

## FARM-GATE PRICE OF NATURAL RUBBER

B. Sreekumar, V. Haridasan and P. Rajasekharan

Sreekumar, B., Haridasan, V. and Rajasekharan, P. (1990). Farm-gate price of natural rubber *Indian J. Nat. Rubb. Res.* 3(2): 111-115.

A study was conducted to estimate the share of the producer in the consumers' price of natural rubber. The data collected from Kanjirappally and Changanacherry taluks of Kottayam district, showed that the producers' share in the consumers' price was 0.88, based on the weighted average price of sheet and scrap rubber. However, in the case of sheet rubber the producers' share was found to be 0.92.

**Key words:-** Natural rubber, Farm-gate price, Price spread, Marketing cost, Concurrent margin  
V. Haridasan (for correspondence), P. Rajasekharan, Rubber Research Institute of India, Kottayam-686 009, India and B. Sreekumar, Spices Board, Kochi-682 018, India.

### INTRODUCTION

Marketing efficiency of any agricultural commodity is judged on the basis of the price realised by the producer. It has been noted that the consumers are paying increasingly higher prices for agricultural commodities, but the producers are not receiving a reasonable share. This may be due to high marketing margin. An analysis of marketing margin is therefore essential for formulating marketing policy of agricultural commodities.

About 70 per cent of natural rubber produced in India reaches the market as ribbed smoked sheets. Sheets are graded according to the specification laid down by the Rubber Manufacturers' Association and are known as RMA grades. Grading is usually done by visual inspection and hence is subjective in nature (Haridasan, 1981). This leads to unhealthy trading practice of down grading. Even though the sheet rubber marketed by small growers contain a small percentage of higher grades, it is usually purchased as ungraded rubber by the local dealers, offering

only a price much below the lowest RMA grade (RMA-5). On the one hand the producer deserves a legitimate share in the consumers' price and on the other hand the consumer has to be safeguarded against excessive prices. To achieve these twin objectives, the services of the intermediaries can be availed of at a reasonable cost and profit. Systematic studies on marketing of natural rubber in India are lacking. This study was undertaken with the objective of estimating the share of the producer in the consumers' price.

### METHODOLOGY

One hundred small rubber growers were selected at random from Kanjirappally and Changanacherry taluks of Kottayam district for the study. Details regarding their mode of marketing, marketing cost and price received were recorded by visiting them personally. At the second stage, fifty licensed dealers from these regions, who directly purchased rubber from growers, were chosen and their buying price, marketing cost and selling price were recorded. At