

### **APK: Natural rubber sector heading for crisis in state**

The natural rubber (NR) growing sector in the state is going to face an unprecedented situation soon, by virtue of frequent fall in prices and galloping cost of production, Association of Planters of Kerala (APK) has warned. Rubber prices have fallen by 47 per cent in the past 24 months and labour cost has gone up by 61 per cent during the same period, Y Raghavan, chairman, APK, pointed out. He urged the State and Central Governments to step in to provide adequate assistance to growers. The main reason accentuating the crisis is the unabated imports at the instance of tyre manufacturers, on the premise that there is shortage of NR in the domestic market, Raghavan said. Most of the genuine buyers are staying away from the market so as to create a lack of demand and thus pressurise a fall in prices, he said. The Union Finance Ministry is yet to clear the Union Commerce Ministry's recommendation to hike the import duty from Rs 20 to Rs 34.20 per kg, which is also having a negative bearing on prices. The proposal has been pending with the Finance Ministry for more than four months. The entire scenario may force small growers to move away from cultivation of rubber to other crops, as happened in the case of crops such as cocoa and vanilla earlier, the APK fears. The cost of production of NR is shooting up as never before, with the price of raw materials, including fertilisers, going up by 40 to 50 per cent. Raghavan said that according to the data available from the Rubber Board, there was a surplus stock of more than two lakh tonnes of NR in the country. Hence the claim of short supply is nothing but justification of the cartelisation done by the tyre manufacturers to suppress price levels. Such price manipulations are forcing farmers to hold stocks, in the hope of realisation of better prices later. Even if the announced import-duty hike is effected by the Finance Ministry, the growers may not get much benefit as almost 85 per cent of the total imports are through the advance licence route. The existing tariff structure was derived by keeping RSS-3 Bangkok price as reference. But almost 80 per cent of the total rubber imports is the TSR (Technically Specified Rubber) grade from Indonesia and Vietnam, which is much cheaper. Even after payment of the hiked import duty, it will be still cheaper than the domestic prices. Eventually, the goodwill and loyalty enjoyed by the Indian Natural Rubber in the international market may be lost, APK reminded. The APK also felt that it was high time that the government ensured that the duty-free rubber imports should commensurate with the actual quantity of the raw material in the products exported. India should revise existing norms for duty-free imports, APK demanded. [newindianexpress.com](http://newindianexpress.com)