

## **Rubber import up 23% so far in FY13, on consumption surge**

The consumption of natural rubber (NR) increased at a much faster rate than production in the April-August period of the current financial year, paving the way for a much sharper rise in imports. According to experts, the widening gap in production and consumption could lead to shortage in the domestic market in the near future. So, the focus should be on enhancing cultivation.

A tyre industry expert told Business Standard the industry had to depend more on imports this year and cumulative imports might rise at least 10 per cent, compared to last year.

The Rubber Board's latest data show total production in April-August increased 0.8 per cent to 313,700 tonnes (provisional), while consumption increased 4.9 per cent to 420,440 tonnes. Imports in the same period increased 23 per cent at 95,047 tonnes, as against 78,423 tonnes in the same period of the last financial year. During 2011-12, India had imported 205,050 tonnes of NR and this may go up to 225,000 tonnes in 2012-13, said experts.

The Board projected production to be 930,000 tonnes and consumption to be 1.06 million tonnes for 2012-13, with a deficit of 76,000 tonnes. However, the Board did not foresee any shortage of NR in the domestic market, as the projected opening stock in April was 236,275 tonnes and the industry was entitled to import around 150,000 tonnes through duty-free channels.

But, experts refute this. According to them, the actual stock would be below 140,000 tonnes and more imports are likely this year. Imports are a viable option even without the duty-free route, as rubber is much cheaper abroad.

An expert told Business Standard there had been unprecedented capacity creation in the tyre sector in the last four-five years due to rise in demand from the automobile sector. The new thrust by the government for the development of road infrastructure has led to a 33 per cent increase in bus production in the past two years. Besides, the depreciation of the rupee by up to 17 per cent in the last 12 months has provided strong impetus for tyre exports.