APPENDIX-1

QUESTIONNAIRE FOR COLLECTING INFORMATION FROM RUBBER CULTIVATORS

1.0  Personal Details:

1.1 Name of the rubber grower : 

1.2 Full Address : 

1.3 Where is your plantation Situated?  
Village............................
Panchayat............................
District ..............................

1.4 Are you a full-time cultivator?  

1.5 If not, what is your main occupation?  

1.6 Do you have any other main cultivation?  

1.7 Have you got Rubber Board Registration for your plantation?  Yes/No

1.8 How long have you been in rubber Cultivation?  

1.9 Have you been practising inter-cropping Method of Plantation?  Yes/No

2.0 Rubber Production

2.1 What is the area under Rubber cultivation?

2.2 How do you own the land under rubber cultivation?  
☐ Inherited from ancestors  
☐ Freehold purchase  
☐ Both

2.3 How many rubber trees are under tapping?
2.4 How many years have been elapsed since you started the tapping of present rubber trees? □ Less than 5 years □ 6 to 10 years □ More than 10 years

2.5 What is the quantity of rubber you produce annually?

2.6 In which month do you yield the highest and lowest production? Highest ......................... Lowest .........................

2.7 What is your annual expenditure on Rubber cultivation other than tapping charges?

2.8 How many tappers are employed?

2.9 What is the rate of labour charges? Rate for 100 trees...........

2.10 Do you use rainguard for tapping during rainy season? (a) No tapping (b) Yes/No

2.11 Are you maintaining a separate smoke house for drying rubber? Yes/No

2.12 Do you possess your own rubber roller for processing purpose? Yes/No

2.13 Do you have the facility to store your produce for more than 3 months without deteriorating its quality? Yes/No

2.14 Are you giving timely care, nursing and protection of rubber trees? Yes/No

2.15 Are you interested in continuing rubber cultivation further in the present context of Indian rubber sector? Yes/No

2.16 If not, can you state the reason?
2.17 Have you ever thought of giving up rubber cultivation and diverting to other crops?  yes/no

2.18 If yes, can you state the reason?

3.0 Rubber Marketing

3.1 What is the main saleable form of rubber you produce?  □ Sheet rubber  □ Latex

3.2 If you are producing both, state the ratio of them

3.3 Do you know grading of rubber?  Yes/No

3.4 Which do you sell, graded or ungraded rubber?  graded / ungraded / both

3.5 To whom do you sell the following produce?
   (a) Latex  □ RPS  □ Co-operative rubber marketing societies  □ Crumb factory  □ Any other

   (b) Sheet rubber  □ Village level rubber dealer  □ Medium level rubber dealer  □ Large level rubber dealer  □ Directly to manufacturers  □ Unlicenced rubber dealer  □ RUBCO  □ Co-operative rubber marketing societies  □ Any other

   (c) Field coagulum (Scrap rubber)  □ Village level rubber dealer  □ Medium level rubber dealer  □ Large level rubber dealer  □ Directly to manufacturers  □ Unlicenced rubber dealer  □ Co-operative rubber marketing societies  □ Crumb factory  □ Any other
3.6 When do you sell your produce? □ Frequently □ Weekly □ Monthly □ When the price rises

3.7 Are you aware of the quality to be maintained for rubber for the marketing? Yes/No

3.8 Are you satisfied with the quality of rubber, now you maintained? Yes/No

3.9 Do you have any special problem for marketing?

4.0 Rubber Price

4.1 What is the price at which you sell rubber under the following Situations?
(i) When price is steady: □ At the news paper rate □ Less than news paper rate □ More than news paper rate

(ii) When price is decreasing: □ At the news paper rate □ Less than news paper rate □ More than news paper rate

(iii) When price is increasing: □ At the news paper rate □ Less than news paper rate □ More than news paper rate

4.2 Do you think that the present price is remunerative? Yes/No

4.3 Do you think that the Bench Mark price of Rs.34.05 per kg is sufficient to meet your cost of production? Yes/No
4.4 If not, what will be the remunerative Price of rubber per kg:?

4.5 Do you receive the MSP for your rubber Yes/No

4.6 If not, what is the percentage of MSP now you are receiving for your produce? □ Less than 75%
□ 75% to 80%
□ 80% to 90%
□ 90% to 100%
□ more than 100%

4.7 In your opinion, what is the reason for the decreasing trend in the rubber price for the last few years? (Insert number from 1 to 9 in the appropriate box according to importance of each reason given)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import of NR a) □</td>
<td></td>
</tr>
<tr>
<td>Import of SR b) □</td>
<td></td>
</tr>
<tr>
<td>Import of rubber goods c) □</td>
<td></td>
</tr>
<tr>
<td>Low consumption due to low economic activity d) □</td>
<td></td>
</tr>
<tr>
<td>Liberalisation and globalisation policies of the Govt. e) □</td>
<td></td>
</tr>
<tr>
<td>Cyclical price fluctuation f) □</td>
<td></td>
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<tr>
<td>Over production g) □</td>
<td></td>
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<tr>
<td>Passive attitude of the Govt. h) □</td>
<td></td>
</tr>
<tr>
<td>Any other i) □</td>
<td></td>
</tr>
</tbody>
</table>

4.8. Can you propose any suggestion to overcome the present crisis of the Indian NR sector?

5.0 General Information

5.1 Do you think that the Rubber Board contributes to the benefit of rubber growers? Yes/No

5.2. Any suggestions for improvement

5.3 What is your opinion about the working of the RPS? □ Beneficial
□ Not much beneficial
□ Not beneficial
□ No opinion
5.4 What is your opinion about the working of the Co-operative Rubber Marketing Societies?

- Beneficial
- Not much beneficial
- Not beneficial
- No opinion

5.5 What is your opinion about the RUBCO?

- Beneficial
- Not much beneficial
- Not beneficial
- No opinion
Appendix –2
Interview With an Estate Owner

[In order to collect information about the rubber marketing crisis from the point of view of an estate holder, an interview with Shri. K. Jacob Thomas, a large estate holder was held on 26th February 2001 at his office in Kottayam. He is a planter cum industrialist, acting successfully in the Rubber Sector. He is the Managing Director of the Vaniampara Rubber Co. Ltd. and acting as the Director of Appollo Tyres and Premier Tyres. He is one of the members in the governing council of the Indian Institute of Plantation Management, Bangalore and is a member of Rubber Board. Formerly he was the President of UPASI and Association of Plantation in Kerala(APK).]

Excerpts from the interview

Q. What is your opinion about the present crisis in the Indian rubber market?
Ans. Growers are not able to realise a reasonable price as a result of surplus rubber in the market.

Q. Is the present price reasonable?
Ans. No, the present price is not sufficient to meet even the cost of production.

Q. How is the present crisis of rubber market related to globalisation and liberalisation?
Ans. Impact of economic liberalisation and globalisation will be active by April 1, 2001 when the government of India lift quantitative restrictions. As a result more raw rubber will be imported from Indonesia, Malaysia, Thailand and Sri Lanka. As per the WTO agreement the maximum import duty that can be imposed is limited to 25%. Not only that, finished rubber goods such as chappals, tubes, tyre will be imported from China and Korea at a low price. It will affect the consumption of rubber in India. Therefore, as a result of liberalisation demand for rubber will decrease but its supply will increase and the price will be more or less equal to international price.
Q. In your opinion what should be the minimum price for rubber?
Ans. Rs.42/- per Kg: will be a reasonable price on the basis of cost of production.

Q. Do you think that the minimum price can be realised very soon?
Ans. The reasonable price of Rs.42/- a kg: can be realised only when the international price increases to that level. It is difficult to reach the price level up to Rs.42/- a kg: very soon on the basis of present situation prevailing in the main rubber producing countries in the World.

Q. In your opinion what is the reason for the present crisis? Liberalised policies of the government? Or limitations of the marketing structure or any other reason?
Ans. I do not think that the present marketing structure has any limitations. A network of large number of rubber dealers in the length and breadth of the country help to market different forms of rubber at any time at the prevailing market price. Therefore, the present crisis is due to the liberalised policies of the government. Asian economic crisis also cause the present problems in the rubber market.

Q. What is the method you adopt in marketing your product, rubber?
Ans. We produce latex. It is given to latex processing factories in the country directly.

Q. Do you have the opinion that the present marketing structure is not suitable in the emerging economic order?
Ans. A precise answer can not be given at present as the impact of new economic order has not yet emerged fully. Anyhow, some changes may become a necessity in future in accordance with the changing new economic order.

Q. If things are going on like this, the future of Indian rubber sector is not bright. Do you agree with this opinion?
Ans. Yes. I fully agree with this opinion.
Q. How can we make our rubber popular abroad?

Ans. Our rubber is not popular abroad as India was a net importer in rubber till recently. Therefore, it is very difficult to find market for rubber abroad immediately. Our regular and continuous presence in the international market is necessary to get popularity and reputation for our product. Once we are in the international market we should not go back even though the demand exceeds the supply in the domestic market.

Q. It is known that the rubber planters are not interested in the timely caring of rubber trees, is it right?

Ans. Yes, it is hundred percent correct. Planters are not able to survive in the market as their cost of production increases year by year but the price decrease year by year. Planters are unable to repay their bank loans and they are on a debt knell. Some planters are trying to sell their plantations partially or fully due to their financial stringency. It is an unprecedented situation. All are facing the question of survival.

Q. Do you think that the co-operative rubber marketing in Kerala is effective in the new economic order?

Ans. In the normal course of economic situation too the co-operative rubber marketing system has certain limitations. It is over politicised and its working is under the control of the government. In almost all cases its working is not in the interest of growers but to the interest of the political party in whose hands the administration vests. Therefore, in the complex situation, that will emerge as a result of liberalisation co-operative marketing in its present state may not be effective.

Q. What is your opinion about the RPS in the face of liberalisation and globalisation?

Ans. The Rubber Board has keen interest in widening the work of RPS especially in the fields of processing and marketing. All these steps are taken
on experimental basis. Therefore, its effectiveness can be known only after certain periods of its working.

Q. How is forward marketing system effective in the case of rubber in India?

Ans. It is true that the forward marketing system is effectively working in other major rubber producing countries. In India there is some proposal for its introduction in the rubber sector. Its pros and cons are being discussed in different forums organised by the Rubber Board, Dealer’s Association and Manufacturer’s Association. It is necessary to study in depth about its effectiveness in rubber.
APPENDIX-3

Questionnaire For Collecting information from Rubber Dealers

i) Personal Details
   1-1 Name and Address of the Dealer.

   1-2 Where is your rubber trading located?
       ☐ Panchayat
       ☐ Municipality
       ☐ Corporation

   1-3 Are you a licensed dealer? Yes / No

   1-4 Are you a full-time rubber dealer? Yes / No

   1-5 Do you have any other business? Yes / No

   1-6 How long have you been in rubber trading?

ii) Purchase of rubber

   2-1 From whom do you purchase rubber?
       ☐ Small scale growers  ☐ medium growers  ☐ Estate holders

   2-2 What are the forms of rubber you purchase?
       ☐ Sheet rubber  ☐ Field coagulam  ☐ Latex  ☐ Any other

   2-3 What are the grades of sheet rubber you purchase?
       ☐ RSS 1  ☐ RSS 2  ☐ RSS 3  ☐ RSS 4  ☐ RSS 5  ☐ Ungraded

   2-4 What is your annual purchase of the following? (specify quantity)
       ☐ RSS 1  ☐ RSS 4  ☐ Latex
       ☐ RSS 2  ☐ RSS 5  ☐ Any other
       ☐ RSS 3  ☐ Ungraded

   2-5 Do you purchase Rubber other than from growers? Yes/No

   2-6 If yes, specify from whom?

   2-7 In which month do you collect more rubber?
2-8 In which month do you collect less rubber?

2-9 Do you possess your own godown to store the rubber? Yes / No

iii) Selling of rubber

3-1 To whom do you sell your procured rubber?
- Terminal dealers
- Taluk level dealers
- Agents & Brokers
- Rubber manufacturing companies
- Any other

3-2 When do you sell your procured rubber?
- When price is steady
- When price is increasing
- When price is decreasing
- When a particular quantity of rubber is procured
- Periodically

3-3 Do you sell regularly to a person or a company? Yes / No

3-4 In which form do you sell your sheet rubber?
- RSS1
- RSS2
- RSS3
- RSS4
- RSS5
- Ungraded

3-5 Do you sell rubber outside the state? Yes / No

3-6 What is your annual sale of the following? (specify quantity)
- Sheet rubber
- Field coagulum
- Latex
- Any other

3-7 What is the mode of transportation you use?
- Railways
- Road transportation
- Both

3-8 Who bears the cost of transportation?
- Purchaser
- Yourself

3-9 Do you own a carrier? Yes / No

3-10 Have you ever been an agent for any rubber manufacturing company? Yes / No

iv) Price of Rubber

4-1 What is the price at which you purchase rubber?
- At the newspaper rate
- Less than newspaper rate
- Higher than newspaper rate
4-2 When will you purchase at newspaper rate?
☐ When price is steady  ☐ When price is increasing
☐ When price is decreasing  ☐ Any other

4-3 When will you purchase at less than newspaper rate?
☐ When price is steady  ☐ When price is increasing
☐ When price is decreasing  ☐ Any other

4-4 When will you purchase at higher than newspaper rate?
☐ When price is steady  ☐ When price is increasing
☐ When price is decreasing  ☐ Any other

4-5 How much do you deduct when you purchase rubber less than the newspaper rate?
☐ 10-50 Ps. Per Kg.  ☐ 50-75 Ps. Per Kg.
☐ 75 Ps.-Re.1 Per Kg.  ☐ More than Re.1

4-6 How much do you give more when you purchase rubber higher than the newspaper rate?
☐ 10-50 Ps. Per Kg.  ☐ 50-75 Ps. Per Kg.
☐ 75 Ps.-Re.1 Per Kg.  ☐ More than Re.1

4-7 Do you practice pay in advance?

v) Marketing problems

5-1 Have you ever faced any threat from the co-operative sector? Yes / No

5-2 Have you ever faced any competition from other rubber dealers? Yes / No

5-3 Do you know grading of rubber? Yes / No

5-4 When do you grade rubber?
☐ At the time of purchase  ☐ At the time of sale

5-5 Do you have any qualified grader to grade rubber? Yes / No

5-6 Are you interested in continuing rubber trading? Yes / No

5-7 Have you ever thought of giving up rubber trading? Yes / No

5-8 If yes, state reason
5-9 Did you face any special marketing problem after the declaration of Minimum Support Price on 13th September 2001? Yes / No

5-10 If yes, can you state some of the problems

5-11 Do you think that liberalisation policies have adversely affected Indian Rubber Market? Yes / No

5-12 Can you suggest any measures to solve the present problems of the Indian rubber market?
Appendix -4

Interview With President, Indian Rubber Dealers Federation

[An interview was conducted with the Indian Rubber Dealers Federation President Sri. E.T. Varghese on 13th March 2001 in his office at Kottayam. The Indian Rubber Dealers Federation is the apex body of 13 rubber dealers association located in different parts of the country. The interview enabled the researcher to obtain the views of rubber dealers about the present crisis in the rubber market and its solutions.]

Excerpts from the Interview:

Q. What are the problems of the present rubber market in India?

Ans. Indian rubber market is highly sensitive and even a small change in the economy will cause a big influence in it. Because of the low purchasing power of the people, the rubber manufacturers curtailed their production to the detrimental effect of low consumption of natural rubber. As a result, the rubber market is flooded with the surplus rubber. Therefore, the buyers are active and they determine the price of natural rubber. Consequently the price of rubber declined in the market.

Q. The present rubber price is one of the lowest in the history of Indian rubber market. What are the reasons for such a sharp decline?

Ans. Till recently the total production of rubber was less than the total requirements and the deficiency was met by imports. But now the picture is different. The production exceeds the total demand and excess rubber accumulates in the rubber market. Upto 1998 the rubber manufacturers were allowed to import raw rubber under advanced licence to boost the export. The result was the over supply of rubber in the market and consequently the price slashed.

Q. How does the liberalisation affect the Indian rubber market?
Ans. The impact of liberalisation can be studied only after April 2001 when the government lifts quantitative restrictions on imports. But it is to be noted that under WTO Agreement, NR is not an agricultural commodity but it is treated as an industrial raw material. The maximum rate of import duty that can be charged on import of rubber in India is fixed at 25%. Therefore, the domestic price and international price are more or less equal. Hitherto the government extended some protection to the growers as well as manufacturers of natural rubber. Under such protections plantation as well as manufacturing industries were thrived in India. But the liberalisation policies of the government thwarted the past protective measures and throw away the industries to the world competition. Our plantation industries have to face the stiff competition from abroad. This is a threat caused by the liberalisation policies of the government.

Q. What is the price at which the dealers purchase rubber from cultivators? Whether at the market price published by leading newspapers or at a higher price or at a lower price?

Ans. Because of the tight competition among the dealers, no deduction of price from the published price is possible. Therefore, dealers are compelled to purchase rubber at the market price published in the newspapers itself. Now the growers are also educated and know better the current price of rubber from various media such as newspapers, TV, Radios, Telephone etc. Dealers cannot cheat the growers in this context. But if the market trends show a drastic reduction in the price, then the dealers may purchase rubber at a lower price than that of the price given in the newspapers. Anyhow, Indian rubber market is successful in helping the growers to realise 99% as farm-gate price.

Q. As a dealer, what is your opinion about the co-operative marketing?

Ans. Co-operative marketing is well and good in principle only. But in actual practice co-operative marketing is not a successful one. The co-operative societies are not able to insert any influence in the Indian rubber market as it
handled only 9% of the total rubber trade in India. The companies started under co-operative sector are suffering heavy losses also. It was not able to do any good to the grower.

**Q.** Again the government and rubber board are planning to strengthen and widen the co-operative marketing through RPS. What is your opinion about this?

**Ans.** From the past experience, I can say that it will be a mere waste under the present set up.

**Q.** How can surplus rubber in the Indian rubber market be disposed off?

**Ans.** Surplus rubber can be disposed off only by two ways. One by export and the other by increasing consumption in the home market. These two ways have its own limitations. In the present context where international price is less than that of Indian price, export is not possible by suffering a loss. The second way of more domestic consumption is also difficult in the present economic recession.

**Q.** How can our export market be widened?

**Ans.** First conduct a market survey abroad regarding the actual requirements, its quantity, quality, type, size etc. Then growers and processors have to produce rubber according to the findings of the market survey. Also, we have the responsibility to reduce the cost of production to offer our product at a low price in the international market. Our presence in the international market must be continuous even though we have no surplus rubber.

**Q.** What should be the marketing strategy to be adopted in the emerging new economic order?

**Ans.** In the emerging new economic order, it is necessary that growers and processors of NR should produce some value added goods in accordance with the requirements of rubber manufacturers. Quality is to be improved to
compete in the international market. Lower the cost of production to offer the goods at competitive price in the international market.

Q. What is your opinion about the forward marketing system for rubber in Indian context?

Ans. It is known that the forward marketing or futures market is successfully conducted in pepper. Now some brainstorming is going on to adopt the system in the case of rubber also. In this case, the price can be known in advance to both the supplier and purchaser. It will be advantageous to growers as they have a role in the process of price formation. But in India it is estimated that 73 varieties of rubber are available for sale in market. 14 varieties of sheet rubber, 27 creping, 20 scrap, 4 latex and 3 crumb. These large varieties of rubber may create a number of problems in forward marketing regarding the quality and grade of rubber traded.

Q. What will be the future of natural rubber trade in India?

Ans. It is known that a number of rubber dealers both in town and village areas have stopped their business due to continuous heavy loss in rubber trade. Due to the declining trend in price, dealers are not interested in rubber business. Liberalisation policies of the government will not pose any problem to the rubber business. Instead the business will become much easier as all the unnecessary formalities and procedures have been removed or simplified.

Q. Can you propose any solution to the present crisis of the Indian rubber market?

Ans. Steps are to be taken by the government to remove economic recession as we felt in the economy. As a result the purchasing power of the people will enhance by the increased economic activity. Naturally more rubber will be consumed. Rubber cultivation should not spread to non-traditional areas. Surplus rubber should be disposed off by export even by incurring a loss. Such loss should be compensated from crores of rupees collected by the state government by way of purchase tax.
The central government should take special interest to compel the WTO to include the rubber in agricultural commodity list. We should argue very well in the coming negotiations with the WTO to give the status of agricultural item to rubber. So that more import duty can be imposed on import of rubber.

More value added products are to be obtained from rubber to capture more international markets. We should follow the paths of Malaysia in this regard.
Appendix –5

Interview with a Large Rubber Goods Manufacturer

[In order to get the views of a large scale rubber goods manufacturer about the emerging new rubber marketing scenario, an interview was conducted with the Senior General Manager of MRF, Mr. George Mathew, M.Tech, at his Vadavathoor office on 1st March 2001. He controls 4 plants and 1600 workers in the Vadavathoor factory.]

Excerpts from the Interview

Q. What is the crisis prevailing in the Indian Rubber Market.

Ans. Growers need a high price to lead a luxurious life. But the present market condition is not suitable to get a high price as expected by them. With an eye on the vote banks, politicians too raise a hue and cry to get a high price. They organise Jathas, dharnas and other ways of protests to pressurise the governments to implement some short cut methods to raise the price level. It is impossible to raise price level through short cut methods in the present market situations prevailing in India. Also, some news papers and journals have published inflated stories of difficulties faced by growers with a view to obtain sympathy of the public. All these together spread an impression that some acute problems are prevailing in the Indian Rubber Market.

Q. Planters are of the opinion that they are not getting a remunerative price.

What is your response to this opinion?

Ans. Now the planters are getting a remunerative price. But it is to be remembered that plantations in India were under the protection of the government in the past. Under that plantations flourished in India. It means all the inefficiencies of the plantations were protected by the government. Therefore, managers of the plantations, were not interested in the modernisation of the plantations to remove their inefficiency. But now, as a result of the liberalisation and globalisation, different protections granted earlier were either removed or freezeed. Consequently planters are facing
situations unfamiliar to them. They do not know how to react to the present situation. Therefore, in order to cover up their limitation they argue that the present price is unfair.

Q. In the absence of a reasonable price cultivators neglect their plantations and consequently the production will decline. How will you react to such a circumstance?

Ans. Neglecting the plantations means, the growers give up their livelihood. No wise planter will adopt such a foolish step. In the case of an industrialist when raw rubber is scarce in the domestic market, he will depend on import. When the domestic price is higher than the international price, import will be beneficial to a rubber manufacturer.

Q. Is it possible to solve the present crisis by fixing a minimum price as directed by the Kerala High Court to the Central Government?

Ans. No, it is impossible to raise the price of a commodity by the intervention of a Court. The price can be fixed only in accordance with demand and supply especially in a market economy. We are in the era of liberalisation and globalisation. Let the price of rubber be determined by the market forces of demand and supply.

Q. Benchmark price or minimum price or minimum and maximum price which is more acceptable?

Ans. None of these are acceptable. It will not be feasible to fix any one of these to raise the price of rubber in the globalisation era. Fixation of a minimum price is totally against the WTO agreements. Indian price will always be equated with the international price. We must be prepared to accept this fact and act accordingly.
Q. What is the mechanism which you adopt in the procurement of raw rubber in your factory?

Ans. The Company has two purchase depots to procure raw rubber. One is located at Kottayam and the other at Kozhikode in Kerala state. The central planning department calculates the total consumption of rubber annually in accordance with the production plans prepared before the commencement of a financial year. Then the purchase depots procure rubber either from the rubber dealers or from the planters at a price fixed by the company. We procure rubber largely from the Kottayam market.

Q. Have you procured the raw rubber at a reasonable price at present?

Ans. Yes, we procure rubber at a reasonable price presently.

Q. Do you think some changes are to be made in the procurement of raw rubber from the rubber market? If so, what are they?

Ans. The present system is worked successfully. If it is necessary to make changes as a result of liberalisation, we will not have any hesitation to it.

Q. Economic liberalisation and globalisation have become a reality in India. How do you welcome it?

Ans. We know fully the threat posed by the liberalisation. We are confident that through our hard work and determination we will overcome the challenges raised by the liberalisation policies of the government of India affecting the tyre industry.

Q. Do you think the present ratio of NR to SR will change in future to the effect of increased consumption of SR? If so, what are the reasons?

Ans. The ratio of NR to SR is fixed on the basis of two criteria. One is price and the other is quality. If the price of NR is very high the consumption of SR will be increased and vice versa without affecting the quality of the end product. But in production of certain items only SR or NR is used to assure the quality of the product.
Q. What are the challenges faced by the rubber industry in India as a result of the new economic order?

**Ans.** As a result of liberalisation, Indian rubber industry is facing a great threat from China. Indian market is flooded with cheap Chinese product including tyre. The international markets too are full of cheap Chinese product. Therefore, Indian rubber products with its high cost can not compete with the Chinese product. For example, in 1997, the USA import cross ply truck tyres from India and China in the ratio of 62:38. But in 2000 the ratio declined to 31:69. In the case of radial car tyres the USA imports 11% from India and 89% from China in 1997. But in 2000 the share of Indian radial car tyres was reduced to 1% and China’s share increased to 99%.

Q. Do you think that the co-operative rubber marketing will be effective in the face of liberalisation?

**Ans.** The motto of co-operative is ‘one for all and all for one’ is noble and excellent. In India we can see the success stories of co-operative. Very good example is ‘Anand’ in Gujarat under the able leadership of Mr. Kurian. But co-operative rubber marketing in Kerala has no such successful experience because of problems inherent in it. I can say without any doubt that co-operative rubber marketing system in Kerala is not able to face any major challenge such as liberalisation and globalisation. Co-operative rubber marketing societies were formed with a view to avoid middlemen in the rubber market and thereby a better price can be obtained by the rubber growers. But what is the present situation? Growers are not satisfied with the working of the co-operative rubber marketing federation or RUBCO etc.

Q. Do you think the forward marketing system for rubber will be effective in the face of liberalisation?

**Ans.** At present we have only some theoretical knowledge about the forward
marketing. It is true that it is in operation with success in the major rubber producing countries of the World. Therefore, we can also adopt the system in rubber. Its pros and cons can be assessed only after its introduction.

Q. What are the remedies available to the present crisis of Indian Rubber Market?

Ans. Globalisation, liberalisation & privatisation (LPG) have become a reality in the Indian economy. The rubber sector is also not free from its clutches. By April 2001 when the quantity restriction lifted, rubber sector changed drastically. More rubber products and raw rubber will come to domestic market from abroad. Competition will be acute in the domestic as well as international markets. We must consider this situation as a ‘commercial war’ of course it is a ‘war without gun-powder’. Suitable strategies are to be formed to win the war. It is the duty of the government to provide adequate support to the industrialist by enacting necessary legislation with respect to;

(a) labour reforms
(b) Taxation policies
(c) Capital at lower interest
(d) Adequate raw material supply etc.

Above all, hard work is the only mantra to sustain in the market. Winning or losing of the commercial war will be on the basis of our willingness to work hard. Therefore, our slogan will be ‘Hard work or Perish’.
Interview With the Purchase Manager, MRF

[An interview was conducted on 24th February 2001 with Mr. K. John Cherian, Purchase Manager, MRF at his Kottayam office in order to collect information related to the present crisis of the Indian rubber market and the solutions of it from a manufacturer’s point of view.]

Excerpts from the Interview:

Q. What is the crisis prevailing in the Indian rubber market?

Ans. Indian rubber market is burdened with the excess stock resulting from the situation of supply exceeds demand.

Q. Planters are of the opinion that they are not getting a remunerative price. What is your response to this opinion?

Ans. Now the planters receive a reasonable price. But it is true that the price realised now is not sufficient to meet the unnecessary expenditure and high spending as they were made when the prices was Rs.60 a kilogram in the past. Rs.30 is a reasonable price.

Q. In the absence of a reasonable price cultivators neglect their plantations and consequently the production will decline. How will you react to such a circumstance?

Ans. Scarcity of rubber will be the outcome if such a situation arises.

Q. Do you think the present price is reasonable?

Ans. Yes, it is sufficient to meet their cost of production of Rs.27 a kilogram.

Q. Is it possible to solve the present crisis by fixing a minimum price as directed by Kerala High Court to the Central Government?

Ans. It can be answered only after fixing the minimum price by the central government.

Q. What is the mechanism which you adopt in the procurement of raw rubber in your factory?
Ans. We purchase raw rubber from the rubber dealers located at Kottayam market at the price quoted by us. The price so quoted is based upon a market trend analysis. Naturally these dealers are our regular suppliers. But the price quoted will vary from time to time depending on the market conditions. We also purchase rubber from the large rubber planters directly.

Q. What is the period for which rubber is procured in your factory?

Ans. Generally for two months consumption

Q. Do you think that some changes are to be made in the procurement of raw rubber from the rubber market? If so, what are the changes to be made?

Ans. Not necessary to make any change to the present rubber procurement process.

Q. Economic liberalisation and globalisation have become a reality in India. How do you welcome it?

Ans. The picture will be cleared very well only by April-1, 2001, when the central government lifts quantity restrictions related to the remaining 600 items of different goods. Therefore, we have to wait up to that date to see how liberalisation affects our industry.

Q. Do you think the present ration of NR to SR will change in future to the effect of increased consumption of SR? If so, what will be the reasons for such an increase?

Ans. The ratio of NR to SR is fixed for the production of tyre with a view to maintain a standard quality. Therefore, it can not be changed in accordance with the price of NR and SR.

Q. What are the challenges faced by the rubber industry in India as a result of new economic order?

Ans. As a result of liberalisation goods are being imported from abroad especially from China at a low price. Soon the Indian market will be flooded with cheap foreign goods. It will affect the Indian rubber industry adversely.
Even now, the Indian tyre companies are not able to utilise 100% plant capacity. MRF cut the production by 20%, CEAT by 30%, JK by 30% and APPolo by 20%.

Q. What are the remedies available to the present crisis of Indian Rubber Market?

Ans. All steps are to be taken for reducing the cost of production to offer our goods at a competitive price in the international market. In this case China will be a model to us. They reduce the cost of production by their lower labour charges.

Q. What are the steps to be taken by the governments (both central and state) to sustain the rubber cultivation and rubber based industries in this globalisation era?

Ans. Tax structure is to be revamped so as to provide maximum protection to the home industry. Maximum import duty is to be levied on import of finished goods. Kerala state now charged 11% purchase tax on rubber purchased inside the state. This tax is to be removed and can reduce the cost of production consequently we can offer our goods at a lower price.

Q. Do you think the co-operative rubber marketing will be effective in the face of liberalisation?

Ans. Since it is controlled by the government, co-operative societies are not flexible in its working. Therefore, it may not be so effective in the liberalisation era.

Q. Do you think the forward marketing system for rubber will be effective to solve the ailments of the present rubber market in India?

Ans. In Indian conditions, it will not be so effective.
Interview with Deputy Director of Economics, RubberBoard, Kottayam

[With the prior permission of the Rubber Board Chairman, an interview was conducted with Mr. Tharian George, Deputy Director of Economic Division, Rubber Board at his Puthuppally Office on September 2001 to collect required primary from the Rubber Board.]

Excerpts from the interview:

Q. Planters are of the opinion that the present price of NR is not reasonable. But manufacturers are vehemently opposing it. What is your response to these conflicting views of opinion?
Ans. No comment

Q. Is it possible to raise the price of NR by fixing the minimum price as directed by the High Court of Kerala?
Ans. As per the direction of the Court, the government will declare minimum price very soon. But the result can not be foreseen now.

Q. How is the present crisis related to the economic liberalisation and globalisation?
Ans. It is a fact that some policy changes have taken place in the rubber market since 1991-92.

Q. As per the WTO agreement the effective rate should be the same or lower than the bound rate. But in India, the effective rate of 36.81% is higher than the bound rate of 25%. How can it be corrected in accordance with the WTO Agreement? What will be the consequence when such a discrepancy is rectified?
Ans. In India, the basic duty and the bound rate are similar. The effective duty of 36.8% is lower than the import duty of 40% applied in the lease year, which is permissible under WTO.
Q. From 1st April 2000 onwards, government of India transferred the position of NR from restricted list to the open general licence (OGL) list of imports and QRS were also scrapped. What will be the consequence on NR from these decisions of the Central Government?

Ans. It can be noted that high import of NR has not yet taken place even though the QRS were lifted by the government. When the import goes beyond the control the government will take appropriate steps to control it.

Q. As per the WTO Agreement NR is treated as an Industrial raw material even though it is an agricultural product by the character of its production processes. Why do this contradiction exist in the Agreement? What are the steps taken by the Rubber Board to correct this anomaly?

Ans. As per the WTO Agreement Jute is considered as an industrial raw material but raw cotton is considered as an agricultural commodity. NR is treated as an industrial raw material. If the NR can obtain any advantage by treating it as an agricultural commodity, the matter is to be placed before the next WTO summit to be held at Doha and thus the anomaly, if any, can be rectified.

Q. It is known that rubber growers are not interested in the new plantation or replantation and even they are diverting to other ventures. Why does such a situation culminate in the rubber sector? What are the steps taken by the Board to persuade them to stay in the rubber cultivation?

Ans. The Board has no official information about such events in the rubber sector. But some paper reports say that rubber cultivators are trying to divert to other profitable agricultural activities. It is no wonder that cultivators divert to other crops when one crop become unremunerative.

Q. Is the present marketing structure is sufficient to face the challenges posed by liberalisation?

Ans. More study is required before saying that the present rubber marketing structure is sufficient or not.
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