

Liberalisation to boost export capability

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The liberalised industrial and trade policy will further strengthen the industrial base and enhance the export capability

There was severe criticism from many quarters when the Rubber Board was negotiating for the World Bank aided rubber development project, that it may lead to surplus production of rubber resulting in crash

in price in the domestic market. It is true that the scarcity position will be advantageous to the existing rubber growers. But an organisation like the Rubber Board can take only a national perspective and make realistic

projections regarding production and consumption and draw up strategies accordingly. It may also be borne in mind that the domestic scarcity of a commodity need not inflate the price any more in the changed economic

RRII Chief feels that there will be more rubber production at less cost and then the price of rubber need not be higher than the international rate.

Research work

Though Indian rubber is not lagging behind in quality, it has yet to make a mark in the global market. So quality upgradation is very essential for entering the world market. The Rubber Research Institute is doing a commendable job in evolving new methods and techniques to boost rubber production and help manufacturers to produce quality goods. The research work is done at a high cost and the achievements are many. But Dr. Sethuraj is unhappy because the results of the research work are not reaching the growers and manufacturers for whom they are meant. So nobody is benefited by the new invention and approaches and consequently there is no marked improvement in the quality of rubber or its products.

Dr. Sethuraj feels that the field staff and the extension workers, who have to take the message to the growers, are not doing their work properly and effectively. If they can train the growers in adopting scientific

methods, good quality rubber can be produced at a low cost. The yield per hectare will also be increased. An awareness among the growers about the new trends in rubber production will go a long way in improving things. Subsidy linked services are not very effective or result-oriented as expected. Proper planning and systematic working are lacking in this sphere. Unless this is changed the results will remain the same.

Citing the example of China, Dr. Sethuraj says that every year it is sending thousands of field workers abroad for training. But before sending them the role of each worker is fixed in advance and when they return each one is assigned to the particular job and place decided earlier. The field workers know exactly what they have to do and there is no confusion or chaos. But here everything is done in a haphazard way. As head of the Research Institute, he is very unhappy because the Institute is not playing the expected big role.

Dr. Sethuraj hopes that the World Bank scheme will help the rubber industry in the country in its onward march. Though the operations under the scheme started on October 1, 1992, the Institute is yet to begin the research

programme. The main reason is that the Institute has not got the scientists and other staff required for it. Vacancies have to be filled. Though some equipments have been imported further import is stopped till the scientists are appointed, he says.

Liberalisation

The liberalisation policy, Dr. Sethuraj thinks, will not affect the rubber industry adversely. In the emerging world economic scenario, liberalisation is inevitable and if proper steps are taken, the interests of the growers and manufacturers can be protected. He feels that the role of the Rubber Board will be reduced and the subsidy given by the Board will be abolished in the long run.

He does not see any threat to the natural rubber from synthetic rubber. As the production cost of the synthetic rubber is very high, it is not possible to produce enough of it to meet the growing demand. So there is no question of it replacing natural rubber. If natural rubber is made competitive in the international market, the future is bright. So all efforts must be made by the people involved in the industry to achieve this end, adds Dr. Sethuraj. □

scene of the country with the liberalised trade policy.

Global trends

It has also been pointed out that we should exercise utmost caution in the context of Malaysia's rubber production declining continuously and Thailand reducing the tempo of its replantation programme. Therefore it is worthwhile to examine the global trends in NR producing countries. The growth of NR consumption depends on the fate of the world economy. It showed a positive trend in the late 1980's because of the relatively good performance of the world economy. But during the first two years after 1990, rubber consumption remained stagnant because of the global recession and the political changes in Europe and former USSR. But in 1992 NR consumption started showing improvement in tune with the recovery of the US economy and the positive development trends in the Asia/Pacific region.

The world production of NR in 1992 was 5.63 million tonnes and 5.49 million tonnes in 1993. World consumption of NR during this period was 5.52 million tonnes and 5.51 million tonnes respectively. Against the estimated production of 5.61 million tonnes in 1994 and 5.8 million tonnes in 1995, consumption forecasts are 5.68 million tonnes in 1994 and 5.93 million tonnes in 1995. So the global picture during the next two years does not appear to be bleak.

We may also examine the consumption pattern in the major NR producing countries. In Thailand 90 per cent of their production is exported as raw rubber. Special efforts are being made to increase domestic consumption. This is evident from the fact that export of raw rubber decreased in 1993 to 1.39 million tonnes

from 1.41 million tonnes in 1992. Indonesia exported 1.214 million tonnes of raw rubber in 1993 and the estimated export in 1994 is 1.292 million tonnes. Domestic rubber consumption in 1993 was 117,000 tonnes and is expected to increase to 120,000 tonnes in 1994. During the last few years domestic consumption of NR has substantially increased in Malaysia. It is estimated to increase to 295,000 tonnes in 1994 from 269,000 tonnes in 1993 and to 320,000 tonnes in 1995.

Projections

Since the immediate prospects appear to be good, we may examine the projections regarding the global rubber situation in 2000. Dr. H.P. Smit and Mr. K. Burger from the Economic and Social Institute, Free University of Amsterdam in their paper prepared in consultation with NR producing countries have indicated that the world production of NR would reach 6.66 million tonnes in the year 2000 while consumption for the same year would be around 6.69 million tonnes and that consumption would exceed production by about 30,000 tonnes.

It is in this background that we should assess the rubber development programmes in India. Rubber plantation industry in India has been a success story. During the last few years it has been registering an annual growth rate of around 11 per cent. There has been simultaneous growth in area under rubber production and productivity. In 1993-94 rubber occupied an area of 510,000 hectares of which tapped area was 358,000 hectares producing 435,000 tonnes. In 1980-81 the total rubber area was only 284,000 hectares and production was only 153,000 tonnes. Productivity during this period increased from

788 kg. to 1215 kg/hectare/year which is higher than even that in Malaysia. So at least in one crop we can claim to have the highest productivity in the world.

Consumption

One encouraging factor in the rubber sector in India was the simultaneous growth of rubber goods industry. In 1993-94 natural rubber consumption increased to 448,000 tonnes from 174,000 tonnes in 1980-81. India has remained a net importer of natural rubber though the share of imported rubber in natural rubber consumption has declined to a very low level of 3.6 per cent in 1993. Unlike other major rubber producing countries, India has a very big domestic market. But our per capita NR consumption is only 0.6 kg compared to 11 kg in Malaysia and other developed countries. Even with all our family planning efforts, population in India may touch 100 crores in 2000. So even a slight increase in the per capita consumption will have a significant impact on the total consumption. Moreover the liberalised industrial and trade policy would further strengthen our industrial base and enhance our export capability. The average annual growth in demand for natural rubber during 1980's was 7.6 per cent. Taking an average annual growth rate of 7 per cent during 1990-2000 and 6 per cent during 2000-2010, the demand of NR in 2000 will be around 7 lakh tonnes and 12 lakh tonnes in 2010. It is estimated that the existing plantations can produce only around 6.5 lakh tonnes in 2000. The country has to plant another 3 lakh hectares between now and 2003 to reach a level of production of around 12 lakh tonnes in 2010. This is not an easy task even when compared to the level of achievement in 1980's. So as per the projections, there will be an internal deficit in 2000 and 2010. □