

SEASONAL FLUCTUATIONS IN THE PRICE OF NATURAL RUBBER IN INDIA

Viju Ipe, C.

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The paper analyses the seasonal variations in rubber prices. The analysis showed that the seasonal index was the highest in July and the lowest in December. Production of rubber showed marked seasonality. The analysis of price in relation to production and consumption showed that seasonality in prices was not much pronounced during months in which production change was predominant, which in turn point to the possibility of oligopsony in the buying market. During the peak production period, consumption was found to fall resulting in low prices. This necessitates the need for buffer stock operations so as to buy and store excess supplies and hold them off the market in times of falling prices and release them when the prices rise. The producer is benefited by stabilisation of his income and the manufacturer through an assured supply of raw material.

Key words - Natural Rubber Prices, Natural Rubber Production, Natural Rubber Stock, Natural Rubber Consumption, Seasonal Fluctuations in Rubber Prices, Oligopsony.

C. Viju Ipe, Rubber Research Institute of India, Kottayam 686 009, India.

INTRODUCTION

Prices perform the dual function of allocation and rationing. It serves as a guide to the entrepreneur in the optimum allocation of scarce resources among the various production activities and rubber prices may be no exception to this rule. Studies on the price responsiveness of farmers in developing countries showed that they also responded positively to changes in prices like their counterparts in the developed countries. Umadevi (1977) and Ipe (1986) in their studies on the supply response of Indian natural rubber also got positive elasticities with respect to price. Being an agricultural produce characterised by seasonalities in production, prices of natural rubber may also show intra-year variations. The monthly production, consumption and stocks of natural rubber may also affect the prices. The relationships of prices with the above variables may also indicate the nature of

competition and thus the market structure. It may, therefore, be useful to probe the structure of rubber prices in India.

The objectives of the study were:

- * To analyse the seasonal fluctuations in prices of natural rubber over the period — 1968-69 to 1983-84.
- * To examine the relationships if any, of prices to the variables like production, consumption and stocks of natural rubber with dealers and manufacturers.

MATERIALS AND METHODS

The secondary data published by the Rubber Board (1983) were used in the present study.

The seasonalities in prices and the related variables were analysed by working out the seasonal indices. The seasonal indices were