Rubb. Board bull. 24, No. 3 1989 1386

NATURAL RUBBER
Impressive growth in production and consumption

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Natural rubber has achieved spectacular growth in production and consumption during 1988. Right from January the production was going ahead of estimates aided by a favourable climate. Consumption followed a similar pattern. The annual production, exceeding projections by over 2,000 tonnes, touched 254, 810 tonnes. The growth was 12.0 percent compared to the achievement of 227,400 tonnes in 1987. Consumption at 311, 110 tonnes surpassed the estimates by more than 8,600 tonnes. The growth here was equally impressive, 11.97 per cent matched against achievement of 277,840 tonnes during 1987.

The pattern of consumption was more or less steady, marginally exceeding the projections from month to month, excepting for very narrow declines in July and August. On the other hand production followed a zigzag course, markedly going down the estimates in August and September and then surging up to exceed the estimations during the next three months.

Production and consumption

In January the production at 26,120 tonnes exceeded consumption of 25,885 tonnes by 235 tonnes. But during the next three months consumption at 77,005 tonnes far exceeded production of 42,560 tonnes by 34,445 tonnes. Imports from January to April totalled 18,615 tonnes. The gap between production and consumption to the extent of 15,930 tonnes during this period was met from the carryover stock, which amounted to 73,000 tonnes on the eve of 1988. May was the only month when production and consumption more or less matched, around 25,800 tonnes. The next four were again deficit months. While consumption from June to September totalled 102,560 tonnes, production at 56.400 tonnes was only about 60% of this. Release of imported rubber to the extent of 39,340 tounes

Table 1
Natural rubber position during 1988

	Production (In metric tonnes) Estimates	Production Actuals	Consumption Estimates	Consumption Actuals	Imports (Metric tonnes)	Domestic price per quintal (avg. RMA 4)
January	26,000	26,120	25,500	25'885	2,220	1788
February	11,500	12,050	24,500	25,190	3,285	1778
March	13,500	13,480	24,500	25,450	3,760	1768
April	16,500	17,030	25,000	26,365	9,250	1762
May	24,000	25,850	25,000	25 810	14,050	1776
June	14,500	14,820	25,500	26,270	6,690	1786
July	13,500	14,070	25,500	25'250	6,300	1728
August	16,500	13,970	25,500	25,475	2,800	1894
September	24,500	13,540	25,500	25,565	500	1904
October	30.000	32,890	24,060	24,975	—	1902
November	30,000	34,650	26,000	26,555	—	1792
December	32,000	36,340	26,000	28,320	—	1757
Total	252,500	254,810	302,500	311,110	48,855	—

substantially made up the deficit of 46,160 tonnes during the period. The industry met the gap of 15,820 tonnes also from the carryover stock. Then followed a spell of production boom during October, November and December, totalling 103,540 tonnes while consumption was only 78,030 tonnes.

Figures in Table I give the monthly trends of production, consumption and imports and the price changes reflecting the market sentiments.

These variations resulted primarily from climatic changes. The southwest monsoon which largely influence the output was very active in 1988 over the rubber growing tracts, though the northeast monsoon was disappointing. It started in time from early June, and prolonged till the close of September deviating from the usual pattern of petering out by the middle of August. These rains had a salutary effect on production.

Deficit met by imports

Rains bring down to the soil atmospheric nitrogen, salts and minerals and considerably improve soil moisture, helping the plants to absorb nutrients in abundance. But they also impose restrictions on harvesting operations. During monsoons tapping in rubber plantations gets interrupted. Tapping is nothing but incision of the bark with a sharp knife to help latex to flow out. Raindrops falling on the tapping panel would force the outflowing latex to splash on the ground. Continuous rains make rainwater to flow down the trees through the tapping panels. This down flow runs into the latex collection cups and spill away the latex. Many plantations use polythene rainguards and plastic shades to protect the tapping panels. However, majority of the growers leave the trees untapped during rainy days. The rains in August and September considerably interrupted tapping, restricting the output. Note the figures of production under estimates and actuals in the table. Yield during these two months was markedly lower-less by 14,490 tonnes than the estimates.

Table 1 also shows that crop generation during October, November and December went ahead to exceed the estimates by 11,540 tonnes. Yielding rubber trees generally give higher crop after a spell of tapping rest during the monsoons. Latex not extracted also flows out when trees are tapped after the respite.

The overall deficit in NR supply during 1988 came to 56,300 tonnes. This was met by imports through two channels; 48,855 tonnes by the STC and the rest through direct import by rubber goods exporters under advance licences. Natural rubber in India has not caught up with consumption for many years. The deficit to the tune of 15 per cent of the demand is met by imports. Distribution of imported rubber is spread over the lean months to avoid bulk releases and the resultant decline in domestic prices. As we have already seen in Table I production was far below consumption during the period June to September, by over 22,600 tonnes. Rubber imported and released to the industry in May, June, July and August exercised a moderating influence on the market.

The Price movement

The prices usually swing up and down in tune with the flow of material in a free market environment. During August, September and October the prices took a forward march. The average of Rs. 1728 per quintal in July shot up to Rs. 1894 in August. This forward thrust continued in the next two months. In September the average price was Rs. 1904 and in October 1902. Obviously this was indicative of deficient supply.

The Committee of the Ministry of Commerce to review NR supply and monitor releases from stock held by STC met in New Delhi on 8th October and recommended allotment of 3,000 tonnes of imported rubber to the manufacturing industry, though the policy followed was not to release rubber during the peak production season from September to January. Obviously they had no other option as the market behaved erratically under the reduction in crop during August and September. The stock level in the country had also come down since 31,750 out of 73,000 tonnes of carryover on 1.1.1988 had been used up already.

The STC's releases, together with arrival of the new crop in the market contained the prices from the second half of October. The market came down to average Rs. 1792 in November and Rs. 1757 in December. It is true that the fluctuations were sharper sometimes, but averages for each month point to a fairly steady price.

Season delayed

There have been arguments that release of imported rubber in the midst of the peak season in October had brought down the market. Here it must be appreciated that the peak season this year was delayed by one month; it started only from October. It will take about two weeks for the new crop to arrive the market after it is processed. The market was taking a forward march consequent on the drop in crop to the tune of 11,000 tonnes in September, in which month the peak season used to commence. The price during the first week in October had scaled up to Rs. 1950 per quintal and singled out transactions had taken place even at Rs 2,000 per quintal for RMA 4 grade. Under this circumstance the release was essential to arrest the aberration in price movements. As a matter of fact it was the bumber crop, far in excess of consumption at the rate of 8,000 to 9,500 tonnes per month during October, November and December that engineered the slump.

But the price was not allowed to go down drastically. The Monitoring Committee had also decided at the October meeting that STC should commence floor price operations if prices were to crash. As soon as the RMA5 price declined down the fair level towards the last week in October, STC was asked to enter the market for price support procurement. Earlier the Ministry of Commerce had got conducted through the Cost Accounts Branch of the Ministry of Finance a study into the escalations in cost elements in NR production. Based on their report floor price was fixed at Rs. 1780 for RMA4 and Rs. 1730 for RMA5 per quintal.

The role of STC

The STC's procurement operation was however slow. During the two months November and December they could purchase only about 2,000 tonnes, which is a deplorably low operation by any standard. It is not lack of finance that bogged them down. The STC's Chairman had gone on record that they had over Rs. 200 crores of accumulated reserve. Natural rubber being one of the three major commodities they handle, the other two being newsprint and edible oil, the reason behind their low profile remains a mystery.

Restriction of the procurement channel mainly stood against a fairly substantial operation. The STC accepted rubber only from the Rubber Marketing Cooperatives and the Kerala State Rubber Marketing Federation. Though the cooperative movement has made its way to the small growers in all the rubber growing tracts, cooperative marketing has not made much of an impact on rubber. Small growers as a whole account for about 80 percent of the NR production in the country. But the cooperatives were able to market only about 10 percent of this. They have not grown enough to function as representative bodies among rubber growers even though three decades have gone by since they made the debut. Rubber traders in the private sector who number over 6,300 in the country, virtually dominate the market. Had the STC made vigorous operations tapping all available sources, at least 20,000 tonnes of rubber could be cornered in two months, which they could easily sell to the manufacturers at a premium during the lean season ahead.

Despite all these, natural rubber maintained a reasonably good market in 1988, striking an annual average of Rs. 1812 per quintal for the RMA4 grade predominantly used by the industry. In 1987 the average price for the grade was Rs. 1766 and in 1986 it was 1670. The rise in price in 1988 over a period of one year was only 2.6 per cent. Considering the sharper hikes in prices of other raw materials for the rubber goods industry the price rise in natural rubber should be considered moderate. □

NEW NATURAL, SAFE PESTICIDE

Scientists at the Regional Research Laboratory (RRL), Hyderabad, have extracted a safe natural pesticidal compound from neem oil, obtained from the plant Azadirachta Indica.

The compound-Vapacide—is an 'antifeedant' and renders pest management quite safe, specially in case of vegetables and fruits where toxicity of synthetic pesticides is a major threat, according to a press release of the Central Council of Scientific and Industrial Research (CSIR).

The natural pesticide compound has been found to be effective against the cotton gras weevil, oriental army worm, spotted stem borer and tobacco caterpillar.

The Isolated compound does not kill any insect. Instead, it prevents insects from feeding on crops, leaving them to starve and die on their own.