

## A STUDY ON THE PROBLEMS FACED BY THE RUBBER FARMERS OF KERALA

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### Abstract

India is the fourth largest producer of rubber in the world. 92 per cent of the rubber production in India is from Kerala. The state is the rubber capital of the country and accounts for 83 percent of the total cultivation. A total of 74 percent of area in Kerala is under rubber cultivation. Here ten lakhs farmers directly and sixty lakhs people indirectly are involved in the production of natural rubber. The annual report of the Association of planters of Kerala brings out the fact that the production of rubber in Kerala in the F.Y 2018-2019 has come down to 69.66 percent from around 92 percent a decade ago. Climatic changes play a major role in the reduction of total production over the last five years. Rubber price has been declining steadily during the past a few years. Low price have been driving farmers to stop tapping or abandon rubber cultivation. The Rubber boards has estimated a loss of 125,000 tonnes against the yield of last year as heavy rains have flooded many of the rubber farms and the threat of fungal disease looms large. The decisions of the government of India to import rubber other countries with 20 percent reduction in import duty is another important challenges faced by rubber farmers in Kerala. This paper examines the problems faced by the rubber farmers due to climatic change, price reduction and export import policy of government of India

**Key words: Rubber marketing, price reduction, Association of planters of Kerala**

### Introduction

India is among the top ten rubber producing nations in the world. Kerala is the leading rubber plantation states in India. Kerala accounts for more than 90 per cent of the total rubber production in the country. The total area under rubber cultivation in the state is 5.45 lakh hectares. Recently the Production of natural rubber in Kerala has declined by more than 15 per

cent during last fiscal as against the yield for the corresponding previous year as un-remunerative prices kept rubber growers away from tapping. Natural rubber production for 2018-19, estimated at 7.3 lakh tonnes at the beginning of the year, was revised downwards to 7 lakh tonnes in July by the Rubber Board due to the unprecedented floods affected in Kerala. The main reason for reduction in production is that the rubber growers desist from tapping due to sharp fall in prices of natural rubber.

Natural rubber production hit a six-year low of 1.26 lakh tonnes in the first quarter of FY 2018-19 while consumption stood at the highest level at 3.02 lakh tone. The Association of Planters of Kerala (APK) has raised concerns over the State's declining share in national rubber production during the last decade. APK, in its annual report, pointed out that the production of natural rubber in the State in FY17 was 4.55 lakh tonnes against 4.38 it in FY16, witnessing only a slight increase of 3.87 per cent Kerala's share has now come down to 69.66 per cent of the national production from around 92 per cent a decade ago. It is pointed out that the yield per hectare in the State was showing a constant downward trend over the last five years due to the fall in prices. The report also said that many growers have stopped tapping and if the situation continues, they may stop cultivating rubber and move on to other crops. APK said that imports by the tyre industry even during the peak production months, along with the increase in wages and cost of production, have made rubber lose its attraction.

### Review of literature

An overview of a few important studies on natural rubber, the trend in its market prices, import and export in India are examined.

**Budiman (2002)** has studied the global trend in respect of the price of natural rubber. It has been pointed that the price of natural rubber is the most significant issue of the global rubber industry and trade, as natural rubber has become more of a social commodity affecting the livelihood of over 30 million small holders worldwide. A comprehensive study on the development of rubber cultivation in India, capital structure, marketing of rubber, area under small holdings and labour has been carried out by the Plantation Enquiry Commission appointed by the Government of India in 1956 (Madhava Menon, 1956). A study on the problems of the rubber plantation sector, specially focusing on the conditions of the small holders was carried out by Small Holding Economics Enquiry Committee appointed by the Government of India on 27th

September 1967. The committee has made an in-depth study of the economics of small holdings and suggested some measures to improve the existing situation in its report (1968).

**Jacob Mani Mannothe (1995)** has stressed the utmost significance in India of farm research, technological advancement and scientific methods of tapping system for achieving higher level of productivity and better yield from natural rubber, by way of scientific methods of cultivation and tapping. According to Mani (1994) rubber plantations are in the declining stage. The study has proved that even though cultivation of rubber is viable for the time being, its future needs a careful watch due to the entry of synthetic rubber and other substitutes.

**Ushadevi (1999)** has analyzed the institutional and organizational arrangements in the development of technology, rate of technical adoption in rubber cultivation in Kerala, effect of technical adoption in yield and cost and evolution of natural rubber marketing, its structure and implications in technical adoptions. The study concluded that the diffusion and adoption of modern technology in rubber cultivation has played a significant role in the development of the Kerala economy, especially simplifying the problems of small growers.

### **Problems faced by rubber farmers -Theoretical background**

The reviews of prior studies draw their focus in elaborating many problems faced by rubber farmers. The following are some of the problems faced by rubber farmers.

#### **1. Seasonal changes and Climate changes**

Rubber grows in tropical climate where the temperatures are high and rainfall is plenty. The climate in Kerala offers the best location for the growth of rubber trees. However, rubber cannot be tapped during the monsoon periods. Heavy monsoon season and peak summers reduce the rubber yield. This leads to shortage in supply and increase in prices as the demand would remain high. The unprecedented natural calamity has left the rubber farmers in distress. The disaster has come at a time when they are already reeling under the impact of low price and rise in cost of inputs. Kerala contributes about 92% of rubber production in India and as such the loss of tapping days in Kerala as a result of floods could lead to a fall in India's natural rubber production this year. Natural rubber production in India has already hit a six-year low of 126000 tonnes in the first quarter of the 2018-19 financial year, according to rubber board figures.

## 2. Soil Fertility

The growth of rubber (*Hevea brasiliensis*) is influenced by physical, chemical and mineralogical properties of soil. The removal of nutrients through crop is less in rubber when compared to that of other crops. To ensure optimum growth and yield and to protect the sustainability of the system, analysis and maintenance of soil fertility through application of fertilizers is important. The four components of soil are inorganic or mineral materials, organic matter, water and air. Rubber trees require deep soils, relatively stable high temperature and continuous moisture throughout the year; soil fertility is less important than physical soil properties.

## 3. Price of rubber

Natural rubber prices have been moving in the lower range in the past few years in India, tracking the global trend, triggering more imports into the country. Price of natural rubber is a matter of concern for both producers and consumers. Making available cheap raw materials to the domestic industries without compromising the interest of cultivators for a fair price is really a challenging task as the price of natural rubber is influenced by various domestic and international factors. . The price of natural rubber is a function of several factors like demand, supply, export, import, stock, international price, crude oil price, synthetic rubber price, global consumption etc. The price of natural rubber is showing a declining trend in India for the last couple of years irrespective of various policy measures taken by central and state Government. Natural rubber prices have declined significantly in the last year both in the domestic market and the international market. A variety of factors have contributed to the instability in prices. The economic slowdown in the developed and developing countries, a sharp fall in crude oil prices and subsequent decline in synthetic rubber prices and depreciation in the currencies in natural rubber exporting countries have all contributed to the decline in natural rubber prices in the producing countries. Rubber prices are staying at the level of Rs 125/kg, while the cost of production is much higher. According to a recent study by the Rubber Board, rubber farmers might not be able to survive if prices are below Rs.175/kg.

## 4 Export import policy of government

Imports And Exports of Natural Rubber In 2017-18 consumption of natural rubber has significantly increased. Consumption increased to 10, 20, 910 tonnes in 2017-18. The major reasons are the relatively good performance of the Indian economy and the automobile sector. It is to be noted that automobile sector accounted for 66.70 percent of the natural rubber consumed in India in 2017-18. Another interesting thing to be noted is the significant increase in the import of natural rubber to the country. Sharp decline in the domestic production of natural rubber in the country necessitated the import of natural rubber. The country imported 442,130 tonnes of natural rubber during 2017-18. The import of natural rubber in 2017-18 was 360, 263 tones. Around 3.1 percent of the total import of natural rubber was from Indonesia. The other major countries from which India imported are Thailand, Vietnam and Malaysia. Around 70 percent of the imports were in the form of Block rubber. Around 27.7 percent was Ribbed smoked sheets. Latex occupies only 2.1 percent of the total import of natural rubber in 2017-18. Exports of natural rubber were very low because of the low relative prices. The total volume of export was only 1002 tonnes in 2017-18. It is to be noted that the exports were low even when the government of India was giving incentives for export. It is a fact that, there is a scarcity about 2 lakh tonnes of natural rubber in the world market today.

## 5 Price of crude oil

Natural rubber industry in India is also impacted by the fluctuations in crude oil prices. This is because of the significant impact that crude oil price variations can cause on synthetic rubber prices. As synthetic rubber is manufactured from processed crude oil and any changes in crude oil price will definitely affect the synthetic rubber prices. This, in turn, can impact the prices and production of its substitute product, particularly natural rubber. Crude oil price is a major factor which affects various sectors of an economy. The study analyses the influence of changes in crude oil price on Indian natural rubber industry with respect to its price, production and consumption. Price variations in crude oil have a direct or indirect influence on industries such as automobile, chemicals, paint, petroleum etc. in varying degrees, where crude oil is used as a primary or secondary source of raw material for these industries.

## Objectives of the study

The objectives of the study are given below:

1. This paper examines to find out the problems faced by rubber farmers in Kerala.
2. It attempts to analyse the effect of floods affected Kerala, during the year 2018-2019 on the production of natural rubber.
3. It also explores the impact of export- import policy of the government on the production of natural rubber.

### **Methodology of the Study**

The study has used descriptive research design based on the secondary data. The secondary data consists of various articles and reports published by the Rubber Board and the government.

### **Major Findings of the study**

The researcher conducted the study to understand the problems faced by rubber farmers in Kerala .The Major findings are

1. Climatic change adversely affects the production of natural rubber. The recent floods affected Kerala has led to decrease the production of natural rubber.
2. Soil fertility is reduced due to the floods which affected Kerala because a high level of soil erosion happened at the time of Kerala floods during the year 2018-2019.
3. The Price of natural rubber is decreasing day by day leading to the farmers are dissatisfaction with the price of rubber. Consequently they quit the cultivation of natural rubber. The rubber farmers could not get enough profit margin.
4. Government introduced liberal import trade policy of rubber which led the manufacturers of tyre industries depend on other nations because they got it at low rate.
5. Crude oil price variation affects the Indian rubber industry because the synthetic rubber is manufactured from crude oil.

### **Recommendations**

1. The Rubber Board should provide a subsidy on tapping wage, in order to improve the Situations of stagnated tapping in the state.
2. Government of Kerala takes necessary steps to help the farmers to get rid of Kerala Floods.
3. The concerned authorities should focus on the formulation of state-specific plans for overall development of the rubber industry.
4. Necessary actions should be taken to avoid the mismatch of actual price given to farmers and the official price given to farmers and the official price declared.
5. The government should curb imports or increase the imports duty of rubber.
6. Low frequency of tapping can bring down cost of production substantially without reduction in the yield, and also enhance the economic life of rubber plantations. This will reduce the number of tappers required per unit area .The government should take initiatives in this directions.

## Conclusions

Rubber plantations in the rubber belts of Kottayam, Malappuram and Wayanad districts have suffered heavy damages in the floods. The flood will affect the natural production by 15 per cent. Rubber sector in Kerala facing serious problems during the past seven years. Since the past seven years, the rubber price has been declining steadily. The main reason for the domestic price decline is the large scale import of natural rubber, mainly from Thailand, Indonesia and Vietnam. The current export and import of rubber in India reveals that India's import rate is much higher than export rate. Hence the government has to focus on the reduction of import of rubber, enhancement of production by adopting scientific methods of cultivation. This should ultimately aim at the enhancement of export rate.

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