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COST BENEFIT ANALYSIS OF NATURAL RUBBER CULTIVATION

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The R & D efforts of Rubber Research Institute of India led to development of region-specific high yielding clones, farm mechanization and new techniques for nursery, farm management and crop harvesting for enhancing cost competitiveness and addressing labour shortage. Based on these recommendations, a Benefit Cost Ratio (BCR) analysis was done to check whether natural rubber (NR) cultivation can be made sustainable under the current scenario of plunge in prices. Adopting technology-driven good agricultural practices to increase productivity and reduce cost of production in NR holdings is the key to improve the BCR and thus ensuring sustained supply of NR in the country. The BCRs of NR cultivation under different price and productivity scenarios in the traditional, North East and North Konkan regions were estimated. The present analyses show that adoption of technological innovations with cost-saving and income-enhancing measures can make NR cultivation moderately profitable even during the prevailing low price scenario. In the prevailing situation of low NR price and high labour/input costs, reducing cost of production has a greator impact on improving BCR than increasing productivity. Adopting technological innovations can still make NR harvesting from existing mature holdings profitable. Having invested in developing a rubber plantation, leaving it untapped, blaming low price and absence of any bailout schemes from the government is a lost economic opportunity for the grower and a national waste.

Key words: Benefit Cost Ratio, Cultivation practices, Natural rubber, North-East region, North Konkan region, Traditional region

INTRODUCTION

In the primary commodity market, liberalization of external trade coupled with de-protection policies in the domestic market often transform the stable and remunerative home market in to a volatile one characterized by heavy and frequent ups and downs, shattering the staying capacity of the farmers (Mohanakumar and Chandy, 2009). Until the 1990s Indian natural rubber (NR) plantation sector enjoyed the comforts of a protected economy and thus remained insulated from external shocks. In the protected economic regime, government used to intervene when NR prices crashed (George *et al*., 1988; George *et al*., 2002) which is not always feasible in the liberalized economy. Indian NR prices started to crash since 2012-13 (Rubber Board, 2015; 2017) along with international prices (Rubber Board, 2013) and a significant proportion of the Indian growers found it difficult to cope with the low price situation. NR price in India dropped to the extent of 46 per cent during 2015-16 compared to the high price achieved during 2011-12 and the

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