

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

STARRED QUESTION NO:159

ANSWERED ON:16.12.2013

PRODUCTION OF NATURAL RUBBER

Dhanapalan Shri K. P.;Kumar Shri P.

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

- (a) the details of the total natural rubber produced, consumed, exported and imported during each of the last three years and the current year;
- (b) whether there has been any fluctuation in the production and prices of natural rubber during the said period and if so, the details thereof and the reasons therefor;
- (c) whether there has been an increase in the demand of rubber in the country during the said period and if so, the details thereof along with the steps being taken by the Government to import natural rubber to meet the rise in the domestic demand;
- (d) whether there has been a demand for increasing the import duty on rubber and if so, the reaction of the Government thereto; and
- (e) the measures taken by the Government to improve the production of rubber and to protect the interest of the domestic rubber producers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

a) to e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 159 FOR ANSWER ON 16TH DECEMBER, 2013 REGARDING "PRODUCTION OF NATURAL RUBBER"

(a) : Details of total natural rubber (NR) produced, consumed, exported and imported during the last three years and the current years are given in the following table.

| (Tonne) | | | | |
|--------------------|------------|-------------|--------|---------|
| Year | Production | Consumption | Export | Import |
| 2010-11 | 861,950 | 947,715 | 29,851 | 190,692 |
| 2011-12 | 903,700 | 964,415 | 27,145 | 214,433 |
| 2012-13 | 913,700 | 972,705 | 30,594 | 217,364 |
| 2013-14 | 517,000 | 648,530 | 4,633 | 237,723 |
| p (April-November) | | | | |
| p- Provisional | | | | |

(b): Generally, production of NR increased during the last three years. However, during April-November 2013, NR production declined by 11.4 per cent over the corresponding period of the previous year. Monthly NR production in June and July 2013 was substantially lower than those of the previous year due to continuous and excessive rains. During August-November 2013 also NR production remained lower due to widespread incidence of leaf disease, continued rainfall and declining prices. Rubber prices fluctuate due to international rubber market trends, general economic growth, oil and synthetic rubber prices, currency factors, weather conditions and other speculative factors. Prices of NR in domestic and international markets are given in the following table.

Average prices of NR in the domestic and international markets (Rs./Kg)

| Year/Month | Domestic (RSS 4 Kottayam) | International (RSS 3 Bangkok) |
|------------|------------------------------|----------------------------------|
| 2010-11 | 190.03 | 195.55 |
| 2011-12 | 208.05 | 209.15 |
| 2012-13 | 176.82 | 175.76 |
| 2013 April | 162.38 | 154.63 |
| May | 168.79 | 166.17 |
| June | 174.24 | 164.44 |

| | | |
|-----------|--------|--------|
| July | 191.77 | 154.77 |
| August | 189.94 | 161.71 |
| September | 183.13 | 169.76 |
| October | 163.31 | 157.04 |
| November | 156.00 | 156.12 |

(c): Generally, consumption of NR increased during the last three years. However, monthly consumption of NR has been declining from November 2012 except during April 2013. Consumption of NR during April-November 2013 declined by 2.3 per cent over the corresponding period of the previous year.

Import of NR is determined by differences in domestic and international NR prices and import duty. The applied rate of basic customs duty effective from 9th January 2004 was 20 percent for all dry forms of NR and 70 per cent for latex. In December 2010, import duty on dry forms of NR was revised as 20% or Rs.20 per kg whichever is lower. In January 2012, import duty on latex was revised as Rs. 49 per kg.

(d): There have been demands for increasing the import duty on dry form of rubber. However, keeping in view the trends of production, consumption and prices of natural rubber in the domestic and the international market, it was decided not to disturb the present duty structure on natural rubber.

(e): Several programmes covering research, extension and provision of financial assistance were implemented during 11th Five Year Plan to increase rubber production through new planting, replanting of uneconomic plantations and productivity enhancement. During 11th plan, Rubber Board extended financial assistance for planting rubber in 90,132 ha. These programmes have been continued during 2012-13 and 2013-14, pending the approval of 12th plan proposals. During 2012-13, financial assistance was extended to 19,826 ha for planting rubber. Rubber Board also provides technical consultancy and training for rubber products manufacturing. "Indian Natural Rubber" branded NR was incentivized at 2% of f.o.b value by including in the Market Linked Focus Product Scheme (MLFPS) in June 2012.