

STABILISATION OF RUBBER PRICES REMUNERATIVE TO THE RUBBER PRODUCER AND AFFORDABLE TO THE MANUFACTURER

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The participants of the National Seminar on Rubber held on 10th September 1983 at the 'G' room in Vigyan Bhavan had the rare opportunity of listening to a galaxy of personalities drawn from various interests of rubber industry especially the rubber plantation as well as rubber goods manufacturing sectors. The colourful function so carefully organised to uphold the much outspoken view of the Rubber Board that the producer and manufacturer are the two sides of the same coin emanated too much enthusiasm and enriched the vistas of hopes and aspirations of many a people connected with the rubber plantation industry in India. In his address of welcome delivered there, Shri PJ Thomas, Chairman, Rubber Board, has expressed that the mutual dependence and inseparable nature of the producing and consuming factions need much more intimate appreciation. Following is the full text of his speech:-

I am indeed overwhelmed when I rise before you to offer my greetings of felicitations and welcome. This day will be remembered as a landmark in the history of the rubber industry in this country, because today we are initiating the process of integrated development of the rubber industry in India with the active assistance and intimate involvement of all the segments concerned.

The response to our call for a get together of this nature has been exceedingly exciting, as could be seen

from the profile of the participants assembled here from all over the country—we have rubber producers who have taken the pains to reach here from the farther south and the north-east, a large number of rubber goods manufacturers coming from all over, manufacturers of synthetic rubber, rubber reclaimers, rubber traders, machinery people, formulators of rubber chemicals, rubber goods exporters, decision makers in the Government, from the Ministry of Commerce, Ministry of Industry, DGTD and STC, representa-

tives from prospective rubber producers like the North Eastern States, Rubber Board members and officers, public sector companies etc. It is too hard to name everybody because it is so enormous. But I am glad that everyone in the country who has something to do with rubber is present or represented here.

Maiden attempt

May be, organisation of a national forum of this type has not been attempted in the past. How-

ever, it is only in the fitness of things that a common stage is set for different people with identical interests to meet, get to know each other and enable mutual appreciation of views. The rubber industry in India despite its diverse complexities, has been able to achieve a rate of growth better than the national average. An added advantage of the Indian rubber industry is that it has both a producing and a consuming sector, fairly well matched. India is perhaps one of the very few rubber producing countries in the world which has an industrial capacity capable of consuming more than the domestic output of rubber. Besides natural rubber, India produces synthetic rubber and reclaimed rubber which supplement and offset the deficit felt for natural rubber.

The rubber producing industry enjoys the assured favour of a ready market for its product while the rubber goods manufacturing industry can rest relaxed on account of the domestic availability of rubber, of course, not to the fullest extent they need.

Though there has been tremendous expansion in extent and output of natural rubber in the country, selfsufficiency for this material appears to be still far. The projected production for 1983-84 is 170,000 tonnes against the estimated demand of 203,000 tonnes. The deficit, as in the past, will be met by imports.

The erratic nature of rubber supply and demand coupled with violent fluctuations in prices is causing a lot of disquiet both to the consumers and the producers. Prices tend to rise when supply position weakens and fall when arrivals improve resulting in imbalances and instability. The respective sections which get hit alternately react sharply even accusing each other at times. My specific reference is to the rubber producers and rubber goods manufacturers. These two sections cannot afford to operate in isolation. One sector produces something which the other sector needs in abundance.

Trends of recession in one sector is sure to cast their shadows on the other.

Inseparable nature

The mutual dependence and inseparable nature of the producing and consuming factions need much more intimate appreciation. I have spared no opportunities to reiterate my considered view that the producer and consumer are just like two sides of the same coin. We have tried to conceptualise this thesis in a more concrete form in the badges you wear.

Gentlemen, please look to your badges. On one side you can observe the logo of a rubber tapper trying to extract the precious latex from the rubber tree, which represents the producer, while on the reverse we have projected the wheel of industry to depict the rubber goods manufacturing sector.

Once we reconcile to this position, I believe that the stage is set for the 'integrated development of the rubber industry.' The inspiration for accepting this concept as the theme of this seminar was largely derived from the essential precondition that balanced growth is possible only if the diverse interests within this industry are tamed and groomed to reach this ultimate goal.

The first step in this direction would be to promote mutual acquaintance between the varied interests, identify the hurdles experienced in their operations and dovetail the stages of transition. The next stage is fostering cordiality and goodwill between these interests and ensure smooth transaction of business.

It is only through a get together of this nature that result-oriented courses to rectify the flaws could be devised. This is precisely what is anticipated to be achieved at this seminar.

Foremost issue

To me the first and foremost issue that needs immediate attention of all concerned is the sta-

bilisation of raw rubber prices at rates remunerative to the producer and affordable to the manufacturer—a price which should not be subjected to violent fluctuations. No doubt, this is an essential pre-requisite. The idea is to converge the price at a central point with leverage to swing vertically, only within a limited range mutually agreeable to both the grower and the consumer, the lower limit being kept remunerative to the producer and the upper edge being affordable to the manufacturer. Once a consensus on this "price band system" is arrived at, fool proof arrangements should be organised to import rubber when the price tends to cross the upper limit and stockpile when it slides down below the lower edge. Therefore import and buffer stock coupled with timely release from either of the two could be employed as the gadget to bring about stability. In fact, a good lot of informal parleys have already been held between varied interests to arrive at an agreeable price formula. These consultations have helped to iron out differences of opinion and soften the hardliners. I fully appreciate the spirit of understanding and sense of cordiality that have emerged out of these dialogues. An amicable solution is imminent and I hope that the day is not far off when every one concerned agree on a price formula. The Union Ministries of Commerce and Industry could initiate mediation in this direction. The Government of Kerala, under the dynamic stewardship of m leader Shri. K. Karunakaran, could also actively associate with the attempts of these Ministries to achieve the desired objective.

As regards supply rubber, as often mentioned earlier, the country is largely relying on indigenous production of natural rubber, synthetic rubber, and reclaimed rubber; besides the natural and special purpose synthetic rubbers imported to bridge the gap between supply and demand. The market network now available for delivering supplies to the manufacturing industry is fairly well laid out and performing satisfactorily.

Streamlining necessary

But the schedules for imports of natural rubber and its subsequent release to the actual users leave much to be desired and need a good lot of streamlining. The Statistics & Import/Export Committee of the Board, where the producers and consumers have adequate representation, periodically reviews the supply position of rubber and make appropriate recommendations to the Government as to how the imports are to be planned. Though it is repeatedly reiterated that imports should be timed in such a way as to effect release during lean months, past experiences show that imports invariably arrive at peak production periods causing steep fall in domestic prices. In lean months for want of adequate stocks within the country and due to the late arrivals of imports, rubber prices tend to rise above the levels affordable to the users. In effect what happens is that the prices tend to swing within a wider bracket disheartening both the producers and the consumers in turn. As a result so much of avoidable noise, chaos and confusion are created.

Therefore, it is imperative that the rubber supply position should be attuned to the needs of the consumers and made fool proof.

Rubber imports are now handled by the State Trading Corporation. The Rubber Board, which is supposed to be the agency to compute the deficit/surplus position of rubber in consultation with the concerned interests, virtually has no involvement in import operations thereby reducing it to an advisory body. The difficulty right now experienced by rubber goods makers in procuring raw rubber is caused on account of irrational handling of imports and the erratic supply. I strongly feel that more than the quantum of rubber imported annually, it is the timing that matters.

The only solution to this already grave problems would be that either the STC should reorient its operations on a need based manner strictly in accordance with

the advice of the competent body, or the Board should be entrusted with the task of import. Section 8A of the Rubber Act clearly provides for this. This suggestion may not be misconstrued as an overenthusiasm on the part of the Board to take over rubber imports. The Board is interested only in ensuring uninterrupted supply of raw rubber to the consumers, whoever operates it.

Rubber import

If the Board is allowed to handle imports, the profit from the sale of imported rubber would have accrued to the Pool Fund, which in turn could be ploughed back for rehabilitation of small holdings vide provisions in Section 9B of the Rubber Act. Since the STC is handling the job now, the smallholders are naturally deprived of their rightful share realised from the sale of such rubber. The efforts to stabilise prices, streamline imports and stockpiling for buffer stocks would prove futile if they are executed in isolation. It should be conceived as a package deal, as otherwise the whole exercise would turn out to be counter-productive. Alongside, we should reckon with the fact that both the rubber producing and goods making sectors are proliferated by vulnerable sections. Predominance of less resourceful groups within these sections warrant the need for a fair deal to them.

The rubber small holder who accounts for 75% of the area and over 70% of the production of natural rubber dwells in huts in remote villages within his farm. He is cut away from all comforts amenities of civilized living. He carries on his enterprise against heavy odds like agro-climatic disfavours, mounting costs of inputs and other factors of production. He tries to subsist on the day's income from his tiny rubber garden subjecting himself to all sorts of exploitation.

The fate of the small scale rubber goods manufacturer is also not different. He has no access to new technology, he lacks sophisticated means of production, he does not have adequate reso-

urces and infrastructure and is harassed by the custodians of law. He gets on to business under great strains.

Integrated development of the Rubber Industry will remain an unfulfilled dream if the miserable lot of these two weaker sections is not ameliorated and their long term prospects and welfare ensured.

India's position

Hopefully, this seminar can deliberate on the pros and cons of these vital issues and arrive at certain definite inferences.

India is the 4th largest producer of natural rubber in the world. We have enormous potential in this country to bring more area under rubber cultivation. Ambitious plans are afoot to achieve this objective and in the next two decades propagation of rubber cultivation has to be taken up on a massive scale.

Another relevant point to which I want to draw your attention is that we should condition our minds to reconcile to the position that expansion of capacities for Synthetic Rubber and Reclaimed Rubber should be contemplated in such a fashion as to continue their supplementary role to natural rubber. They should never be made to pose competition to a versatile resource like natural rubber.

As regards synthetic rubber, even the full capacity available right now within the country is not being made use of. This being the case, how can we justify the proposals for new synthetic rubber units? Any more of this type would wean away the enthusiasm of rubber producers, who will harbour inhibitions about the long term prospects of their vocation. Experiences show that such suspicions in the minds of the producers of any possible glut, would result in the neglect of plantations. During the period 1971-77 when the goods manufacturing industry had faced a prolonged recession, the rubber producers were compelled to sell their produce even below the

floor price. Disheartened at this stage of affairs the producers neglected their holdings, which is being reflected in the poor rate of growth in rubber production experienced now.

Natural rubber, as all of you are aware, is a renewable resource of nature. Thousands of small people, who live below the poverty line, find a bread winner in this crop. Let us not try to do away with this versatile gift of nature by replacing it with synthetic polymers made out of expensive and exhaustible feed stock.

Ideal tree

It is gratifying to note that natural rubber has now been exempted from Forest Conservation Act (1980) thereby removing an unnecessary impediment against afforestation of denuded forests with rubber. Rubber is an ideal tree for afforestation and extensive suitable areas are available in many States. Unless Forest Departments in each State come forward to accord a special deal to natural rubber, it will be difficult to go ahead with development of rubber plantations in new areas. Besides, reforestation with rubber would help to preserve mother earth against disintegration, prevent shifting cultivation and bring back ecological equilibrium, upset by merciless destruction of forests. I may also add that for the rehabilitation and economic upgradation of the millions of tribals in underdeveloped areas, natural rubber planting would yield a viable solution.

The States in the NE sector hold out great promise for large scale expansion of rubber cultivation and the Board intends to field for them separate establishments with the concurrence of the Union Government.

I would suggest that an Informal Consultative Forum with adequate representation for the varied interests of the rubber industry and the concerned Ministries be constituted at this seminar so that vital issues concerning integrated development of the rubber industry could be discussed as frequently as needed. It

would be advantageous to have national seminars of this type at least once in two years in different centres in the country as a regular feature, so that a sense of belonging could be nurtured. Representative organisations of producers and consumers could think about this and have it done under their auspices.

Also, I would suggest that whenever crisis situations arise let us sit together and sort out the issues than running directly to the media with handouts. This course would help us to foster a sense of co-existence and get away from the fallacies of dissonance.

I was trying to dwell upon some of the points which I felt relevant. Quite a good lot of presentations are going to be made here in this seminar, which will throw more light on the various facets of the rubber industry.

Sorry for digressing a little from the task assigned to me. My pleasant duty this morning is to welcome our distinguished guests and delegates who have taken the pains to be here to contribute to the success of this national meet.

It is indeed very kind of our beloved national leader and the Union Finance Minister Pranabji to have consented to declare open this prestigious national seminar on rubber. He is well versed with the problems and prospects of rubber more so as he was at the helm of affairs of the Commerce Ministry for quite some time. Pranabji had visited the Rubber Board and the Rubber Research Institute of India in 1980 and had spent a day there during the Silver Jubilee Celebrations of the Research Institute. He had visited us on later occasions also.

It will be embarrassing for me to tell you of the contributions of this great national leader to our economy as they are well known like an open book.

Great relief

His recent gesture in exempting excise duty on natural rubber has rendered great relief to the rubber industry. It bears ample testimony

to his keenness in the welfare of this industry. I hope he will sympathetically consider and favourably dispose off our pending submission for removing Income tax burden on Replanting Subsidy extended to rubber planters.

On behalf of the Rubber Board and everybody present here I welcome you Sir most heartily, and respectfully pray that we continue to have your patronage, guidance, goodwill and blessings for all our efforts.

I am delighted to convey to you my dear friends, the keen interest being evinced by my leader Sri. K. Karunakaran in the welfare of the rubber industry. His association with this industry is almost as old as his public life. It will be relevant and appropriate to recall in this context that Sri. Karunakaran started his political career as a Trade Union worker, organising rubber plantation labour in Kerala. He has been a champion of labour productivity. He has never made secret of his thinking, that labour force, as an essential factor of production should be conscious of its duties and responsibilities to the society as much as it is about their rights and privileges. Most of you are aware that Sri. Karunakaran was a member of the Rubber Board for about 2 decades and was its Vice-Chairman for one term.

He is constantly in touch with the Rubber Board and has always taken the stand that everybody concerned should endeavour for a balanced growth of the rubber industry. My friends in the manufacturing industry are well aware of his commitment. The very fact that he has earmarked so much of his precious time to be here with us, to preside over this seminar shows his deep concern for the affairs of this industry. I am given to understand that to make his presence possible here he had to cancel a series of prefixed engagements.

On behalf of everybody here and on my own behalf I extend my respectful regards to you Sir, and welcome you most affectionately—we seek your continued patronage and guidance.

Galaxy of personalities

We have with us today a galaxy of colourful personalities to offer us their good wishes. They are Mr. George John, Vice-President of the United Planters Association of Southern India, Mr. O. P. Jalan, the young and dynamic President of the All India Rubber Industries Association, Rev. Fr. (Dr) Victor Z. Nariveli, Chief Editor of the Malayalam newspaper Deepika—popularly identified as the rubber newspaper of Kerala—Sri. M. M. Jacob, Member of the Rajya Sabha and a rubber small grower himself who is so much identified with rubber, Shri. B. B. Sangtani, a former member of the Board and doyen of the S. S. Rubber Industries and Shri. Joseph Monipally, Member, Rubber Board and the General Secretary of the Indian Rubber Growers Association.

These gentlemen who have made signal contributions for the promotion of the rubber industry need no introduction, I guess.

Immediately after the inaugural, two important sessions, one in the fore-noon and the other in the afternoon, are planned. The first session on "Rubber Production and related aspects" is being presided over by Shri. P. K. Kaul, Secretary to Finance, Government of India. We have included 4

papers in this session relating to natural rubber, Synthetic Rubber, Reclaimed Rubber and Raw Rubber Trade. These presentations are being made by very competent persons.

The session in the afternoon on "Rubber Goods Manufacture and allied interests" is being presided over by Shri. D. V. Kapur, Secretary to Ministry of Industries. The six papers scheduled in this session are also being presented by experts in the respective fields.

We have earmarked sufficient times in both the sessions for participation from the floor.

The valedictory session is being attended to by two dignitaries in Government—The Union Minister of State for Commerce Mrs. Ram Dulari Sinha and the Union Minister of State for Industries Shri. S. M. Krishna. I need not introduce these personalities to you.

The difficult task of summing up the deliberations is being entrusted to my good friend Shri. Madhav Capoor, Member, Rubber Board.

The Valedictory session is being followed by the projection of a colour film on Rubber produced by the Malaysian Rubber Bureau.

The Rubber Exhibition on 'Rubber In Every Day Life' arranged

in the Vigyan Bhavan Foyer may be of interest to you. Kindly make it convenient to see the exhibits.

I welcome you all to this august assembly once again.

Now I welcome all the participants who have taken so much trouble to go over to Delhi to attend this seminar as delegates.

Before I conclude, I would request everyone assembled here that this seminar has been conceived as a result-oriented venture. When we disperse today we should rededicate ourselves to the cause of 'Integrated Development of Rubber Industry in India' and ensure that through our activities the rubber industry attains the pride of place in our economy it deserves.

Lastly, I may submit that we have tried our best to make the base of representation to this seminar as wide as possible. Still by oversight lapses are likely, but not many, in any case. Also we had to turn down many last-minute requests for participation for want of accommodation.

I apologise for all such shortfalls and beg of you to bear with me, for these lapses are not intentional.

Thank you very much.

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RUBBER IMPORTS TO END IN 6 YEARS

BOMBAY, AUGUST 1—In the next six years the country will cease to be an importer of natural rubber. At the current fast pace of new plantation growth and replantation. India will produce more than 3 lakh tonnes of rubber by 1990.

Since 1979, the rubber board has launched an integrated programme for development of rubber plantations by extending financial, technical and input assistance. In the past 4 years 63,000 hectares have been covered under the programme. The units planted in 1979 will commence production in 1985.

The rubber board chairman, Mr. P. J. Thomas, expects an additional 15,000 tonnes of rubber production annually to take the total to the 3 lakh tonne point by the end of the decade. Ably supplemented by the domestic production of synthetic rubber and reclaimed rubber, he believes that this will meet the needs of the rubber goods industry. He was addressing gathering of rubber goods producers who met under the auspices of the All India Rubber Industries Association here.

In this context, he said that the move to set up a new synthetic unit in Maharashtra was uncalled for. The capacity available now with the manufacturers were not fully utilised. It is understood that the output of the sole synthetic rubber producer, Synthetic and Chemicals Ltd., was only 13,000 tonnes last year against its capacity of 30,000 tonnes. This being the case how could we justify the proposal for a new factory, the rubber board chairman asked.

Any move of this type was sure to dishearten the rubber producers who would naturally feel panicky about the long term prospects. Experience showed that any suspicion in the minds of the producers about any possible glut in the rubber market could really do damage resulting in the neglect of plantations he warned.

(Business Standard)