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THE YEAR 2017-18

NATURAL RUBBER (NR)

Production Sector

The production of Natural Rubber (NR) in India during the year 2017-18 was 694,000 tonnes, registering a marginal growth of 0.4% compared to 691,000 tonnes produced a year ago. Though, the Rubber Board had taken several measures to increase rubber production and productivity during 2017-18 as in 2016-17, the unexpected heavy rainfall from June 2017 onwards together with low rubber prices affected the production sector adversely and couldn't achieve the targeted production. The tapped area during the year was only 78% of the tappable area in spite of the expected 90%. The average yield, measured in terms of production per hectare of tapped area decreased to 1,449 kg/ha in 2017-18 from 1,553 kg/ha in the previous year. The country had produced 69 per cent Ribbed Smoked Sheet (RSS), 17 per cent Technically Specified Rubber (TSR) and 11 per cent latex concentrates of the total 694,000 tonnes. NR production in 2018-19 is projected at 730,000 tonne with a growth of 5.2%.

Consumption Sector

The country has consumed 11,12,210 tonnes of NR in 2017-18, up 6.5% from the quantity of 1,044,075 tonnes consumed during 2016-17. This represents a 9.2 per cent rise in the dominant auto tyre manufacturing sector and 1 per cent rise in the general rubber goods sector. The high growth in auto tyre sector in NR consumption was supported by the imposition of Antidumping Duties (ADD) on pneumatic radial tyres used in buses and lorries/trucks from China vide Notification No. 45/2017-Customs (ADD) dated 18 September 2017 of the Department of Revenue. Auto-tyre manufacturing sector accounted for 69.4 per cent of the total quantity of NR consumed in the country during 2017-18. Out of the total NR consumed by the industry, 46 per cent were RSS, 44 per cent TSR and only 7 per cent latex concentrates in 2017-18. Consumption of NR in 2018-19 is projected at 1.2 million tonne, with an increase of 7.9%.

Import & Export

As per data available from the Directorate General of Commercial Intelligence & Statistics, the country imported 469,760 tonnes of NR during 2017-18 as compared to 426,188 tonnes imported in the previous year. Import of NR touched all time high in 2017-18, an increase by 10.2% as compared to 2016-17 and around 71% was through duty paid channel. During 2017-18, block rubber constitutes 81% of the total NR import and sheet rubber 17%. Among the source countries of imports of NR into India, Indonesia dominated with a share of 58% in the total volume imported during 2017-18, followed by Thailand (18.4%) and Vietnam (13.5%). Unpleasant relative prices prevailed in overseas markets throughout the year except for April and May 2017 kept exports unattractive during the year 2017-18. Export of NR decreased to 5,072 tonnes in 2017-18 from 20,920 tonnes in 2016-17. The main form of rubber exported from the country was Latex (61%) and main destination countries were Iran, China, Italy, etc

Stock

Estimated total stock of NR with growers, processors, traders, and manufacturers at the end of March 2018 was 292,000 tonnes as against the quantity of 264,000 tonnes held at the same point of time a year ago.

NR Prices

Natural Rubber prices in both domestic and International markets were at relatively lower levels during 2017-18, mainly due to recovery in production in Thailand, fall in crude oil prices and downward trends in TOCOM and Shanghai futures. Domestic prices showed a downward trend from April 2017 onwards and during July 2017, though, it showed an increasing trend and peaked at Rs 141/kg by 20th July 2017 again retreated with some ups and downs till January 2018. Prices in domestic NR market remained at the lower levels during February and March 2018. Annual average price for domestic RSS 4 grade rubber for the year 2017-18 was Rs. 129.80/ kg compared to Rs.135.49/-kg in 2016-17.

Table I : **Price of Natural Rubber (Rs / 100 Kg)**

Month/Year		RSS 5	RSS 4	RSS 3	Latex (60% drc)		ISNR 20	SMR 20
		Domestic		International	Domestic	International	Domestic	International
April	2017	13939	14339	14625	15688	15885	12522	10701
May	"	12815	13073	14165	15595	15940	11916	9859
June	"	11971	12238	11627	15410	14623	11089	9228
July	"	13027	13300	11315	15290	13178	12495	9706
August	"	12571	13063	11775	13685	13747	11414	9783
September	"	13102	13424	11977	13993	14313	11743	10269
October	"	12767	13060	10889	13807	12772	11200	9414
November	"	12290	12587	10298	13788	12508	10689	9184
December	"	12794	13082	10455	15283	12633	11365	9309
January	2018	12285	12746	10755	14787	12937	11352	9602
February	"	12054	12413	10963	14385	12733	10993	9421
March	"	12137	12438	11286	14090	13297	11426	9389
Average 2017-18		12646	12980	11678	14650	13714	11517	9655

Note: Note: Domestic price refers to Kottayam market, international RSS 3 refers to Bangkok market and international price of latex and SMR 20 to Kuala Lumpur market.

PRODUCTION AND CONSUMPTION OF NR & SR

(Metric Tonnes)

Type-wise Production & Consumption of NR & SR	March 2018	March 2017	April 2017 to March 2018	April 2016 to March 2017	Percentage increase (+)/ decrease(-) of (3) & (4)
	(1)	(2)	(3)	(4)	(5)
PRODUCTION					
Natural Rubber (NR)					
Ribbed Smoked Sheet (RSS)	25545	34690	478445	473375	
Solid Block Rubber	11295	11925	114875	106560	
Latex Concentrates (drc)	6660	6945	75070	83200	
Others	1500	1440	25610	27865	
Total	45000	55000	694000	691000	0.4

Note: Revised type-wise production of NR for 2017-18

Synthetic Rubber (SR)^P

Styrene Butadiene (SBR)	22346	5325	209938	96637	
Poly Butadiene(BR)	11354	10850	113666	116557	
Others	750	748	7617	9550	
Total	34450	16923	331221	222744	48.7
Total NR & SR	79450	71923	1025221	913744	12.2

CONSUMPTION ***Natural Rubber (NR)**

Ribbed Smoked Sheet (RSS)	46585	48145	513710	486470	
Solid Block Rubber	46290	38840	493410	451240	
Latex Concentrates (drc)	7675	6835	79765	82100	
Others	2450	2180	25325	24265	
Total	103000	96000	1112210	1044075	6.5
Out of which Auto Tyre Manufacturers	70874	66601	772162 ^R	707335	9.2

Synthetic Rubber (SR)^P

Styrene Butadiene (SBR)	29990	24580	311555	278800	
Poly Butadiene(BR)	16655	15325	184130	184720	
Others	11555	12145	138290	135060	
Total	58200	52050	633975	598580	5.9
Out of which Auto Tyre Manufacturers	39925	37031	437754 ^R	417728	4.8
Total NR & SR	161200	148050	1746185	1642655	6.3
Out of which Auto Tyre Manufacturers	110799	103632	1209916	1125063	7.5

*: indigenous and imported

R - Revised

PRODUCTION CONSUMPTION AND STOCK OF RR

(Metric Tonnes)

Production Consumption and stock of RR	March 2018	March 2017	April 2017 to March 2018	April 2016 to March 2017
	(1)	(2)	(3)	(4)
Reclaimed Rubber (RR)				
Production @	11680	10385	131575	122895
Consumption	11660	10270	130510	120235
Out of which Auto Tyre Manufacturers	4497	4439	50866	49635
Stock with Manufacturers (end of month/year)	11865	10800		
@: indigenous purchase by manufacturers				

IMPORT/EXPORT & STOCK OF NR & SR**Import (p)**

Natural Rubber	48699	25295	469760	426188
Synthetic Rubber	28490	38907	338189	379791
Total NR & SR	77189	64202	807949	805979

Export (p)

Natural Rubber	19	4857	5072	20920
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STOCK AT THE END OF MARCH 2018

(Metric Tonnes)

Natural Rubber

With Growers	78000	Ribbed Smoked Sheet	196050
With Dealers & Processors	93000	Solid Block Rubber	56350
With Auto Tyre units©	96540	Latex(drc)	14280
With other manufacturing units	24460	Others	25320
Total	292000	Total	292000

©: including transit

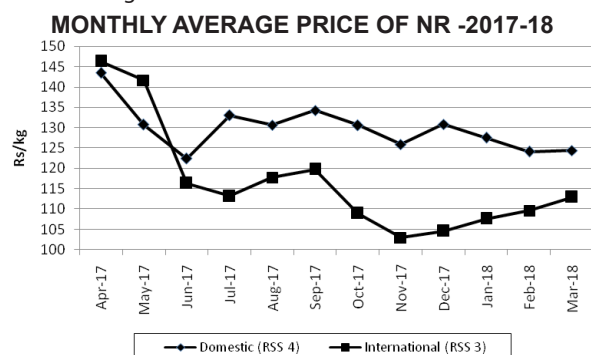
Synthetic Rubber

With Producers	22050		
With Auto Tyre units	43995	SBR	67235
With other manufacturing units	24940	Others	23750
Total	90985	Total	90985

p:provisional

During 2017-18, the average price of international RSS 3 grade was Rs.116.78/ kg and it was Rs.131.78/ kg during 2016-17. Both Domestic RSS-4 price and International RSS-3 price were peaked at maximum on the same day, 5th April 2017, at Rs.148.50 per kg and Rs.154.10/- kg respectively. Domestic RSS-4 price was ruling above the international RSS-3 price throughout the year 2017-18 except for beginning months April and May 2017.

The chart depicting the monthly average price of RSS 4 in domestic market and that of RSS 3 grade in international market during the year 2017-18 is given below.



SYNTHETIC RUBBER (SR)

Production & Consumption

Synthetic Rubber production increased to 331,221 tonnes during 2017-18 from 222,744 tonnes during 2016-17, registering a huge growth of 48.7% as against a growth of 11.5% during 2016-17. Shares of styrene butadiene rubber and poly-butadiene rubber were 63.4% and 34.3% respectively during 2017-18, which were 43.4% and 52.3% during 2016-17.

SR consumption increased to 633,975 tonnes during 2017-18 registering a growth of 5.9% as against 598,580 tonnes consumed during 2016-17. The automotive tyre sector consumed 437,754 tonnes of SR during 2017-18 as against 417,728 tonnes during 2016-17, recording a growth of 4.8 %. During 2017-18, the ratio of consumption between NR and SR in India was 64:36.

Consumption details of NR and SR are summarized in Table II.

Table II: Consumption of NR and SR

	2017-18p	2016-17	Growth (%)
(tonnes)			
Natural Rubber			
Auto Tyres & Tubes	772162	707335	9.2
General Rubber Goods	340048	336740	1.0
Total NR	1112210	1044075	6.5
Synthetic Rubber			
Auto Tyres & Tubes	437754	417728	4.8
General Rubber Goods	196221	180852	8.5
Total SR	633975	598580	5.9
NR & SR			
Auto Tyres & Tubes	1209916	1125063	7.5
General Rubber Goods	536269	517592	3.6
Total NR & SR	1746185	1642655	6.3

p: provisional

Import of SR by rubber goods manufacturing industry during 2017-18 was 338,189 tonnes as against 379,791 tonnes during 2016-17.

World Rubber Situation – 2017

Production

India is currently the sixth largest producer of NR in 2017 with a share of 5.3% of world production. According to the International Rubber Study Group (IRSG), the world NR production increased by 7.4% to 13.539 million tonnes in 2017, compared to 12.604 million tonnes in 2016. During 2017, the output in main producing countries viz; Thailand, Indonesia, Vietnam, China and Malaysia increased. India holds second rank in productivity in the world during 2017, succeeding Vietnam. Global SR production during 2017 was 15.05 million tonnes as against 14.85 million tonnes in 2016 registering an increase of 1.4%.

Table III : Country-wise production of NR

('000 tonnes)

Country	2017	2016	% Growth
Thailand	4429	4347	1.9
Indonesia	3629	3358	8.1
Vietnam	1087	1035	5.0
China	798	774	3.1
Malaysia	740	674	9.8
India	713	624	14.3
Other countries	2143	1792	19.6
World Total	13539	12604	7.4

Source: NR Trends and Statistics-May18 of Association of NR producing countries(ANRPC) for country-wise figures and Rubber Statistical Bulletin (April-June 2018) of International Rubber Study Group (IRSG) for world total.

Consumption

India ranks second with regard to NR consumption in 2017 with a share of 8.2% of world consumption. Global NR consumption increased to 13.23 million tonnes in 2017 registering a growth of 4.4% compared to 12.67 million tonnes in 2016. Consumption of NR in main consuming countries increased during 2017. Consumption of NR in China, India, U.S.A, Thailand and Japan increased by 6.4%, 4.7%, 3.5%, 5.4% and 0.4% respectively during 2017 on previous year. World SR consumption increased to 15.19 million tonnes during 2017 from 14.83 million tonnes during 2016, recording a growth of 2.4%. World NR and SR consumption ratio during 2017 was 47:53.

Table IV : Country-wise consumption of NR

('000 tonnes)

Country	2017	2016	% Growth
China	5301	4982	6.4
India	1082	1033	4.7
U.S.A.	965	932	3.5
Thailand	685	650	5.4
Japan	679	676	0.4
Indonesia	608	583	4.3
Malaysia	489	486	0.6
Brazil	413	412	0.2
Rep.of Korea	384	381	0.8
Other countries	2619	2535	3.3
World Total	13225	12670	4.4

According to IRSG, the world supply-demand balance of NR showed an excess of 314,000 tonnes during 2017

Source: Rubber Statistical Bulletin (April-June 2018) of International Rubber Study Group (IRSG).