

Rubber Wood Processing Industry in India : Some Aspects of Marketing and Sales Composition

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Introduction

The changing structure of world timber trade since early 1980s has resulted in substantial rise in the prices of timber and timber products. The major contributing factors are: (a) change in the structure of exports, (b) growth and geographical concentration of demand, (c) increasing exploitation of tropical hardwoods and the steady depletion in the stock, and (d) growing concern for conservation of the environment. The considerable shift in the pattern of wood consumption from the conventional hardwoods to alternatives like rubber wood is to be perceived against this backdrop.

As 86 per cent of the area under rubber in India is located in the state of Kerala, the details contained in the chapter are mainly focussed in the Kerala context. Initially, wood processing activity in Kerala was mainly centred around sawmills and species such as teak, mango (*Mangifera indica*), jack (*Artocarpus heterophyllus*) and anjili (*Artocarpus hirsuta*) formed the major sources of raw material. Among these four species, while teak, jack and anjili were extensively used in the furniture and construction segments, mango was specifically used in the packing case and plywood sectors. The steady increase in demand and the dwindling sources of supply resulted in price increase (Krishnankutty, 1990) of the conventional species. Consequently, since late 1960s, rubber wood was utilised as the 'next best alternative' for making packing cases. The second major sector to consume rubber wood was match industry and from mid 1980s, the plywood sector also began using rubber wood extensively. However, the status of rubber wood has undergone significant changes by adopting available appropriate technologies for converting the timber for a variety of industrial applications. The net impact is evident from the elevation of rubber wood as an important industrial raw material in recent times.

However, compared to the major natural rubber producing countries such as Malaysia and Thailand, the net gains in terms of value addition and export earnings of the rubber wood processing sector in India is still low. Though rubber wood processing in Kerala was started during the 1960s with the establishment of two processing units, one each in Kottayam and Thrissur districts, the industrial activity on a commercial scale marked tremendous growth only during the last ten year period. It is reported that in 1993, there were 31 rubber wood processing units in India, out of which 26 units were in operation with pressure impregnation and drying facilities (Joseph and George, 1996). There was a further spurt in the rubber wood processing activity during the last four years as evident from the setting up of more units (Table 1). The contributing factors for such a remarkable growth appear to be: (a) the accessibility to indigenous/imported technology facilitated by the emergence of firms which undertook consultancy and projects on a turnkey basis, (b) acceptability of rubber wood in international markets and the resultant export prospects, and (c) promotional activities initiated by institutional agencies. Accordingly, there were 54 rubber wood processing units in India in 1996.

The various issues in the development of the rubber wood processing industry (both primary and secondary processing) in India are well-documented (George and Joseph, 1993; Joseph and George, 1996; Mannothra, 1993). The information presented in this chapter forms part of a study on the status of performance of rubber wood processing industry in India. A survey was conducted to document the status of the processing units, in terms of their scale of operation, marketing and sales composition. The survey covered 42 units, located in Kerala, Tamil Nadu and Karnataka. The State-wise distribution of the processing units and the growth of the processing sector is furnished in Table 1.

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Table 1. State-wise distribution and growth of rubber wood processing units in India

State	Number of units (1995-96)	Relative share (%)	Growth of the industry*			Total
			1960-85	1985-90	1990-96	
Kerala	40	74	5	6	17	28
Tamil Nadu	9	17	2	-	7	9
Karnataka	5	9	-	-	5	5
Total	54	100	7	6	29	42

* Refers to the surveyed units

Sales composition and destination

The processing sector mostly concentrates on the manufacture of furniture and furniture components as 40 per cent of the units manufacture such products. The units are classified in terms of the type of products manufactured as shown in Table 2.

Table 2. Type of products manufactured

Type of products manufactured	No. of limits	Relative share (%)
Furniture and furniture components	17	40
Panelling, door and window shutters and frames	13	30
Flooring tiles, brush backs/handles, blockboards and table tops	11	26
Sawn planks (S4S materials)	9	21
Other products*	111	26

Notes : Information is based on 42 units

*Include items such as toys, ice cream sticks, guitar frame, kitchen wares, kitchen cabinets, picture frames, etc.

It may be noted that the exact volume of consumption or relative share of processed rubber wood for downstream manufacturing is not available and is understood that a major portion is being sold in the form of treated sawn timber. The processing sector in the country is mostly inward market oriented³, where, quality standards are neither statutorily implemented nor monitored. The products include treated sawn timber for construction purposes, panel doors, window shutters, furniture and furniture components, brush backs, ice cream sticks, chairs, tables, shuttels for textile mills, wooden packing cases, etc. and the major outlets are Chennai, Bangalore, Mumbai, Pune and Hyderabad. Only 13 units reported having exports. The main products that attract the export market and their destinations are furnished in Table 3.

Table 3 . Type of products exported and destination

Product type	Destination
Flooring tiles, toys, brush/room handles. flush doors, Panelling, blockboards, furniture and furniture components, kitchen wares/cabinets, picture frames, parquet flooring, S4S materials.	Europe (Belgium, Italy, Spain, Sweden, etc.), Japan, Mid-West Asia, Russia, Sri Lanka, U.K. U.S.A

It is obvious that most of the units do not have sufficient feedback of the export potential of rubber wood products. This apart, the poor financial-cum-technological base of the units at large, poses severe constraints in the diversification of downstream processing activity. The issues emerging based on the survey highlight the basic requirement for technological upgradation of the downstream manufacturing activity and providing market intelligence on a centralised basis supplemented with adequate institutional support.