

## **Rubber-based goods hit by adverse Kerala weather**

An acute shortage of natural rubber (NR) is hitting the operations of rubber-based goods, including tyres. It has also pushed up local prices, now higher by Rs 20 a kg than abroad, setting the stage for a likely surge in import; tyre makers have already said this seems the only option. A little over 90 per cent of the country's rubber comes from Kerala. Growers say production was hampered due to extreme climatic conditions in the state, first in the summer and then the monsoon. Poor summer rain and high day temperature had damaged trees on plantations in parts of major producing districts such as Kottayam, Pathanamthitta and Thiruvananthapuram. This was followed by heavy rainfall and strong winds by May-end. The other result is a surge in the price of the benchmark RSS-4 grade to Rs 181 a kg, higher by Rs 20/kg than the price in Bangkok. It was Rs 175 a kg just a week before. By contrast, the international market is bearish; a week before, the Bangkok market quoted Rs 169 a kg, it is Rs 161 a kg today. As global prices are well below local tags, tyre manufacturers want import. The Automotive Tyre Manufacturers Association (Atma) stated today the industry was facing an acute shortage in rubber availability. In a communication to the Rubber Board, it has said arrivals from farmers are no more than a trickle, with dealers having limited stocks. Since NR consumption is steady in comparison to seasonal fluctuations in production, tyre companies have only the import option to meet their requirement, it added. Atma says NR production in June is likely to have dropped to 35,000-40,000 tonnes, against the Rubber Board's earlier estimate of 64,000 tonnes. In June 2012, domestic NR production was 62,000 tonnes. According to Rajiv Budhraj, director-general of Atma, in view of the Board's claim of high quantity of NR stock (235,000 tonnes as on May 31), such a scarcity should not have arisen even with uncertainties in tapping. Of the NR stock, dealers and processors had a record high of 110,000 tonnes (41 per cent) and growers 86,000 tonnes (32 per cent) at the end of March. "We have therefore urged the Board to intervene and address the availability issue. Unless supply picks up, tyre majors will be on a tight spot and may be forced to curtail production. The industry has no other option but to depend on overseas markets," he added. [business-standard.com](http://business-standard.com)