

Mr. Vipin Malik
(Chairman, Infomerics Ratings)

Dr. Manoranjan Sharma
(Chief Economist)

Ms. Priyansha Pushkar
(Officer - Economic Analysis)

INDUSTRY OUTLOOK

INDIAN RUBBER INDUSTRY REPORT: RESILIENCE, INNOVATION, AND EXPANSION

28 February 2025

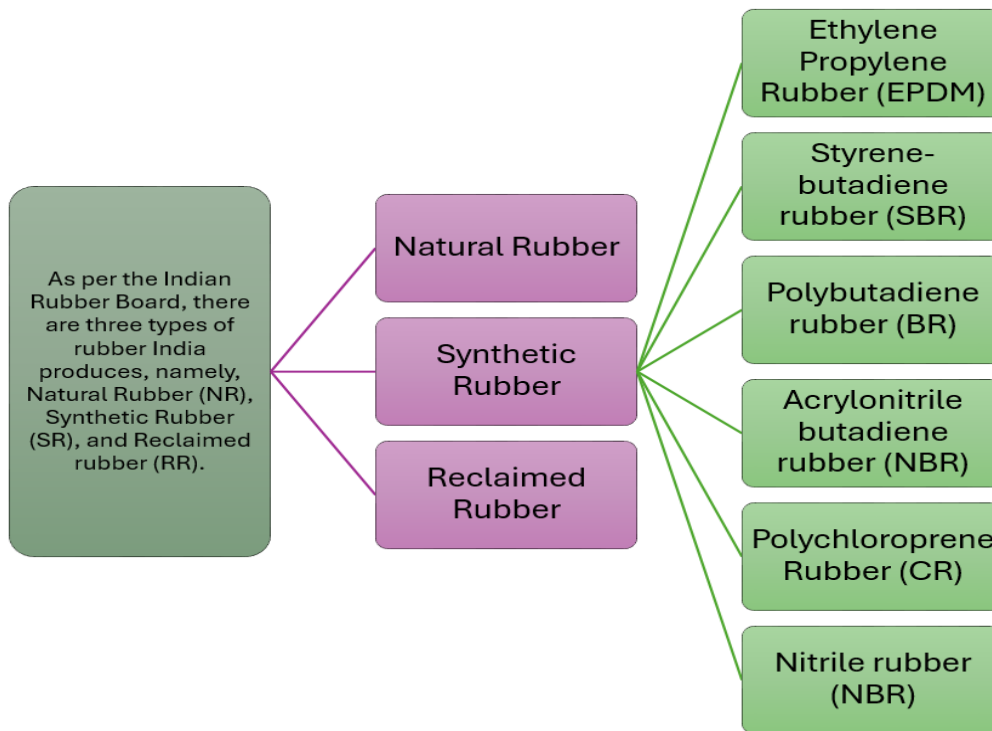
Introduction

India ranks as the third-largest producer, second-largest consumer of natural rubber (NR), and fourth-largest consumer of gross elastomer in the world.¹ The Indian rubber industry covers approximately 6,000 units, including 30 large-scale, 300 medium-scale, and around 5,600 small-scale/tiny sector enterprises. Together, they manufacture 35,000 rubber products and employ 400,000 individuals, including about 22,000 technically skilled personnel. The rubber industry, with an annual turnover of ₹ 200 billion and a contribution of ₹ 40 billion to the National Exchequer through taxes and levies, plays a vital role in India's national economy².



The plantation sector, producing over 631,000 tons of NR annually and aiming to exceed one million tons soon, drives the Indian rubber industry's growth. Rubber is produced in several major states in India, including Kerala, Karnataka, Tamil Nadu, and Assam. Kerala being the largest rubber-producing state, accounts for over 90 per cent of India's NR, with 3.84 lakh hectares under cultivation and 3.70 lakh tonnes of annual output.³

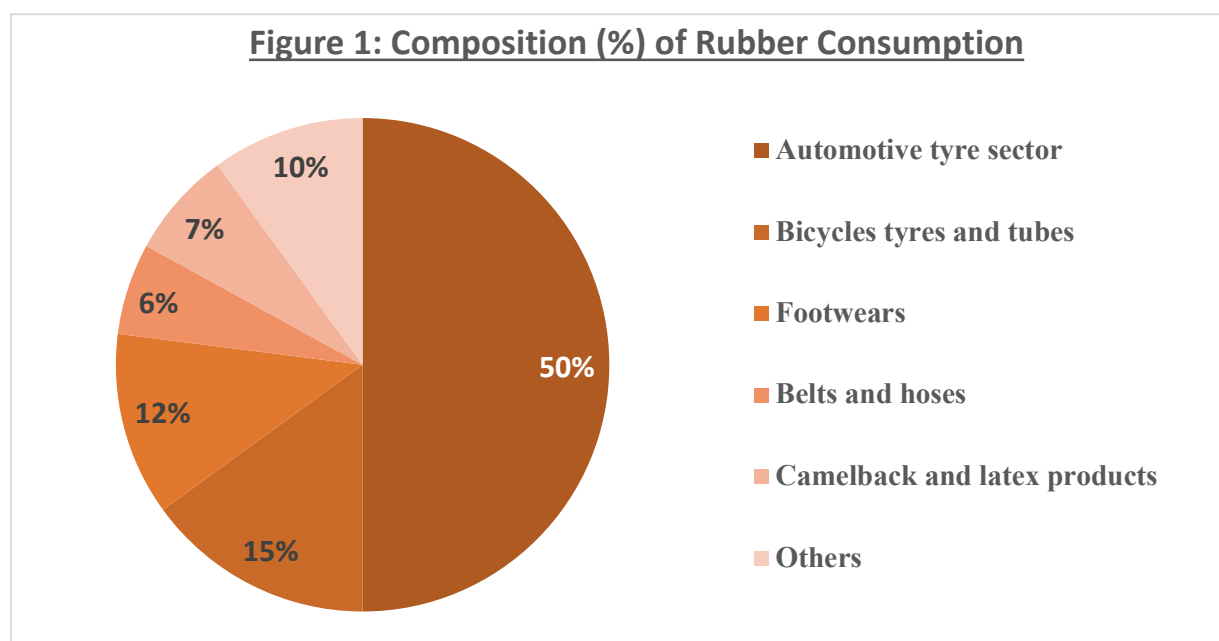
The state also hosts a strong network of intermediate rubber units for compounding and crumb rubber production.



Source: Infomerics Research Analysis, 2025

The rubber industry in India is divided into two sectors - tyre and non-tyre sector produces all types of auto tyres, conventional as well as radial tyres, and exports to advanced countries like the USA, Türkiye, Mexico, Germany, Brazil, Bangladesh, etc.

The non-tyre sector comprises medium-scale, small-scale, and tiny units. It produces high-technology and sophisticated industrial products like conveyor belts, gaskets, floor tiles, wire and cable insulation, footwear, molded goods, footwear, printing rollers, cable jacketing, non-latex gloves, professional diving suits, life jackets, remote controls, knee and elbow pads, laptop sleeves, adhesives, hoses, etc. The small-scale sector accounts for over 50 per cent of the production of rubber goods in the non-tyre category.



Source: Department of Scientific and Industrial Research.

Global Market

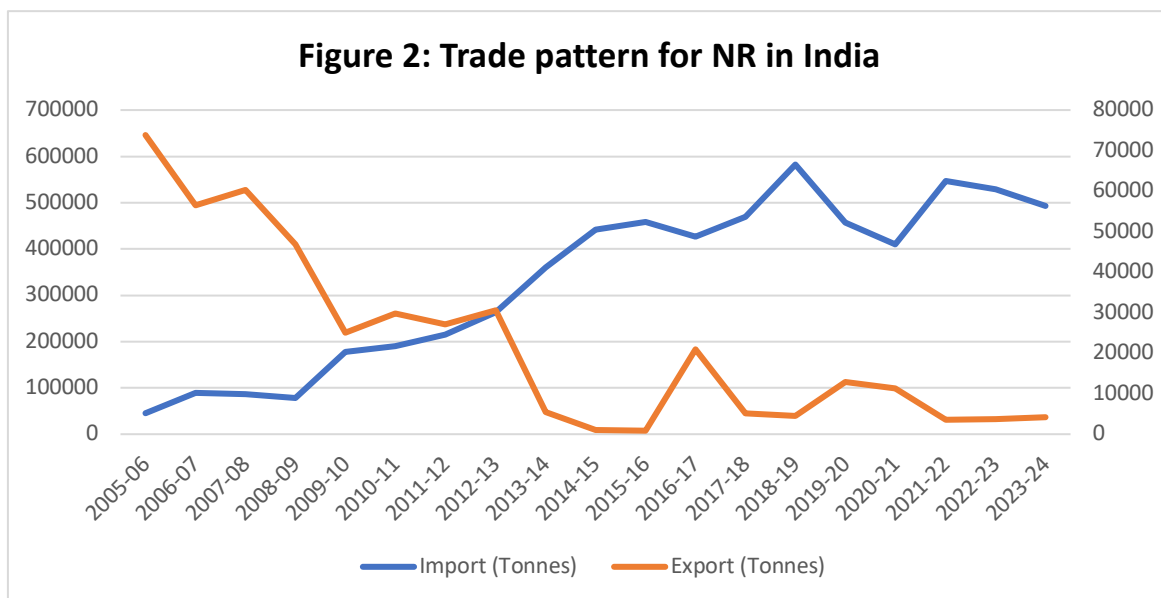
The global rubber industry in 2024 was characterized by significant supply challenges due to adverse weather conditions in key producing countries, leading to increased prices and market volatility. Adverse weather conditions, including excessive monsoon rains in Thailand and typhoon damage in China, led to a forecasted 4.5 per cent decrease in global NR production, bringing it down to approximately 14 million metric tons. This reduction contributed to a 50 per cent surge in rubber prices, reaching a 13-year high. This 50 per cent surge in rubber prices enabled Indian exporters to command better prices for their rubber products, boosting export earnings.⁴

The Association of Natural Rubber Producing Countries (ANRPC) forecasted that in 2024, the global NR supply is expected to be 0.88 million tons short of consumption demand. Global rubber output was estimated to reach nearly 14.4 million tons, up 3.2 per cent compared to 2023, while consumption demand reached 15.24 million tons, up 0.4 per cent.⁵

Shri. R. Mukhopadhyay, Chairman of the Indian Rubber Institute stressed at Rubbercon 2024 in Kochi, “*despite global challenges, India is positioning itself to become a leading supplier of rubber products by 2030, with per capita consumption expected to rise from the current 1.3 kg to 2.5 kg. The country's total rubber consumption is projected to double from 1.8 million tonnes to 3.6 million tonnes by 2030.*”

The predominant method of rubber production worldwide involves smallholder farming, typically in monoculture systems, modified forests (agroforests), or intentionally planned mixed-crop systems. The NR production sustains about 40 million people globally, while around 90 per cent of its production comes from the work of smallholders.

Trade



Source: Infomeric Research; Statistical Highlights Rubber Board of India 2024.

According to the data published by the Rubber Board of India, the country imported 74,341 tonnes of NR during September 2024 making the total volume of NR import during April to September 2024 at 318,042 tonnes as against 254,487 tonnes imported during the last year. India exported 206 tonnes of NR during September 2024 and the total volume of NR exported

during April to September 2024 was 1701 tonnes compared to 1691 tonnes exported during the same period in the previous year. A total stock of 339,000 tonnes of NR was estimated to have held with growers, traders, processors, and consumers in the country at the end of September 2024. Recently, the gap between rubber imports and exports got reduced due to higher export revenues and lower import volumes (see figure above). Europe and the US emerged as significant markets for Indian rubber goods due to trade diversification efforts and competitive pricing. India's FTA agreements with countries like the UAE and the Australia further boosted export opportunities.

Domestic Market

India has a strong and well-developed rubber industry, with a solid foundation in NR production and a rapidly growing manufacturing and consumption segment for rubber products. Rubber has consistently grown over the years due to its diverse applications in both tyre and non-tyre sectors and is recognized as one of the world's essential natural resources. This growth is further driven by rising demand from industries, such as automotive, construction, healthcare, and consumer goods, where rubber's durability and adaptability play a key role.

Natural Rubber

India's NR production has grown 8.6 per cent from 7.89 lakh ton in FY21-22 to 8.57 lakh ton in FY23-24 with the industry estimating it will hit 8.82 lakh ton in FY24-25⁶.

Types	Sept-24	Sept-23	April - Sept 2024	April - Sept 2023	April 2023 to March 2024
Ribbed Smoked Sheet (RSS)	52640	47540	220300	217670	542175
Solid Block Rubber	14250	16400	82925	82820	190920
Latex Concentrates (drc)	9100	9070	48700	45620	101895
Others	2010	1990	9075	9890	22010
Total	78000	75000	361000	356000	857000

Source: Rubber Statistics News' November 2024; Rubber Board of India.

India produced 78,000 tonnes of NR during September 2024 compared to 75,000 tonnes produced during the same month a year ago. The total quantity of NR produced during April to September 2024 was 361,000 tonnes, an increase of 1.4 per cent from the quantity 356,000 tonnes produced during the same period in the previous year. The production preliminarily estimated for October 2024 is 87,000 tonnes.⁷

Types	Sept-24	Sept-23	April -Sept 2024	April - Sept 2023	April 2023 to March 2024
Ribbed Smoked Sheet (RSS)	47250	47510	291400	281075	589345
Solid Block Rubber	56100	61300	350350	367550	684010
Latex Concentrates (drc)	7800	8975	47500	52385	108405
Others	2850	3215	15750	16990	34240
Total	114000	121000	705000	718000	1416000

Source: Rubber Statistics News' October 2024; Rubber Board of India.

The rubber goods manufacturing industry consumed 114,000 tonnes of NR during September 2024 compared to 112,000 tonnes of NR consumed during August 2024. The total quantity of

NR consumed during the period April to September 2024 decreased by 1.8 per cent to 705,000 tonnes compared to 718,000 tonnes consumed during the same period last year. This represents a 1.3 per cent increase in the auto tyre sector and an 8.3 per cent decrease in the general rubber goods sector. According to the preliminary estimate, the country consumed 112,000 tonnes of NR during October 2024. Currently, India's annual NR consumption is approximately 14.16 lakh tonnes and is projected to increase by 5 per cent, reaching around 14.86 lakh tonnes by the end of FY 2024–25. As forecasted by the IRSG, the world rubber consumption is expected to reach 35.55 million tons by 2031, and NR and synthetic rubber demand are expected to be 17.37 and 18.17 million tons, respectively.⁸

Snapshot

- India imported 318,042 tonnes and exported 1,701 tonnes of NR during April-September 2024, with a total stock of 339,000 tonnes by September-end. India's rubber trade gap narrowed due to higher export revenues, lower imports, trade diversification, and FTAs with the UAE and Australia.
- India's NR production has grown 8.6 per cent from 7.89 lakh ton in FY21-22 to 8.57 lakh ton in FY23-24 with the industry estimating it will hit 8.82 lakh ton in FY24-25. India's NR production reached 361,000 tonnes during April-September 2024, a 1.4% increase YoY, with October 2024 estimates at 87,000 tonnes.
- India consumed 705,000 tonnes of NR during April-September 2024, down 1.8% YoY, with a 1.3% rise in the auto tyre sector and an 8.3% drop in general rubber goods; annual NR consumption is projected to grow 5% to 14.86 lakh tonnes by FY 2024–25.
- Despite soaring NR demand in 2024, productivity struggles due to climate change, with extended monsoons reducing tapping days and latex output; yield dropped from 1879 kg/ha in 2006-07 to 1485 kg/ha in 2023-24, increasing reliance on imports.
- India's SR production rose 3.2% YoY to 274,338 tonnes in April-September 2024, while consumption increased 10.5% to 428,600 tonnes; SR prices remain sensitive to crude oil trends and currency fluctuations.
- Kerala's RSS market now faces competition from low-cost northeast India RSS instead of imports, driving prices down, as major tyre manufacturers shift sourcing for cost advantages. NR prices peaked at ₹247/kg on August 9, 2024, before dropping 19% to ₹200/kg, with imported NR at ₹200/kg and domestic NR at ₹210–220/kg; import duty impact is ₹50/kg.
- Tyre manufacturers expect cost relief in H2 FY25, as the domestic-international NR price gap widened to ₹50/kg, making price negotiations with global clients challenging.
- The Rubber Board of India stresses expanding rubber cultivation to meet the 15-lakh tonnes NR demand by 2025-26, as imports strain forex; despite an area increase to 8.5 lakh hectares in FY23, yield growth remains stagnant.
- Tyre industry revenue is set to grow 7-8% in FY25, driven by a 3-4% rise in realizations and volume, despite margin pressures from a 40% rise in NR prices; tyre production is expected to grow 3.4%, with strong OEM and replacement demand.
- The Union Budget 2025-26 increased Plantation Commodity Boards' allocation to ₹1,565 crore, but the Rubber Board's budget saw only a modest 3.4% rise to ₹360.31 crore, indicating a focus on sustaining existing initiatives rather than expansion.

Price Outlook

In India, around 70 per cent of the total production of NR is processed and traded in the form of RSS. “RSS4 at Kottayam” is India's benchmark reference price for NR. Over the past decade, Indian auto tyre companies have largely shifted from Ribbed Smoked Sheets (RSS) - based to Technically Specified Rubber (TSR) - based manufacturing. But SR and NR are not easily substitutable. There is usually a pre-defined ratio between the usage of NR and SR in tyre production depending on the usage and end-use application.

Previously, they compared domestic and imported RSS costs for sourcing NR, but this practice has changed. Now, domestic RSS is considered only if it is more economical than imported TSR, as TSR prices are significantly lower than RSS. This shift has rendered the Kottayam RSS market almost insensitive to the Bangkok RSS market. As far as the RSS is concerned,

major auto tyre manufacturers are now sourcing RSS from northeast India to their Kerala factories due to significant cost advantages. As a result, the Kerala RSS market faces competition not from imports but from low-cost domestic RSS from the northeast. This influx is driving down RSS prices in Kerala, a trend expected to persist.⁹ Rubber farmers in the State of Kerala will be ultimately left with no option but selling the produce at prices matching with those prevailing at Agartala.

Table 3: PRICE OF NATURAL RUBBER (₹ per 100 Kg)

Month/year		RSS 5	RSS 4	RSS 3	Latex (60% drc)		ISNR 20	SMR 20
		Domestic		International	Domestic	International	Domestic	International
October	2023	14667	14992	13893	19170	15800	13430	12089
November	"	15125	15352	14193	18600	16530	13698	12363
December	"	14900	15198	14431	17973	16277	13348	12186
January	2024	15538	15913	16247	19185	17610	13868	12817
February	"	16126	16518	18285	20173	20137	14448	12997
March	"	17288	17734	21239	21285	22057	15353	13713
April	"	17929	18229	19826	21645	21722	15878	13594
May	"	18011	18311	19370	22117	22222	15546	14180
June	"	19721	20067	19388	23642	23260	17158	14691
July	"	20746	21065	17353	27055	19562	19250	14097
August	"	23308	23754	20994	27005	20408	22276	15091
September	"	22616	22924	23510	23255	22663	20381	16426
October	"	19433	19808	22436	21998	24768	17900	17395
November	"	18135	18485	19616	20687	22030	17710	16673

Note: RSS - Ribbed Smoked Sheets grade 4 and 5 traded in the domestic market (Kottayam market) of Natural Rubber; Latex (60% drc) - Processing of NR latex into high-quality latex concentrate of 60% dry rubber content is done through centrifugation (CENEX); ISNR - Indian Standard Natural Rubber (ISNR) / Block Rubber

Source: Rubber Statistics News' November 2024; Rubber Board of India.

The NR prices peaked at ₹ 247 per kg on August 9, 2024, before declining by 19 per cent to ₹200 per kg. The last time the commodity breached the ₹ 200 per kg mark was in 2011, propelled by demand recovery after the Global Financial Crisis, aided by the accommodative stance of the US Federal Reserve and other central banks. Mr. Shashi Singh, president, All India Rubber Industry Association (AIRIA), said, *“While imported NR costs around ₹ 200 per kg, domestic is currently at ₹ 210 to ₹ 220 per kg which had, during the monsoon season, gone up to ₹ 245 per kg. There is a 25 per cent customs duty or ₹ 30 per kg (whichever is higher) on imported NR which costs around ₹ 200 per kg so the duty impact is ₹ 50.”*

Mr Arnab Banerjee, MD and CEO of CEAT Ltd., highlighted that domestic NR prices soared to a 15-year high of approximately ₹ 250 per kg during the first half of the fiscal year. Tyre manufacturers anticipate some relief from the high raw material costs in the second half of the fiscal year, following the significant impact of these elevated prices. He further added, *“Typically, domestic, and international NR prices move in tandem, with a difference of ₹ 5 to ₹ 10 per kg. However, this time, the gap between domestic and international prices widened significantly, reaching as much as ₹ 50 per kg.”*¹⁰ This mismatch between the international rubber prices and the domestic rubber prices made it challenging for companies to justify and negotiate higher product prices with their international clients.

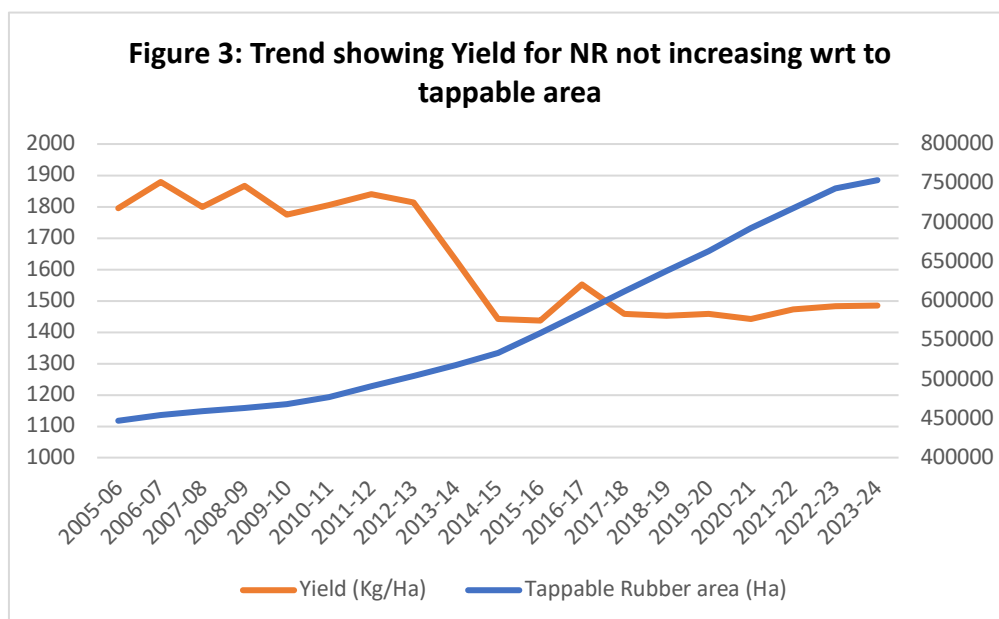
Area and yield of Natural Rubber in India

Table 4: Annual Trends in Area, and Production of Natural Rubber in India

Year	Rubber area (Ha)	Tappable Rubber area (Ha)	Production (tonnes)	Average Yield(kg/ha)
2017-18	8,20,900	6,12,000	6,94,000	1,458
2018-19	8,22,000	6,37,900	6,51,000	1,453
2019-20	8,22,300	6,63,700	7,12,000	1,459
2020-21	8,23,000	6,92,900	7,15,000	1,442
2021-22	8,26,660	7,18,300	7,75,000	1,472
2022-23	8,50,000	7,43,650	8,39,000	1,482
2023-24p	8,88,400	7,53,885	8,57,000	1,485

Source: Statistical Highlights; Rubber Board of India 2024.

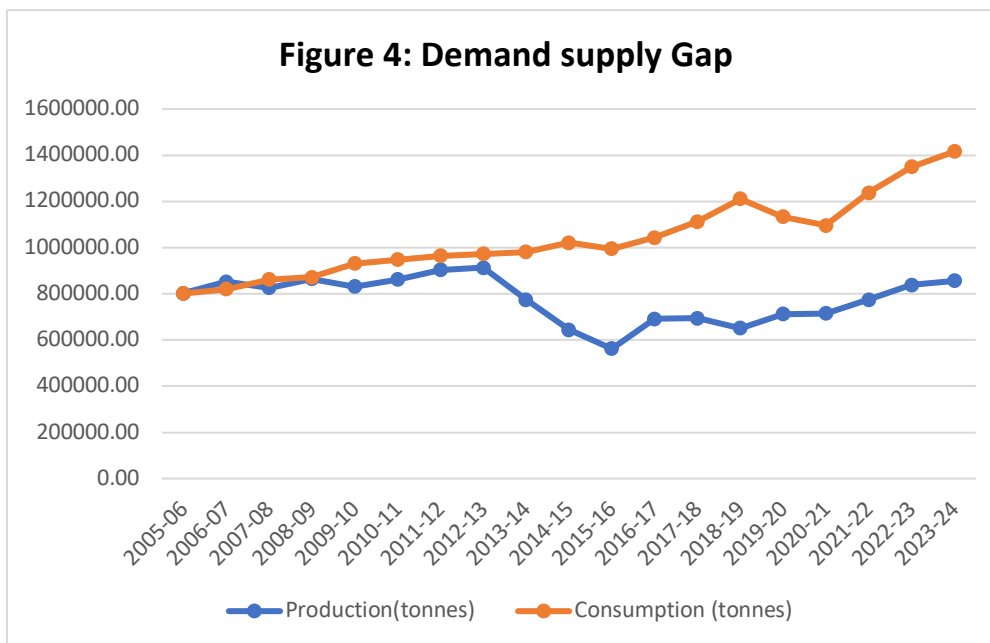
The Rubber Board of India has clearly brought out the urgent need to increase the area under rubber cultivation to meet the demand of 15 lakh tonnes of NR by 2025-26. Total NR demand in the country rose significantly by 9 per cent during FY23 compared to FY22. India is largely dependent on the imports of NR, which heavily strains the foreign exchange. The area under rubber cultivation increased from 8,20,900 hectares in FY18 to 850,000 hectares in FY23. But the yield has still not increased much in the past decade (see figure below).



Source: Infomercials Research; Statistical Highlights Rubber Board of India 2024.

Demand Supply Gap

While the demand for rubber soared high in 2024, it still faced issues in terms of productivity. This is mainly because of climate change. Traditionally predictable monsoons allowed plantation owners to manage rubber tree productivity effectively. Now, Kerala experiences almost continuous rainfall for 6–8 months, reducing rubber tapping days, lowering latex output, and causing faster deterioration of plastic rain guards.



Source: Infomerics Research; Statistical Highlights Rubber Board of India 2024.

The disparity between the production and consumption of NR has increased considerably. While some relief is anticipated in the near future as the gap is expected to stabilize in the years to come. In the first two quarters of FY25, the prices of NR increased by ~34 per cent YoY. The average yield of NR has declined for the past decade and a half. It was trending at 1879 kg/ha (kilogram per hectare) in 2006-07, which came down to 1485 kg/ha in 2023-24(p). To address this supply gap, tyre makers rely more on imports than domestic production.

INROAD (Indian Natural Rubber Operations for Assisted Development)

The INROAD project aims to develop 2,00,000 hectares of rubber plantations in Northeast India and West Bengal, funded by ATMA members Apollo, Ceat, JK, and MRF, and implemented by the Rubber Board of India. Benefiting 2.5 lakh people, the project is expected to boost the region's share of India's NR plantation area from 23 per cent to 38 per cent and its NR production share from 16 per cent to 32 per cent.

There has been a remarkable increase in rubber production from Northeast states from FY18 with Tripura leading the way. There has also been a significant rise in rubber production from Assam, Nagaland, and Meghalaya. Tripura is the second-largest rubber-producing state in India, after Kerala, which is why a regional office of the Rubber Board has been established in Kerala. One of India's largest and oldest rubber plantation company, which is jointly owned by the RPG and RP-Sanjiv Goenka groups, i.e., Harrisons Malayalam Ltd., is in Kerala. The plantation in the North-East under the project INROAD (Indian Natural Rubber Operations for Assisted Development) for FY25 stands completed. In the first four years of the project an area of 125272 hectares (ha) has been covered under new NR plantations across 94 districts in North-East and parts of West Bengal.¹¹

In India, approximately 75 per cent of the rubber cultivation area is concentrated in Kerala and Tamil Nadu's Kanyakumari district. The northeastern states account for about 15 per cent, with Tripura leading the region at 9 per cent. The remaining cultivation is spread across other South Indian states.

After the North-East, the Konkan belt in Maharashtra is poised to become the next major hub for NR production, thanks to its favorable climate and soil conditions. The area dedicated to NR cultivation in Maharashtra steadily increased, growing from 2,090 hectares in 2013-14 to 2,740 hectares in 2021-22. Despite the growth, Maharashtra lacks state-specific subsidies like those available in Kerala¹². Hopefully, this expansion will reduce the supply gap for the NR.

Synthetic Rubber

Table 5: Type-wise Production of Synthetic Rubber (tonnes)					
Types	Sept-24	Sept-23	April -Sept 2024	April - Sept 2023	April 2023 to March 2024
Styrene Butadiene (SBR)	25660	25600	151289	150957	298729
Poly Butadiene (BR)	11500	11000	65820	68000	134375
Other SR	8235	8600	66117	55381	113461
Total	45395	45200	283226	274338	546565

Source: Rubber Statistics News' October 2024; Rubber Board of India.

The domestic Synthetic Rubber (SR) production was 45,395 tonnes during September 2024 and the total production of SR from April to September 2024 was 274,338 tonnes increased by 3.2 per cent year on year (YoY).

Table 6: Consumption of Synthetic Rubber (tonnes)					
Types	Sept-24	Sept-23	April -Sept 2024	April - Sept 2023	April 2023 to March 2024
Styrene Butadiene (SBR)	33500	32500	206980	190905	390330
Poly Butadiene (BR)	21500	20750	133200	120040	245370
Other SR	14700	12650	88420	76855	148365
Total	69700	65900	428600	387800	784065

Source: Rubber Statistics News' October 2024; Rubber Board of India.

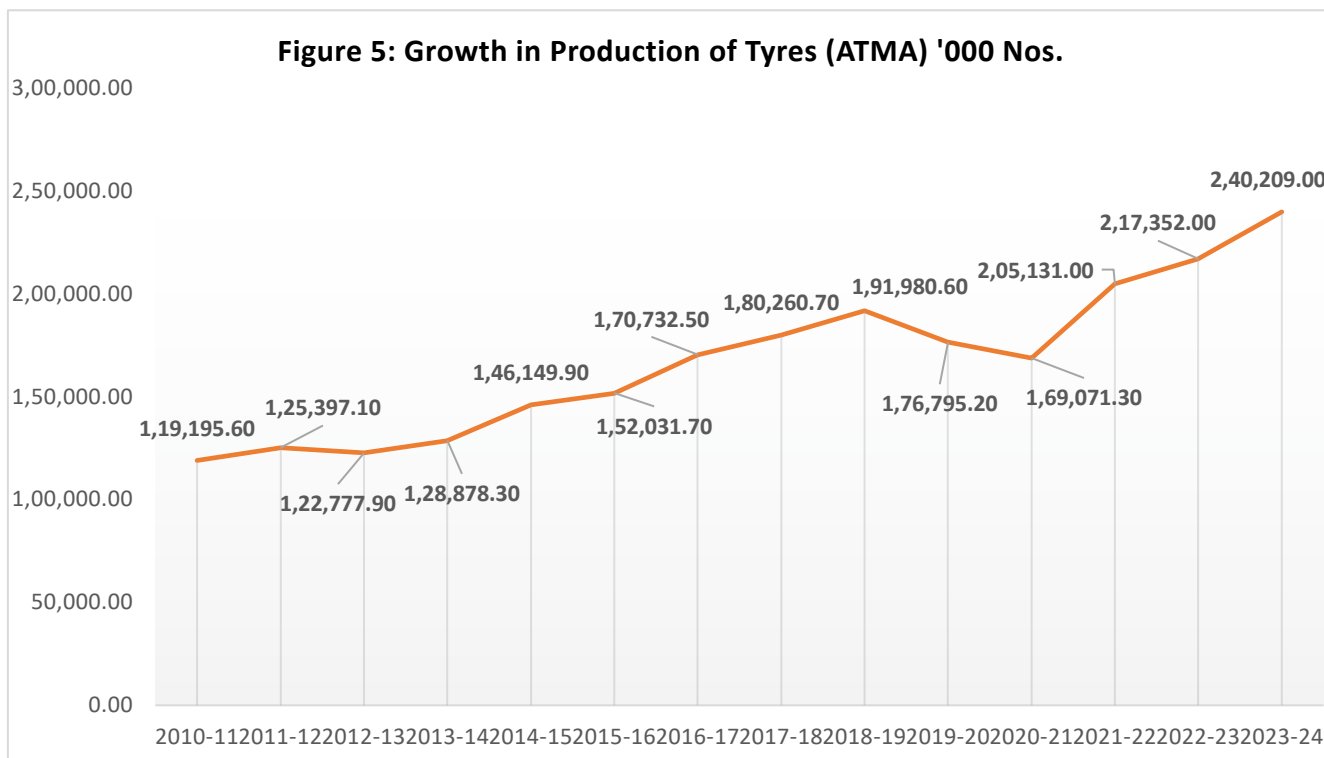
A quantity of 69,700 tonnes of SR was estimated to have been consumed in the country during September 2024. The total SR consumption during April to September 2024 was 428,600 tonnes, an increase of 10.5 per cent from 387,800 tonnes consumed during the same period a year ago.

Crude oil prices play a critical role in determining synthetic rubber prices, as synthetic rubber is derived from petrochemical feedstocks like styrene and butadiene, which are by-products of crude oil refining. If crude oil prices rise, the production costs for these feedstocks increase, leading to higher synthetic rubber prices. Conversely, a decline in crude oil prices can reduce synthetic rubber costs. In the coming months, fluctuations in global crude oil prices, driven by factors such as geopolitical tensions, OPEC production decisions, and global demand trends, will likely have a direct impact on synthetic rubber prices in India. Additionally, the value of the Indian rupee against the US dollar could further influence costs, as crude oil and its derivatives are traded internationally in dollars.

Tyre Market

The NR is a prime raw material for tyre manufacturing. Tyre makers are likely to see revenue growth of 7-8 per cent this fiscal, driven by a 3-4 per cent increase in both realizations and volume.¹³ Revenue will grow in single digit for the second straight year. The industry's

margins are likely to face pressure due to high raw material costs. Domestic prices of natural rubber, a key input to manufacture tyres, have risen by around 40 per cent during April-September 2024. Wholesale prices of carbon black have also risen sequentially in the past couple of months.



Source: Infomeries Research and Industry Outlook, CMIE.

The tyre demand is projected to strengthen across both Original Equipment Manufacturer (OEM) and replacement markets during the period. The festive season is anticipated to boost automobile sales across all segments, thereby driving OEM tyre demand. Meanwhile, replacement demand is expected to rise due to increased vehicle movement during the festive season and heightened construction activities. Overall, tyre production in 2024-25 is forecasted to grow by 3.4 per cent. The production of passenger vehicle tyres, two-wheeler tyres, and tractor tyres is expected to increase by 7-19 per cent, while commercial vehicle tyre production is projected to decline by approximately 1 per cent.

Industry Risks

Environmental challenges of ELTs

Globally, over 1.7 billion tires are produced annually, yet only 42 per cent of end-of-life tires (ELTs^A) are recovered for material reuse, and 15 per cent are used for energy recovery. The remaining 43 per cent often end up in unregulated disposal channels, including illegal dumping, landfills, or unorganized recycling processes. This mismanagement contributes to severe environmental challenges such as land pollution, hazardous waste accumulation, and the growing demand for landfill space. In total, around the world, over 26 million tonnes of new tires are produced each year, with a product life of between 4 to 6 years. In other words,

^A An end-of-life tyre is a used tyre that cannot or is not reused for its originally intended purpose and is not retreaded. Such tyres may have a further use as a raw material for other processes or be destined for final disposal. End-of-life tyres are called “scrap tyres”.

there is a large, steady flow of ELT waste to be dealt with in the future. With rising vehicle sales, India generates over 275 million ELTs annually. A significant portion of these ELTs came from commercial vehicles with shorter tyre lifespans. Challenges like incomplete data access, benchmarking for better decision-making, regulatory hurdles, and ethical and sustainable development concerns persist.



Market Volatility

Since NR is primarily cultivated in tropical regions like India, Thailand, Indonesia, and Vietnam, adverse weather events such as excessive monsoons or droughts impact production, leading to price swings. In recent years, India's rubber production has struggled to meet rising domestic demand, causing a dependency on imports, which further exposes the industry to global price fluctuations. As discussed in the price outlook section, the Kerala RSS market faces competition not only from imports but from low-cost domestic RSS from the northeast.

Additionally, geopolitical tensions, changes in export-import policies, and fluctuations in currency exchange rates affect rubber trade, making prices unpredictable. Synthetic rubber, a substitute derived from petroleum, also contributes to volatility, as its cost is linked to crude oil prices. This makes the rubber industry highly sensitive to external shocks, requiring strategic policy interventions and supply chain diversification to mitigate risks.

Employment in Rubber plantation

Approximately 80 per cent of plantation owners in the sector are smallholders who own <20 acres of land. Of all the plantation workers, at least 34 per cent of workers in rubber plantations are women. Workers in small plantation estates in states like Kerala and Karnataka receive lower wages, with some earning ₹ 10-20 less/day in contrast to those who are working in larger estates. Benefits like bonuses and minimum wages, as well as other amenities like housing, health insurance, and maternity leave, may not be sufficiently provided to employees in smaller estates.

Raw Materials

Despite an increase in NR production, consumption rose marginally, maintaining the large deficit. This situation has led to importing challenges due to high customs duties and availability issues, resulting in soaring prices and a potential crisis for industries reliant on NR.

In April 2024, a raw material shortage has driven up prices, impacting industries reliant on imported inputs. However, the import duty structure appears to favor finished products over domestic manufacturing. For instance, imported mattresses, balloons, and surgical gloves attract a relatively low duty of just 10 per cent, making imports more competitive than local production.

In contrast, latex rubber—essential for manufacturing gloves and balloons—faces a steep total duty of 75 per cent, while NR imports are subject to a 25 per cent customs duty or ₹ 30 per kg, whichever is higher. This imbalance in duties has exacerbated cost pressures, pushing NR prices to ₹ 247 per kg—the highest in 15 years—compared to ₹ 182 per kg previously. The sharp rise raises concerns about the competitiveness of domestic manufacturers and the need for a more balanced tariff structure to support local industries.

Sustainability

The regulatory organizations and demand from customers are pressuring the manufacturing industry to adopt digital technology strategies into their business models to solve environmental issues and attain sustainability.¹⁴ In the context of sustainability issues, advanced technology is a key factor in transforming the supply chain management scenario, whereas the rubber industry has low automation adoption rate as it follows a labor-intensive approach. The Network Readiness Index (2023), which placed India 60th out of 134 nations, highlighted that India still lagged behind economies like China in deploying advanced technologies.¹⁵

The top rubber industry trends for 2024 include sustainable rubber production, the use of recycled rubber, advances in rubber technology, expanding into emerging markets, and rubber recycling and waste reduction initiatives. These trends are important for businesses to stay ahead of because they offer new opportunities for growth, innovation, and sustainability. By implementing these trends into their strategies, businesses can improve their environmental performance, reduce costs, and tap into new customer bases.

Climate change

Last year, severe weather conditions in Thailand and China have led to a 4.5 per cent decline in global NR production, reducing output to 14 million metric tons. This supply shortage has driven prices up by 50 per cent to a 13-year high, allowing Indian exporters to secure better prices and enhance their earnings.

In India, the impact of climatic fluctuations on NR production was starkly visible across different regions in 2024. While some areas experienced a modest increase in output, others faced severe production declines due to prolonged moisture stress caused by extended dry spells. The rubber sector struggled with erratic weather patterns, making 2024 a particularly challenging year for growers.¹⁶

A prolonged dry season weakened rubber trees, reducing latex yield, while subsequent torrential rains and flooding further hampered production. Additionally, excessive moisture created favorable conditions for the spread of fungal diseases^B, exacerbating the decline. These climatic adversities not only disrupted harvesting cycles but also increased input costs for farmers, leading to a significant overall reduction in rubber output.

Government Initiatives

Sustainable & Inclusive Development of Natural Rubber Sector

The government has announced plans to increase subsidies for rubber cultivation in a phased manner, aiming to support farmers in adopting modern practices and improving yield quality. Some of the steps that have been taken are as follows:

- The financial assistance for the Rubber sector under this scheme has been increased by 23 per cent from ₹ 576.41 crore to ₹ 708.69 crore for the financial years (2024-25 and 2025-26).
- With an outlay of ₹ 43.50 crore, the rate of assistance for plantation has been increased to ₹ 40,000 per ha from the earlier ₹ 25,000 per ha.
- To support the rubber industry, planting of rubber will be undertaken in 12,000 ha in traditional areas during 2024-25 and 2025-26. Total 3752 ha will be brought under rubber cultivation in non-traditional (NT) regions with an outlay of ₹ 18.76 crore during the same period. Planting assistance at ₹ 2,00,000 per ha will be provided for SC growers in non-traditional regions.
- For productivity enhancement of rubber produced, support shall be provided for rain guarding in 67,000 Ha (60,000 in Traditional, 5000 in NT and 2000 in Northeast) area and plant protection (spraying) in 22,000 ha (20,000 in Traditional and 2000 in NT). An amount of ₹ 35.60 crore is envisaged to be provided for this in the period of 2024 to 2026.
- The scheme aims to empower rubber growers by forming 250 new Rubber Producers Societies (RPS) over the period of 2024 to 2026, with increased assistance of ₹ 5000. This will support activities like farmer education, seminars, capacity building, and exposure visits. Additionally, 1450 farmer clusters will be formed in NT and Northeastern regions. Assistance of up to ₹ 40,000 per RPS will be provided for latex collection and DRC testing equipment to 55 RPSs. Support up to ₹ 30,000 per RPS will be provided to 180 RPSs.
- To ensure quality and standardization of rubber sheets, the setting up of Group Processing Centers (GPC) is being promoted. The construction of 18 GPCs will be supported in the Northeast and NT regions. Whereas construction of 10 GPCs will be supported in the traditional region. Assistance will be provided to 77 GPCs (50 in traditional area, 2 in NT areas and 25 in Northeast).

^B The rubber tree (*Hevea brasiliensis*) is a key commercial crop for NR production. Recently, rubber plantations in India's southern states have been affected by a severe leaf spot disease. It begins with brown circular spots on mature leaves, eventually causing yellowing and defoliation. The exact cause of Circular Leaf Spot (CLS) disease remains unidentified in previous studies.

- To fund rubber research, an outlay of ₹ 29 crore has been provided for the period of 2024 to 2026.
- An amount of ₹ 8.91 crore has been provided for overall digitization of Rubber Board.
- Establishment of three nodal centers of National Institute of Rubber training (NIRT) in NE region Agartala, Guwahati and Nagaland have been proposed with an outlay of ₹ 5.25 crore in the period of 2024 to 2026, primarily to promote MSMEs in this region by imparting training in product manufacture and quality control.

Union Budget 2025

The Union Budget 2025-26 allocated ₹1,565 crore to the Plantation Commodity Boards, marking a significant increase from the revised estimate of ₹1,228 crore for FY25. However, within this broader allocation, the Rubber Board's budget was set at ₹ 360.31 crore, reflecting only a 3.4 per cent rise from the previous year's revised allocation of ₹ 348.38 crore. This modest increase indicates that while the government continues to support the rubber industry, the focus may not be on aggressive expansion but rather on sustaining existing initiatives.

The limited growth in funding for the Rubber Board suggests that major new schemes for rubber cultivation, processing, or market development may not be introduced this year. Instead, the Board will likely need to optimize its existing resources to enhance productivity and support small-scale growers. This could mean continued but constrained efforts in areas such as farmer training, digital initiatives, and research on sustainable rubber production.

A substantial increase in the overall budget for Plantation Commodity Boards signals the government's broader commitment to plantation-based industries. This could indicate greater support for tea, coffee, and spices, potentially leaving rubber with a smaller share of benefits. For rubber cultivators and manufacturers, the implications of this budget may include stable but not significantly expanded government support.

National Rubber Policy

Introduced in March 2019, the National Rubber Policy encompasses various provisions to support the NR production sector and the entire rubber industry value chain. It addresses areas such as new planting and replanting, support for growers, processing and marketing of natural rubber, labor shortages, grower forums, external trade, research, training, rubber product manufacturing and export, and climate change concerns.

Finally, it is important to mention that there is no specific Production-Linked Incentive (PLI) scheme dedicated exclusively to the rubber industry. However, the government's focus on enhancing manufacturing capabilities and exports through various PLI schemes in related sectors, such as automotive and textiles, indirectly benefits the rubber industry by increasing demand for rubber products.

Way forward

In anticipation of the 2025 Union Budget, the automotive, rubber, and textile industries had specific expectations to bolster growth and address sector-specific challenges. The automotive sector, for instance, hoped for incentives to promote electric vehicle (EV) adoption, reduction in Goods and Services Tax (GST) rates for automobiles, and increased allocation for infrastructure development to support the auto industry.

The rubber industry sought measures such as a reduction in import duties on raw materials, support for domestic rubber cultivation, and incentives for technological advancements in rubber manufacturing. The textile industry anticipated enhanced support through increased budget allocations, continuation of export incentives, reduction in import duties on essential raw materials, and policies to boost competitiveness in the global market. Additionally, the formation of new Rubber Producers Societies (RPS) and farmer clusters should be leveraged to improve price realization and market access. Continuous engagement with policymakers to ensure the timely implementation of announced measures will further strengthen the sector's growth trajectory.

The Budget evoked mixed reactions across these sectors. The automotive industry witnessed positive developments, with stocks of major automakers like Bajaj Auto, Hero MotoCorp, and Maruti Suzuki experiencing gains. This uptick was attributed to increased disposable income resulting from raised income tax thresholds, which was expected to boost consumer spending on automobiles.¹⁷

References

- ¹ AIRIA Annual Reports 2024. Link: <https://www.allindiarubber.net/uploads/pdf/annual-report-2023-24.pdf>
- ² Department of Scientific and Industrial Research.h
- ³ <https://www.dsir.gov.in/rubber#:~:text=Kerala%2C%20with%20a%20total%20area,of%20around%200%2C5%20hectares.>
- ⁴ https://www.reuters.com/markets/commodities/adverse-weather-curbs-thai-chinese-rubber-output-lifting-prices-13-year-high-2024-10-16/?utm_
- ⁵ https://pavinaco.vn/en/the-global-rubber-supply-may-be-short-of-nearly-900-000-tons-in-2024-205-25.html?utm_
- ⁶ Rubber World. (2024, December 12). *India's natural rubber production hits 857,000 tons in 2024.* <https://rubberworld.com/indias-natural-rubber-production-hits-857000-tons-in-2024/>
- ⁷ Rubber Board of India. (n.d.). *Rubber Statistical News*. Retrieved January 23, 2025, from <https://rubberboard.gov.in/rbfilereader?fileid=1104>
- ⁸ https://unctad.org/system/files/non-official-document/joseph-adelegan_myem2024.pdf
- ⁹ <https://whatnextrubber.com/indias-sheet-rubber-market-misses-the-global-rally-is-this-a-new-normal/>
- ¹⁰ https://www.business-standard.com/companies/news/expect-easing-of-pressure-from-high-natural-rubber-price-in-h2-ceat-md-ceo-124102000131_1.html
- ¹¹ Tripura Info. (2024, December 4). *Under Project INROAD 1.25 lakh hectare of natural rubber plantation completed in the North East*. Retrieved January 3, 2025, from <https://tripurainfo.com/news.aspx?intnid=22574&title=Under-Project-INROAD-125-lakh-Hectare-of-Natural-Rubber-plantation-Completed-in-the-North-East>
- ¹² Hindu Business Line. July 2024.
- ¹³ Motor India. (2024, November 18). *Tyre makers brace for second year of single-digit revenue growth*. Retrieved January 3, 2025, from <https://www.motorindiaonline.in/tyre-makers-brace-for-second-year-of-single-digit-revenue-growth/>
- ¹⁴ Kamble, S., Gunasekaran, A., & Arha, H. (2018). Understanding the Blockchain technology adoption in supply chains-Indian context. *International Journal of Production Research*, 57(7), 2009–2033. <https://doi.org/10.1080/00207543.2018.1518610>
- ¹⁵ Dutta, S., & Lanvin, B. (Eds.). (2023). *The Network Readiness Index 2023. Trust in a Network Society: A crisis of the digital age?* Portulans Institute. https://download.networkreadinessindex.org/reports/nri_2023.pdf
- ¹⁶ <https://www.thehindubusinessline.com/economy/agri-business/rubber-industry-braces-for-2025-amid-geopolitical-uncertainties-climatic-challenges/article69032540.ece>
- ¹⁷ <https://www.reuters.com/world/india/corporate-winners-losers-indias-budget-2025-02-01/?utm>