



Fall in Price of Natural Rubber

For Prelims: Natural rubber (NR), Hevea Brasiliensis, National Rubber Policy.

For Mains: Significance of Rubber & National Rubber Policy.

Why in News?

Recently, there have been protests by farmers and various organizations due to the price of [natural rubber \(NR\)](#) crashing to a sixteen-month low in the Indian market.

What has Caused the Sharp Fall in Prices?

- **Poor Demand and Other Factors:** Due to weak Chinese demand and the European energy crisis, along with high [inflation](#).
 - While the unremitting zero COVID strategy in China, which consumes about 42% of the global volume, has cost the industry dearly.
- **Import from Other countries:** There is an ample supply of block rubber from Ivory Coast and compounded rubber from the Far East in the domestic tyre industry.
 - The **Auto-Tyre manufacturing sector** accounted for **73.1%** of the total quantity of natural rubber consumption.

How does the Falling Price affect the Farmer?

- **Crop Shifting:** The impact of the price fall is felt more in the rural areas, where most people are solely dependent on rubber cultivation, therefore, they might switch to other crops.
 - It can even lead to the fragmentation of rubber holdings.
- **Effect on Small and Medium Enterprises:** As most of the production occurs in small and medium enterprises, the falling price could lead to their uncertain future and force them to stop production temporarily.
- **Panic in Kerala:** The state accounts for almost 75% of total production, as local economy depends on rubber production, therefore the falling price could lead to major panic in villages of Kerala.

What do we Know about Natural Rubber?

- **Commercial Plantation Crop:** Rubber is **made from the latex** of a tree called **Hevea Brasiliensis**. Rubber is largely perceived as a **strategic industrial raw material** and accorded special status globally for defence, national security and industrial development.
- **Conditions for Growth:** It is an **equatorial crop**, but under special conditions, it is also grown in tropical and sub-tropical areas.
 - **Temperature:** Above 25°C with a moist and humid climate.
 - **Rainfall:** More than 200 cm.
 - **Soil Type:** Rich well-drained alluvial soil.
 - **Cheap and adequate supply of skilled labour** is needed for this plantation crop.

- **Major Producers Globally:** Thailand, Indonesia, Malaysia, Vietnam, China and India.
- **Major Consumers:** China, India, USA, Japan, Thailand, Indonesia and Malaysia.

What is the Status of Rubber Production in India?

- **Production:**
 - The **British established the first rubber plantation in India in 1902** on the banks of the river Periyar in **Kerala**.
 - India is currently the **fifth largest producer of Natural Rubber** in the world with one of the highest productivity.
 - The production of the material improved by 8.4%, to 7,75,000 tonnes, during 2021-22 compared to 2020-21.
 - It also remains the **second biggest consumer** of the material globally.
 - About **40% of India's total natural rubber consumption** is currently met through **imports**.
- **Top Rubber Producing States:** Kerala > Tamil Nadu > Karnataka.
- **Government Initiatives:**
 - **Rubber Plantation Development Scheme** and the **Rubber Group Planting Scheme** are examples of government-led initiatives for rubber.
 - 100% **Foreign Direct Investment (FDI)** is allowed in plantations of rubber.
 - **The Department of Commerce** brought out the **National Rubber Policy in March 2019**.
 - The policy includes several **provisions to support the Natural Rubber (NR)** production sector and the entire rubber industry value chain.
 - It is based on the **short-term** and **long-term strategies** identified by the **Task Force** constituted in the rubber sector for mitigating problems faced by rubber growers in the country.
 - Developmental and research activities for supporting the NR sector for the welfare of growers are carried out through **Rubber Board** by implementing the **scheme Sustainable and Inclusive Development of Natural Rubber Sector** in the **Medium-Term Framework (MTF)**.

What do we know about the Rubber Board of India?

- It is **headquartered in Kottayam, Kerala**, under the **administration of the Ministry of Commerce and Industry**.
- The Board is responsible for the development of the rubber industry in the country by assisting and encouraging research, development, extension and training activities related to rubber.
- **Rubber Research Institute** is under the Rubber Board.

Way Forward

- The Government needs to raise the import duties on compound rubber to make it on par with natural rubber.
- The government must address the demands of the farmers by raising the replanting subsidy and the support price of the crop under the price stabilization scheme.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Which one of the following groups of plants was domesticated in the 'New World' and introduced into the 'Old World'? (2019)

- (a) Tobacco, cocoa and rubber
(b) Tobacco, cotton and rubber

- (c) Cotton, coffee and sugarcane
(d) Rubber, coffee and wheat

Ans: (a)

- New World refers to the Americas, which was discovered by Christopher Columbus during his voyage attempt to India. Old World continents during 15th century included Asia, Africa and Europe.
- Tobacco is one of the most important cash crops in American farming and is native to the North and South American continents. It first became known to the Old World when European explorers during the 15th and 16th centuries saw it being used as a medicine and as a hallucinogen by native Americans.
- Natural rubber trees originated in Southern America and from there it was introduced to the Old World. The cocoa tree is also native to the Amazon Basin, which was introduced to the Old World from New World.
- Cotton and Wheat were found in the Indus Valley Civilization. So both these crops were native of the Old World. **Therefore, option (a) is the correct answer.**

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