

**ROLE OF GRASSROOTS INSTITUTIONS IN COMMERCIAL CROPS :
RUBBER PRODUCERS SOCIETIES IN PLANTATION SECTOR IN
KERALA**

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ABSTRACT

The growth of Indian rubber plantation sector in India has been mainly through the expansion of rubber cultivation in Kerala. The achievements of Kerala's natural rubber sector has been widely recognised for its unique features. Rubber production of the country is contributed mainly by the small growers. There are more than one million smallholdings accounting for Kerala with 75% of the total production and 78 % of the area under cultivation in the country (GOI 2021) It is the nearly monopolistic contributor to the natural rubber production of India. The natural rubber production of the state was 540775 lakh tonnes and the coverage under the crop was 5.34 lakh ha(GOI 2021).Along with increase in production and productivity, agricultural marketing should be properly addressed in strengthening agricultural sector. Marketing and institutional credit no doubt has a significant role and this role has further increased in the liberalised environment. With a view to overcome the problems that the small rubber growers experiences in marketing in 1986, a grass root level organization was formed in the villages called Rubber Producer Societies (RPSs).In addition to productivity enhancement, it helps in processing and marketing of rubber. The present paper focuses the role and importance of RPSs in agriculture marketing and overall rubber production in Kerala.

Key words: RPSs, Small holders, production, productivity, Self help group

Introduction

Agriculture is main single most important activity across the world. The progress in agriculture is normally regarded as a prerequisite to economic development. The success of any agriculture

activity has to be measured in terms of the net returns to the farmer. Nature has not provided any other industrial raw material of plant origin as natural rubber. Processing and marketing of natural rubber as value added products can ensure a remunerative price to the producers which can sustain their interest and faith in the industry. The crop now provides the basic raw material to over 35,000 products from eraser to air craft tyre. India is the fourth largest producer and the second largest consumer of natural rubber The rubber plantation occupies 0.4 per cent of the gross cropped area and contributes to 0.19 per cent to the national GDP (Rubber Statistics 2020). Natural rubber forms the back bone of commercial agricultural scenario of the state and rubber plantations have profound influence on the economic and social status of the people. Asian countries dominated the natural rubber sector occupying 93 percent of the total area under rubber cultivation in the world. Indonesia is having the largest area under rubber cultivation followed by Thailand, Malaysia, and China and finally India is in fifth position with an area of 734780 hectares during the year 2018-19 (Rubber Asia 2019)

Globally about 81 percent of the world natural rubber production is in South East Asia i.e. Thailand, Indonesia, Malaysia, India, and Vietnam Thailand is the world's largest producer of natural rubber. The production of natural rubber in Thailand declined to 2.9% in 2010 due to adverse climatic conditions. The CAGR in production of natural rubber in Thailand was 0.29%. Indonesia is the second largest producer of natural rubber. The production of natural rubber in Indonesia was higher during 2016-17. The production during this year was 2829 thousand when compared to 2440 thousand tonnes in 2017-18. The CAGR in production of natural rubber in Indonesia was -2.67%. Malaysia which is the third largest producer of natural rubber has produced 939 thousand tonnes in 2017-18. The production during this year was 856 thousand tonnes. The CAGR in production of natural rubber in Malaysia was -1.53%. India is the fourth largest producer of natural rubber in the world. The production of natural rubber in India was higher during the decade 2001- 2011. The production during this year was 881 thousand tonnes. The CAGR in production of natural rubber in India was 8.06%. The CAGR of Vietnam is 1.39 from 2018-19. (Rubber Asia 2019) The CAGR in area under contributing about 45 per cent of agricultural SDP, with the involvement of over one million growers and half a million workers, the rubber plantation is not only a key sector in regional economies like Kerala but also the only source of livelihood for nearly 1.5

Million families. Natural rubber is emerging as an important crop in states like Tamil Nadu, Karnataka, Tripura, Assam, Meghalaya and others.

With an estimated turnover of over Rs7,60,000 million and exports of over \$ 2770 million in 2013-14 the manufacturing segment of the rubber sector (auto tyres, rubes and other rubber based goods) play no less significant role.

Viewed from a long-term perspective the performance of NR has been highly impressive. In 1970, India produced 0.92 lakh MT of NR with a tapped area of 1.4 lakhs hectares and an average yield of 653Kgs per ha. By 2011-12 total production increased to 9.03 lakh MT recording an annual compound growth rate of 5.7 per cent. Since the growth in tapped area was only about three per cent, much of the increase in production could be attributed to increase in yield. With a yield of 1841 Kg per ha in 2011-12, India recorded the highest productivity in the world. This performance has been brought about mainly at the instance of the small holders who account for 90 per cent of the area and 93 per cent of the production.(GOI 2018)

Domestic Scenario

Indian rubber industry is characterized by the co-existence of a well-established rubber production sector and a fast growing rubber products manufacturing and consuming sector. The Rubber Industry value chain begins from NR plantations and ends with a huge range of dry rubber and latex based products. Historically, NR was a regulated commodity with strong tariff protection and domestic market regulations. The key factors which have contributed to the growth of Indian rubber industry are positive intervention of institutional agencies aiming at self-sufficiency and import substitution. Most of the rubber products including tyres require blends of NR and SR. Consumption of SR is mainly determined by end product composition, technological change and relative prices. Consumption of SR in India in rubber products manufacturing sector increased from 411,830 tonnes in 2010-11 to 633,975 tonnes in 2017-18. Currently, there are four companies producing SR and production increased from 110,340 tonnes in 2010-11 to 331,221 tonnes in 2017-18. Styrene Butadiene Rubber and Poly Butadiene Rubber accounted for 63% and 34% of SR production in the country. Import of SR amounted to 338,189 tonnes in 2017-18. Consumption of SR in India is projected to reach 1.2 million tonnes by 2025. India is currently the sixth largest producer of NR in the world with one of the highest productivity(694,000 tonnes in 2017-18). The production capacity in India is around 900,000 tonnes, of which around 75% is tapped. Out of the total area under rubber in India of around 8 822,000 ha, 614500 ha is a mature yielding crop. Traditional rubber-growing states comprising Kerala and Tamil Nadu account for 81% of production. Major non-traditional rubber growing regions are the North Eastern states of Tripura, Assam and Meghalaya, Odisha, Karnataka, Maharashtra and West Bengal. Sheet rubber is the most preferred form of processing accounting

for around 70% of processed rubber. Block rubber and latex comprise 17% and 12% respectively of rubber production in the country.

Natural Rubber Production in Kerala

Plantation Crops, in general, have good performance in Kerala especially the rubber plantation sector in which Kerala accounts for 78 % of area and 75 % of total production in the country (GOI 2021). The major problems faced by the plantation sector are increase in the cost of production, non availability of finance at low interest rates, absence/shortage of marketing infrastructure, price fall of the commodities, absence of incentives and benefits are some of the main problems faced by the plantation sector of Kerala. The Planning commission maintains that 4% growth in agriculture is essential for making a steady GDP growth rate to 8 to 10%. But the growth in agriculture and allied sectors from 2011 onwards did not show such a sign of progress. A Special Package Scheme especially for the development in this sector in order to achieve the targeted growth rate as well as to reduce the burden of farmers in this sector. An important feature of the Indian plantation is the regional concentration of the area under the crop., Around 85% of rubber production in the country is accounted for by **Kerala and some parts of Tamil Nadu**, which are considered as traditional areas of rubber cultivation. Kerala is the nearly monopolistic contributor to the natural rubber production of India with 75% of the total production and 78% of the area under cultivation in the country. Though Kerala remains to be the major producer of rubber in the country, production in the southern State dropped from 5.40 lakh tonnes (lt) in 2017-18 to **5.33**. Overall production in the country was 6.94 lt in 2017-18 and 7.12 lt in 2019-20. The productivity in Kerala was found to be In Kerala, The Productivity during 2017-18 has been **1553 Tons**. around 40 per cent of the area as well as 45 per cent of production of rubber comes from three districts; Kottayam, Ernakulam and Pathanamthitta and small holders contributed 92.5 3% to the total production. (Rubber Statistics 2020).

RUBBER PRODUCERS' SOCIETIES

Though the Rubber Board has produced Rubber Marketing Cooperative Societies from 1960's, these societies could not reach out to a large number of growers, particularly the resource poor growers in the rural areas. As the membership in these societies increased, the growers got distanced from the functioning of the societies. The political and bureaucratic controls in these societies did not help to promote the self-help concept. To overcome this the Board promotes formation of small voluntary associations of small growers registered under the Charitable Societies Act called the Rubber Producers' Societies (RPS) in 1986. This concept has been widely accepted by the grower community and at present there are 2180 RPS in the country. RPS

function as self helping group at village level under the guidance of the Rubber Board. RPS can help devolution of extension functions leading to empowerment of the grower community.

Distinguishing features of RPS.

- Operate in small compact areas having a radius of 2 to 3 kms.
- Membership in the range of 50 - 200. Only small rubber growers having rubber holding located within the operational area of concerned RPS can be members.
- Each RPS member should contribute Rs. 50/- as entrance fee and Rs. 10/- as annual subscription.
- Function non-politically and on democratic lines. Administration through elected Director Board headed by President. Directors are to be elected by rotation.
- Rubber Board's local Field Officer will be nominated to the Board of Directors of the Society.
- The General Body should meet regularly once in every quarter and should take policy decisions and review progress of implementations and as well as performance. The General Body should as far as possible meet in members' holdings and should discuss technical and development issues of interest and concern. Rubber Board's Field Officer do participate in such discussions.
- Designated Chartered Accountant should annually audit and certify the accounts of the RPSs. The accounts should be presented to the Director Board and General Body from time to time.
- Should not engage regular employees. Any one engaged for any assistance should work on a fair commission paid on the basis of actual work turned out.

Functions

- Assist in transfer of technology to members.
- Undertake (or assist) common marketing of members' rubber grade-wise and at remunerative prices.

- Establish and run common crop processing facilities that help members to upgrade quality of rubber.
- Promote and assist group approach for newplanting, replanting, productivity enhancement, availing of bank finance, Rubber Board grants etc.
- Raise nurseries and supply high yielding planting materials to members.
- Receive supplies of various inputs from Rubber Board and other possible sources and distribute among eligible members.
- Participate in joint ventures of RPS undertaken on regional basis, with or without Rubber Board assistance, for furthering common interest of members.

In order to further integrate and strengthen the activities of the RPSs, the Rubber Board took the initiative to set up 6 processing companies and 11 trading companies in the predominant rubber growing areas in Kerala. While most of these are private limited companies jointly promoted / owned by the Rubber Board and Rubber Producers' Societies of the concerned areas with majority equity participation by the Rubber Board, a few of them have become public. The performance also has been shaped by the varied innovations technological and organizational (like the formation of Rubber Producers' Societies), undertaken over time by the Rubber Board. A perceptible bias against the rubber plantation sector and planters looms at the administrative levels as well. Though there is provision for local self governments to use 40 per cent of the funds allocated to them under their own discretion, they hesitate to allocate any fund to the development or sustenance of RPS units even in areas where rubber plantation provides for the sole economic activity. Since 96 per cent of the rubber planters are small cultivators, restraining fund flows to RPS units, assuming them to a wealthy class, is baseless. The Planning Board must effectively communicate to the LSGs regarding the ambits within which these funds could be used. RPSs must be guided by the spirit of social entrepreneurship and the motto of social capital formation.

❖ **Small holdings :**

As per the definition followed by India, a rubber growing unit having area upto 20 Hectare is a small holding. Though the connotation 'small holding' according to the Rubber Act 1947 denotes holdings having an area less than 20 Hectare, due to the progressive fragmentation of land, presently it is the holdings with an average size of 0.50 hectare (Govt. of India 2017).

❖ **Agricultural marketing**

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. These services involve the planning, organizing, directing and handling of agricultural produce in such a way as to satisfy farmers, intermediaries and consumers.

❖ **RPSs**

RPSs are the voluntary self help associations of small growers in rubber plantation sector registered under the Charitable Societies Act.

❖ **Grassroots movements**

A grassroots movement is one that uses the people in a given district, region or community as the basis for a political or economic movement.

❖ **Liberalisation**

Liberalisation is the process or means of the elimination of control of the state over economic activities.

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