlight the various advantages of group processing and marketing management system namely (a) revival of inactive RPS through extension support (b) sharing of resources available with the farmers and between RPS (c) switching over strategy for production of different types of rubber as per market demand (d) improvement in bargaining capacity, and (e) quality improvement through collective processing and strict supervision.

MATERIALS AND METHODS

The progress of consortium approach in the revival of RPS activities in different regions were traced. The detailed study covered three RPS in Kunnathunadu Taluk in Ernakulam district of Kerala State viz. Poothrikka, Malayampurathupady and Valiakulam. The data of wet weight of field latex and dry rubber content (DRC) of latex and quantity of sheet rubber of various grades were collected from the RPS.

The trading company covered in this study is M/s Vembanadu Rubbers Pvt. Ltd., which is involved in the consortium

programme in Ernakulam region. The company is a joint venture of RPS and Rubber Board to channelise the marketing of raw materials like latex, sheet rubber and scrap. To understand the impact of group marketing in the sales turn over of M/s Vembanadu Rubbers Pvt. Ltd., Kochi, the data were collected from the company's sales tax returns, purchase register, returns to Rubber Board and other available documents.

The data on NR prices were collected from Indian Rubber Statistics, 2001 and 2002. The monthly average price is consolidated to yearly average price for the period 2001-02. The primary data on farm-gate price realised by rubber growers price obtained by the dealers, processing cost etc. were collected from both member and non-member growers through a village level survey covering operational areas of various RPS.

RESULTS AND DISCUSSION

The survey conducted at village level under various RPS showed that the price prevalent in village level was Rs. 0.96 less than the market price published in the news papers. The reduction in price varied from Rs. 0.75 to 1.50. Members of RPS get a price equivalent to grade RSS4 sheet rubber if latex is supplied to the RPS. The cost of production of sheet rubber incurred by the non-member is calculated as Rs. 1.98 per kg. (excluding own labour).

The major achievement of the group marketing is that many non-functional RPS could be revived and attracted to the consortium programme (Table 1). The activities under the programme could bring

Table 1. Revival of RPS after the introduction of group marketing at the regional level

Details	Ernakulam	Moovattupuzha	Kothamangalam	Thrissur
Total No. of RPS	92	84	81	80
RPS revived through group marketing	43	40	23	13
Share of revived RPS (%)	47	48	28	16



about an awakening at village level among the small rubber cultivators.

Revival of RPS activities

In Moovattupuzha region 8 RPS started working on processing and group marketing in association with M/s Periyar Latex Ltd., the trading company operating in the region. A remarkable achievement in the field of group marketing activities has been recorded in Thrissur region where 13 RPS acquired 20 cents of land each for setting up their processing centres. Group processing and marketing activities that spread over to the Malabar area have witnessed revival of large number of RPS in Nilambur and Manjeri regions with active and full support provided by M/s Thunchathu Ezhuthachan Rubbers Pvt. Ltd. As envisaged in the group marketing activity, the RPS are also equipped themselves with the facilities for converting part of the field latex collected by them to coagulum to cater to the needs of the TSR factories and this has been most successfully implemented in Nilambur area.

These activities motivated the local bodies like Panchayath to get involved. Taking in account of large number of smallholdings (Table 2) and the progress of consortium activities taking place at RPS

Table 2. Rubber area, holdings and production in Ernakulam

Year	Estates	Small holdings	Total	Production in tones*
1997-1998	2981	53044	56023	-
1999-2000	2768	53615	56383	72,663.00

* The production in 1970-71 was only 11,907 tonnes

Table 3. Trends in latex supply by member growers (1999-2002)

Name of RPS	Total members (No.)	No. of members who supplied latex			
		1999-2000	2000-2001	2001-2002	2001-02 (%)
Valiakulam	125	15	36	56	45
Malayampurathupady	212	14	32	34	16
Poothrikka	186	16	34	51	27
Total/Mean	523	45	102	141	27

level, Ernakulam Jilla Panchayath extended financial assistance to the tune of Rs. 1 lakh to each RPS involved in the programme.

Sharing of resources

The sharing among the members in the supply of latex was the first step (Table 3) in achieving bargaining capacity. The sharing was not confined only to more grower participation but also involved more number of RPS joining in the group marketing (Table 4). This strengthened the

Table 4. Participation of RPS under the Regional Office (Ernakulam) in group marketing

Year	No of RPS
1999-00	15
2000-01	36
2001-2002	35
2002-2003	43

bargaining capacity. The progress of the group marketing activity reflected the increase in involvement of growers and RPS in the consortium. The generous support, co-operation and full involvement of the members of RPS in implementing the consortium activity was evident. The support has been in the form of sharing of smoke houses, rollers and coagulating pans. Some growers have exhibited their co-operation to the extent of offering land worth few lakhs of rupees for the RPS. Interest free loans offered by many growers for making up of working capital of RPS was another form of sharing.

With these developments at the RPS level the sales turnover of companies involved in the programme also recorded a remarkable progress.



Impact of group marketing

It can be seen that M/s Vembanadu Rubbers Pvt. Ltd., which is involved in the programme in Ernakulam region, could achieve an unprecedented turn over of Rs. 2.09 crores in the year 2000-2001. Their turnover of Rs. 76 lakhs for the year 1998-1999 has thus been increased by 278 %. In the year 2001-2002 the sales turnover reached 2.53 crores (Table 5)

Table 5. Sales turnover

Before group marketing		After group marketing	
Year	Sales turnover (Rs. crores)	Year	Sales turnover (Rs. crores)
1996-97	0.13	1999-00	1.15
1997-98	0.37	2000-01	2.09
1998-99	0.76	2001-02	2.53

Source: M/s. Vembanadu Rubbers.

Under this programme, Vembanadu Rubbers Pvt. Ltd., supplied 76.65 t of RSS 4 grade sheet rubber to the international market in 2001-02. The sale of sheet rubber and preserved latex also increased after the induction of group processing and marketing as shown in Table 6.

The year 2000-01 witnessed the transformation of this pilot programme of consortium activities that implemented in Ernakulam region into a scheme. The scheme involves providing financial assistance to RPS to start latex collection / group processing centres and thus extended tremendous support for popularising the idea of group marketing to various parts of Kerala.

The success of group marketing implemented in Ernakulam region has attracted rubber growers and extension officers from Kanyakumari to

Sreekandapuram and they visited the main centres of activities in Ernakulam region to study and to implement the activities in their own regions. The cattle shed converted as processing centre at Valiyakulam, where RSS 1 grade sheet was produced, has been a major attraction to the visitors. The unused sheds converted as smoke house by Karamood and Malayampurathupady RPS have proved how with simple available infrastructure the programme could be implemented successfully with cost competitiveness.

Switching over strategy

Switching over strategy was a processing and marketing technique adopted under the programme in which the field latex collected from the members by the RPS is converted into preserved latex or processed into sheet rubber of various grades depending upon demand. If the market price for ammoniated latex is found attractive, the field latex collected by the RPS is marketed as ammoniated latex or it is converted to sheet rubber if the market price for various grades of sheet rubber more is economical.

Net amount gained by the grower in an RPS where preserved latex alone is marketed and in another RPS produced sheet rubber of various grades is presented in Table 6, 7 and 8. Yearly average price gained by the member grower in RPS 1, RPS 2 and RPS 3 was Rs. 26.09, Rs. 27.54 and Rs. 27.80 respectively (Table 9). In RPS 2 field latex is converted to RSS1 grade, RSS 4 grade, preserved latex and wet sheet. In the case of RPS 3 field latex is converted to RSS 1 grade and preserved latex. It is evident that

Table 6. Sale of latex and sheet (kg)

Raw material	1997-98	1998-99	1999-00	2000-01	2001-02
Latex (on DRC basis)	11.56	35.42	64.71	387.40	323.62
Sheet	24.00	0.00	76.31	66.62	216.19
Total	35.56	35.42	141.02	454.02	539.81



Table 7. Price realised by the RPS, member grower and non-member grower (2001-02)

Month	Field latex	Price realised by the RPS for different grades Sheet rubber (Rs/ kg)			Average latex price realised by member grower (Rs/kg)	Average sheet rubber price realized by non-member (Rs/kg)
		RSS 1	RSS4	RSS 5		
Apr.	22.50	31.25	27.62	25.25	27.00	26.00
May	22.50	34.06	31.75	29.58	30.00	31.50
Jun	28.66	34.89	32.08	29.75	30.00	32.50
Jul.	29.85	35.20	33.00	31.00	30.00	30.00
Aug.	29.36	35.50	34.00	33.50	29.00	34.80
Sep.	28.75	32.75	32.42	31.00	27.00	26.00
Oct.	26.00	28.50	32.10	30.80	26.00	24.00
Nov.	25.75	27.00	32.09	30.79	25.50	24.50
Dec.	26.00	28.50	32.09	30.79	25.00	25.00
Jan.	26.75	31.00	32.09	30.79	26.00	26.65
Feb.	26.75	32.00	32.09	30.79	27.00	28.65
Mar.	26.75	34.00	32.09	30.79	28.00	27.30
Mean	26.61	32.05	31.95	30.40	27.54	28.07

Table 8. Amount gained per kg when switching over mechanism is implemented at RPS

Month	Price realised by switch over	Price of sheet rubber	Net price* of sheet rubber
April 2001	27.00	28.00	24.02
May	30.00	31.50	29.52
June	30.00	32.50	30.32
July	30.00	30.00	28.02
August	29.00	34.80	32.82
September	27.00	26.00	24.02
October	26.00	24.00	22.02
November	25.50	24.50	22.52
December	25.00	25.00	23.02
January 2002	28.00	26.85	24.67
February	27.00	28.85	25.32
March	28.00	27.30	24.07
Mean	27.54	28.07	26.09

* An expenditure of Rs. 1.98 per kg incurred for sheet processing is deducted

switching over mechanism benefited the growers in RPS 2 and 3. Average price obtained by the non-member was Rs. 28.07 deducting the processing cost of Rs. 1.98 per kg. The net amount realised was only Rs. 26.09 per kg. A member grower in the RPS 2 has gained Rs. 1.45 per kg. DRC of field latex whereas in RPS 3 it was

Rs. 2.61 (Table 9). The advantage of switching over strategy is thus evident.

Table 9. Net price realized per kg DRC of field latex under different processing and marketing options

Month	Preserved latex (RPS 1)	Preserved latex, RSS 1, RSS 4, wet sheet (RPS 2)	Preserved latex, RSS 1 (RPS 3)
April 2001	21.80	27.00	27.50
May	28.00	30.00	30.50
June	28.00	30.00	30.00
July	29.20	30.00	31.00
August	27.00	29.00	30.25
September	26.40	27.00	27.25
October	25.25	26.00	27.50
November	24.00	25.50	24.00
December	25.45	25.00	25.00
January 2002	26.00	26.00	25.00
February	26.00	27.00	0.00
Mean	26.09	27.54	27.80

Benefits of group processing and marketing

The sheet processing activity at the premises of the smallholder has the inherent weakness of environmental pollution in the housing vicinities. Moreover quality control



can be ensured under strict supervision in the group processing centers. Thus the RPS under the consortium activities develop as a labour management and technology transfer centre. It also acts as a link between the growers and the Rubber Board through which extension activities can be channelised and implemented at a faster pace.

The working of the RPS is organised with active involvement of members. The responsibility of day-to-day function is shared by the President and Board Members. As the activities of the RPS are strengthened, they remain in the market vibrant to face the challenges of cost competitiveness.

The strong relationship of RPS with the trading companies enable them to avail of the various estate inputs at competitive rates which in turn help the member growers to apply these inputs in their field adequately, scientifically and in time.

In order to improve the quality of rubber for exports, coagulated latex for the latex crumb can be supplied for the production of Technically Specified Rubber. The total requirement of latex for the processors can be worked out and the supply of latex can be streamlined. As uniformity can be ensured in purchase and sales, stabilization of price can be achieved to some extent.

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CONCLUSION

The challenges facing the rubber plantations particularly the small growers can be addressed through group approach. The consortium of RPS and marketing companies in the co-operative sector now under operation in some regions of the traditional rubber growing tract of Kerala has proved its worth in this context.

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