

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1072
ANSWERED ON:28.07.2000
PRICES OF NATURAL RUBBER
P.C. THOMAS;PON RADHAKRISHNAN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether there has been a steep fall in the rate of Natural Rubber;
- (b) if so, the reasons therefor;
- (c) the time by which the Benchmark Price of Natural Rubber is likely to be fixed and the date on which it was last declared;
- (d) the cost of production of Natural Rubber and the details of the way in which this is calculated and the statistics relating thereto;
- (e) whether the Government are taking steps to increase Latex exports; and
- (f) if so, the measures proposed to be taken by the Government to regulate indiscriminate import of synthetic rubber?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) & (b) The Price of Natural Rubber (RSS-IV Grade) which was around Rs. 30 per kg. in July 1994, touched more than Rs. 60 per kg. in June 1995. However, since November 1996, the prices started declining and at present are ruling around Rs. 33 per kg. Decline in the price of Natural Rubber had been mainly on account of significant decline in consumption of Natural Rubber by the tyre industry.

(c) & (d) The Benchmark Price of Rubber, which was fixed at Rs. 24.90 per kg. for RSS-IV Grade and Rs. 24.40 per kg. for RSS-V Grade in February 1994 was revised only after 4 years in September 1998 to Rs. 34.05 per kg. for RSS-IV Grade and Rs. 33.55 per kg. for RSS-V Grade.

The Benchmark Price, which is an indicative price of the cost of production of Natural Rubber, is fixed by the Cost Accounts Branch of Ministry of Finance after conducting a thorough field study and taking into account such variables as salaries and wages, cost of fertilizers, spraying materials etc. involved in the cultivation of rubber and also return on the capital employed.

(e) The export of Natural Rubber, including Latex, is already free under the current Exim Policy (1997-2002). Since the international price of Latex (Rs. 38 per kg drc) is lower than that of the domestic price (Rs. 50 per kg), exports of Latex is not commercially viable.

(f) The import of synthetic rubber is free under the current Exim Policy. Keeping in view the specific properties of various types of synthetic rubber to suit different applications, regulating its import is not considered desirable in the interests of the end-user industries.