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THE YEAR 2018-19

NATURAL RUBBER (NR)

Production Sector

Natural Rubber (NR) production in the country during 2018-19 was 651,000 tonnes registered a negative growth of 6.2% compared to a slight positive growth of 0.4% during the previous year. Adverse weather especially, impact of the excessive rains and floods in major producing state of Kerala, the consequent high level of incidence of Abnormal Leaf Fall disease, lack of skilled labourers, grower's reluctance in harvesting or poor maintenance of trees in response to the low NR prices have affected the production of NR in India during the year ended March 2019. Even though the tappable area under rubber was 640,000 ha during 2018-19, only 448,000 ha was contributed to the NR production during the year. Consequently, the average yield, measured in terms of production per hectare of tapped area, declined during 2018-19 to 1,453 kg/ha as against 1,458 kg/ha in the previous year. During 2018-19, the country had produced 66% Ribbed Smoked Sheet (RSS), 18% Technically Specified Rubber (TSR) and 12% latex concentrates of the total 651,000 tonnes. During 2019-20, the country is anticipated to produce 750,000 tonnes of NR, up 15.2% on year.

Consumption Sector

The country has consumed 1,211,940 tonnes of NR in 2018-19, up 9% from the quantity of 1,112,210 tonnes consumed during 2017-18. Tyre sector reported a substantial growth rate of 11.9% in consumption, whereas non-tyre sector consumption increased only by 2.3%. Auto-tyre manufacturing sector accounted for 71.3% of the total quantity of NR consumed in the country during the year 2018-19. Import duty on radial car tyres was raised from 10% to 15% and that of footwear was revised from 20% to 25% in September 2018. Import duty on radial truck and bus tyres had been already raised to 15%. These revisions in customs policy on tyres also contributed to the increase in NR consumption. Out of the total NR consumed by the industry, 43% were RSS, 47% TSR and

only 7% latex concentrates in 2018-19. The domestic consumption is anticipated as 1,270,000 tonnes up 4.8% during 2019-20.

Import & Export

As per data available from the Directorate General of Commercial Intelligence & Statistics, the country imported 582,351 tonnes of NR during 2018-19 compared to 469,760 tonnes imported in the previous year. Import of NR increased by 24% in 2018-19 as compared to the previous year and 70.3% of the import was through duty paid channel. 81% of import of NR was in the form of block rubber. Major factors behind the import are the differences in prices between domestic sheet rubber and international block rubber and shortage of rubber in the domestic market. Among the source countries of imports of NR into India, Indonesia dominated with a share of 42% in the total volume imported during 2018-19, followed by Vietnam (20%), Malaysia (11%) and Thailand (10%).

The import of NR has been allowed only through sea ports of Chennai and Mumbai (Nhava Sheva) from January 2016. Government of India had eased port restrictions on import of NR under the Advance Authorisation (AA) Scheme with effect from 12 June 2018. This revision in import policy was to assist rubber product exporters to reduce their logistic expenses on imported NR. Unpleasant relative prices prevailed in the international market kept exports of NR unattractive throughout the year under review. The volume of exports came down to 4,551 tonnes during 2018-19 from 5,072 tonnes a year ago. The main form of rubber exported from the country was block rubber (96%).

Stock

Estimated total stock of NR with growers, processors, traders, and manufacturers at the end of March 2019 was 308,860 tonnes, inclusive of unprocessed form of rubber held by growers, dealers and processors.

NR Prices

Annual average price for domestic RSS 4 grade rubber for the year 2018-19 was Rs 125.95 per kg compared to Rs.129.80 per kg in

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

Month/Year	RSS 4		RSS 3	Latex (60% drc)		ISNR 20	SMR 20
	Domestic	International	International	Domestic	International	Domestic	International
2017-18	12646	12980	11678	14650	13714	11517	9655
April 2018	11790	12012	11343	13678	12742	10787	9077
May "	12194	12419	11808	14640	14053	11959	9715
June "	12263	12646	10920	14550	12615	12112	9382
July "	12687	12919	10308	14077	11927	12782	9093
August "	13074	13267	10320	16308	11682	13055	9343
September "	12683	13048	10451	17073	12077	12361	9638
October "	12314	12780	10556	16273	12015	11536	9748
November "	11676	12156	9772	13922	11092	11020	8902
December "	11831	12196	10116	14558	10810	11263	8914
January 2019	12018	12466	11202	14622	11435	11657	9568
February "	11820	12433	11554	13880	12140	11600	9903
March "	12433	12802	12248	13747	13695	12329	10273
2018-19	12232	12595	10883	14777	12190	11872	9463

Note: Domestic price refers to Kottayam market, international RSS 3 refers to Bangkok price, 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 2019	March 2018	April 2018 to March 2019	April 2017 to March 2018	Percentage increase (+)/ decrease(-) of (3) & (4)
	(1)	(2)	(3)	(4)	(5)
PRODUCTION					
Natural Rubber (NR)					
Ribbed Smoked Sheet (RSS)	16000	25545	430570	478445	
Solid Block Rubber	9850	11295	119085	114875	
Latex Concentrates (drc)	6450	6660	78970	75070	
Others	700	1500	22375	25610	
Total	33000	45000	651000	694000	-6.2

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

Synthetic Rubber (SR)^P

Styrene Butadiene (SBR)	22568	22346	253859	209938	
Poly Butadiene(BR)	11062	11354	122081	113666	
Others	420	750	4832	7617	
Total	34050	34450	380772	331221	15.0
Total NR & SR	67050	79450	1031772	1025221	0.6

CONSUMPTION ***Natural Rubber (NR)**

Ribbed Smoked Sheet (RSS)	48385	46585	521495	513710	
Solid Block Rubber	43025	46290	575115	493410	
Latex Concentrates (drc)	6450	7675	88330	79765	
Others	2140	2450	27000	25325	
Total	100000	103000	1211940	1112210	9.0
Out of which Auto Tyre Manufacturers	71448	70874	864022	772162	11.9

Synthetic Rubber (SR)^P

Styrene Butadiene (SBR)	31375	29990	357180	311555	
Poly Butadiene(BR)	15485	16655	195835	184130	
Others	9640	11555	133310	138290	
Total	56500	58200	686325	633975	8.3
Out of which Auto Tyre Manufacturers	38124	39925	468086	437754	6.9
Total NR & SR	156500	161200	1898265	1746185	8.7
Out of which Auto Tyre Manufacturers	109572	110799	1332108	1209916	10.1

*: indigenous and imported

Note: Revised Typewise NR Production and Consumption for 2018-19

PRODUCTION CONSUMPTION AND STOCK OF RR

(Metric Tonnes)

Production Consumption and stock of RR	March 2019 (1)	March 2018 (2)	April 2018 to March 2019 (3)	April 2017 to March 2018 (4)
Reclaimed Rubber (RR)				
Production @	11700	11680	142605	131575
Consumption	11610	11660	141165	130510
Out of which Auto Tyre Manufacturers	4125	4495	52376	50866
Stock with Manufacturers (end of month/year)	13305	11865		
@: indigenous purchase by manufacturers				

IMPORT/EXPORT & STOCK OF NR & SR

Import (p)				
Natural Rubber	37191	48699	582351	469760
Synthetic Rubber	26350	28490	330148	338189
Total NR & SR	63541	77189	912499	807949

Export (p)				
Natural Rubber	605	19	4551	5072

R: Revised

STOCK AT THE END OF MARCH 2019

(Metric Tonnes)

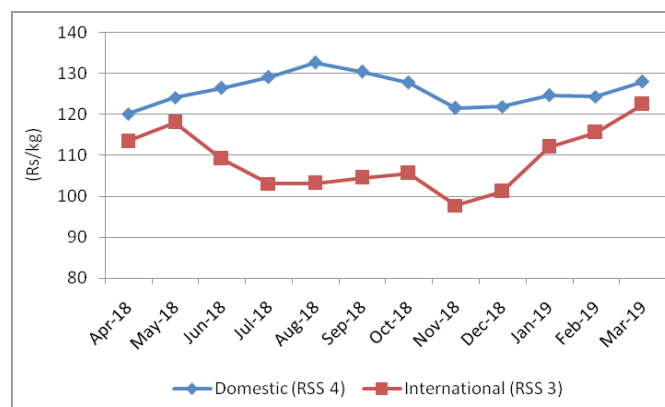
Natural Rubber #			
With Growers	71000	Ribbed Smoked Sheet	191000
With Dealers & Processors	92000	Solid Block Rubber	73360
With Auto Tyre units©	121995	Latex(drc)	18500
With other manufacturing units	23865	Others	26000
Total	308860	Total	308860
©:Stock in transit. #: including unprocessed form of NR kept with growers, dealers & processors			
Synthetic Rubber **			
With Producers	28600		
With Auto Tyre units	43950	SBR	81805
With other manufacturing units	27300	Others	18045
Total	99850	Total	99850

p:provisional **: Including export

2017-18. During 2018-19, the average price of international RSS 3 grade was Rs.108.83 per kg and it was Rs.116.78 per kg during 2017-18. Domestic RSS 4 price peaked at Rs.134.50 per kg on 28 August 2018 and international price of RSS-3 peaked at Rs.124.66 per kg on 12 March 2019. Domestic RSS 4 price had been ruling above the international RSS 3 price throughout the year 2018-19.

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 2018-19 is given below.

MONTHLY AVERAGE PRICE OF NR -2018-19



SYNTHETIC RUBBER (SR)

Production & Consumption

Synthetic Rubber (SR) production increased to 380,772 tonnes during 2018-19 from 331,221 tonnes during 2017-18, registering a considerable growth of 15.0%. During 2018-19, Styrene Butadiene Rubber (SBR) dominated the production with 66.7% pie followed by Poly Butadiene Rubber (BR) which accounted for 32.1% of the production. Reclaimed rubber (RR) production in 2018-19 was 142,605 tonnes.

SR consumption increased to 686,325 tonnes during 2018-19 registering a growth of 8.3% as against 633,975 tonnes consumed during 2017-18. The automotive tyre sector consumed 468,086 tonnes of SR during 2018-19 as against 437,754 tonnes during 2017-18, recording a growth of 6.9%. The relative share of consumption of NR and SR in India was 64:36 during 2018-19. Consumption of RR in 2018-19 was 141,165 tonnes.

Table II shows the rates of growth in consumption of NR and SR in Auto-Tyre sector and General Rubber Goods sector (GRG).

Table II: Consumption of NR and SR in Auto-Tyre Sector and GRG Sector (tonnes)

	2018-19p	2017-18	Growth (%)
	(tonnes)		
Natural Rubber Total	12,11,940	11,12,210	9.0
Auto Tyres & Tubes	8,64,022	7,72,162	11.9
General Rubber Goods	3,47,918	3,40,048	2.3
Synthetic Rubber Total	6,86,325	6,33,975	8.3
Auto Tyres & Tubes	4,68,086	4,37,754	6.9
General Rubber Goods	2,18,239	1,96,221	11.2
NR & SR Total	18,98,265	17,46,185	8.7
Auto Tyres & Tubes	13,32,108	12,09,916	10.1
General Rubber Goods	5,66,157	5,36,269	5.6

p: provisional

Import of SR by the rubber goods manufacturing industry during 2018-19 decreased to 330,148 tonnes compared to 338,189 tonnes during 2017-18. As the domestic production increased during 2018-19, volume of SR imported into the country decreased.

World Rubber Situation – 2018

Production

According to the International Rubber Study Group (IRSG), world NR production during 2018 was 13.883 million tonnes as against 13.550 million tonnes produced in 2017 registering a growth of 2.5%. India became the fifth largest producer of NR in 2018 with a share of 4.8% of world production. India holds third rank in productivity in the world during 2018, succeeding Vietnam and Thailand.

Table III : Country-wise production of NR

('000 tonnes)

Country	2018p	2017	% Growth
Thailand	4879	4429	10.2
Indonesia	3630	3629	0.03
Vietnam	1138	1095	3.9
China	837	798	4.9
India	660	713	-7.4
Malaysia	603	740	-18.5
Other Countries	2136	2146	-0.5
World Total	13883	13550	2.5

Source: NR Trends and Statistics-April 2019 of Association of NR producing countries (ANRPC) for country-wise figures and Rubber Statistical Bulletin (April-June 2019) of International Rubber Study Group (IRSG) for world total.

Consumption

World NR consumption increased to 13.776 million tonnes in 2018 recording a growth of 4.2% compared to 13.219 million tonnes in 2017. India continued to be the second largest consumer of NR in 2018 with a share of 8.9% of world consumption. World NR and SR consumption ratio during 2018 was 47:53.

Table IV : Country-wise consumption of NR

('000 tonnes)

Country	2018	2017	% Growth
China	5504	5301	3.8
India	1220	1082	12.8
U.S.A.	992	958	3.5
Thailand	752	685	9.8
Japan	706	679	4.0
Indonesia	618	608	1.6
Malaysia	515	489	5.3
Brazil	405	398	1.8
Rep. of Korea	367	384	-4.4
Other countries	2697	2635	2.4
World Total	13776	13219	4.2

Source: Rubber Statistical Bulletin (April-June 2019) of International Rubber Study Group (IRSG).

According to IRSG, the world supply-demand balance of NR showed an excess of 107,000 tonnes during 2018.

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