

Task Force on Rubber Sector

Stakeholder consultations

*The Department of Commerce, Ministry of Commerce & Industry, Government of India has constituted a **Task force on Rubber Sector (TFRS)**, vide OM F.No. 15/19/2016-Plant C dated 8 March 2018. Chief Secretaries of Kerala and Tripura are the Chairman and Co-chairman of the Task Force. Executive Director of Rubber Board is the Member, Convenor. Other members of the Task Force are Joint Secretary and Director in the Department of Commerce, Joint Secretary in the DIPP and one each official from the state governments of Tripura and Kerala. Dr A. K. Krishnakumar, former Executive Director of IL&FS, Delhi is inducted into the Task Force as a technical expert.*

The main mandate of the TFRS is to recommend short term solutions and long term strategies for mitigating the problems faced by rubber growers and suggest a policy on rubber taking into consideration the relevant provisions of the WTO Agreement and other trade commitments, general economic policy of Government of India, relevant Acts and Rules thereof, rubber industry value chain and welfare of stakeholders involved comprising growers, processors, end product manufacturers, traders, workers and final consumers of rubber products.

The First Meeting of the Task Force was held at Thiruvananthapuram on 23 March 2018. One of the decisions in the meeting was to collect inputs from all stakeholders connected to rubber industry value chain.

Stakeholders are requested to furnish views/comments/suggestions on the issues listed below. Some of the issues already raised by stakeholders have been reflected as bullet points. They are only indicative and not exhaustive.

Inputs may be sent by email to anita.karn@nic.in , ms.banerjee67@nic.in and planning@rubberboard.org.in on or before 12th April,2018. If stakeholders would like to furnish materials offline, the inputs can be sent to Member Convenor, Task Force on Rubber Sector, C/o Planning Division, Rubber Board Head Office, Kottayam, Kerala 686 002. The materials can also be handed over to the Planning Division at Rubber Board Head Office during office hours.

1. Regulation on import of NR

- At present, import duty on NR is 25% or Rs. 30 per kg whichever is lower. Import duty of dry forms of rubber cannot be enhanced beyond 25% as the bound rate is also 25%. But there is no legal binding on duty cap.
- Relevance and effectivity of Port restrictions and mandatory quality inspection on rubber.
- Import of cup-lump has been blocked from 2001 as cup-lump does not have BIS standards. The phytosanitary concerns regarding import of cup lump and the effect of the said import on the price of NR in the country.
- Safeguard duty on rubber import.
- Inversion in tax structure as import duty of rubber products is lower than that of NR.
- Feasibility of Minimum Import Price in NR.

2. Budget constraints faced in Rubber sector

- Fund constraints in rubber sector
- Dovetailing of funds from other Ministries and Departments.
- Modalities for generating additional resources to take up more plantation/replantation.

3. Production –consumption gap in Natural rubber

- 41% of NR consumption in 2016-17 was met through import.
- Block rubber is cheaper and consistent in technical properties but accounts only for 15% of the domestic production. More than 80% of import is from block rubber.
- Sustainability in rubber sector by achieving at least 70% of consumption demand.
- Action plan for focussed mass extension activity.
- Modalities for improving the Rubber Production Incentive scheme in Kerala.
- Manual for Good Agricultural Practices (GAP) in rubber for increasing productivity.
- Insurance for rubber sector.

4. Increase in usage of rubber

- Rubber products sector other than tyres, dominated by MSMEs has been facing several problems.
- Increasing use of rubber in road rubberisation which is marginal at present due to competition from tyre crumb.
- Setting up of more Rubber Parks in the country.
- Export of NR depending upon domestic and international price trends.

5. Recognise status of NR as an agricultural product

- NR is not included in the Agreement on Agriculture (AoA) of WTO and hence tariff policy is in line with the relevant provisions of non-agricultural products.
- There is no classification of products into agricultural and non-agricultural within India.

- Benefits of national level agriculture development schemes are not currently extended to NR sector.

6. Processing of rubber

- While sheet rubber accounts for nearly 70% of production, block rubber accounts for 47% of consumption and more than 80% of import.
- Promotion of Group processing centres and block rubber processing units for increase in production and decrease in cost of production.

7. GST related issues

- Earlier, VAT rate of most of the inputs used in rubber cultivation and processing (copper sulphate, plastic collection cup, cup hanger, tapping knife etc) was 5% but the GST rate is 18%.
- VAT rate of rubber wood was 5% but GST rate is 18%.
- RPS as village level clusters of growers facilitating group activities among them in collection of inputs, pooling/sale of produce, processing of rubber for better quality and consistency etc used to operate without VAT registration. RPS come under the GST regime if turnover is above Rs 20 Lakh.
- GST of several non-tyre products has been fixed at 18% whereas the VAT rate was 5%.

8. Trading of rubber

- Share of grower forums in rubber trading is only 12% of the total.
- Necessity of online trading or auction system in NR trading.
- Inconsistent NR market arrivals due to intra-year price fluctuations, stockholding and seasonality in production cause uncertainties.

9. Utilisation of rubber wood

- Restrictions on felling rubber trees in some states under forest legislations.
- Commercial utilisation of rubber wood.
- Improving the Farmgate price of rubber wood which is lower due to the role of intermediaries.

10. Rubber policy

- Necessity of a National Rubber Policy.
- Components to be included for a sustainable and globally competitive Natural Rubber industry.
