

India: Rubber consumption declines in December

Natural rubber consumption dropped 1.3 per cent during December at 78,000 tonnes (tn) as against 84,795 tn in December, 2011, owing to a slowdown in demand and production in the tyre industry. However, production of natural rubber increased 3 per cent at 110,000 tonnes as against 106,800 tn.

Imports also slowed down during December due to a sharp rise in prices in the international markets compared with the local markets. The markets were in a reversal mode since the last week of November and the local prices were lower by Rs 20-25 per kg than the global price. This, coupled with the sluggish demand in the Indian market, forced the tyre majors to cut down import in December.

Till November, imports grew steadily as Standard Malaysian Rubber (SMR-20) was available at cheaper rates in the global market. But in December, there was a drop of around 35 per cent to 13,611 tn compared with 21,146 tn in the same month of last year, the Rubber Board stated.

The slowdown indicates that the total annual imports in 2012-13 might be restricted to below 200,000 tn. According to earlier estimates by the industry, imports were expected to cross 250,000 tn. During 2011-12, 205,050 tn came into the country — an-all time high.

However, cumulative imports during the April-December period rose to 168,686 tn, against 137,031 tn in the same period of last FY. Total production during the same period was 693,200 tn (681,900 tn), registering a growth of 1.7 per cent. Cumulative consumption was up 3.2 per cent at 742,330 tn (719,215 tn).

Earlier, the board had projected a total production of 930,000 tn and consumption of 10,06,000 tn for the current financial year, with an annual deficit of 76,000 tn. Industry experts told Business Standard that the shortage might be more than 150,000 tn. However, the board does not see a shortage in the domestic market as the local market has 'good stock' and the industry is entitled to import 150,000 tn through the duty free channel. The total stock stood at 290,000 tn as on December 31, according to the Rubber Board.