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Research Article

A Study On The Problems Faced By Small Scale Rubber Units In Kerala

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ABSTRACT

Rubber supply on a global scale has been deemed very unsustainable over the past few years. In comparison, India consistently produces rubber at a pace of 6% every year. India's rubber industry is expanding and establishing deeper roots. India is the world's third largest user of natural rubber and the world's largest manufacturer. The expansion of India's rubber sector has a huge impact on the global economy. A few years ago, many farmers in Kerala had shifted from coconut to rubber, eyeing a decline in coconut prices but now as the prices of coconut have recovered; rubber industry is facing serious difficulty. The key objective of the study was to understand the problems and issues faced by small scale rubber units in Kerala. The necessary data is gathered from both sources. Primary data is gathered from 80 respondents in Kottayam district of Kerala state. The findings were analysed using simple percentage analysis and Likert scaling techniques. Findings reveal that major problems faced by small scale rubber units are Financial and marketing problems.

Key words: Rubber, small scale rubber units, Rubber marketing, Rubber products

Introduction

The rubber industry's future is inextricably linked to the global economy. Rubber consumption increased by between 3.5 and 4.0 percent annually between 1993 and 2003, in line with global GDP growth. Rubber development could outpace that of motor vehicle manufacturing and registration in the coming years. Rubber is used in the bulk of non-tire applications, accounting for 52

to 54 percent of overall consumption, with no improvement anticipated. Numerous implementations exist in a variety of markets, including:

- Automobiles (gaskets, belts, hoses, mouldings)
- Commercial (belting,adhesives, padding, vibration dampening, wire sheathing)
- End-user (door mouldings, toys)
- Building (sealants,roofing, mouldings)

The outlook for midrange specialist elastomers, such as ethylene-propylene and nitrile, is extremely favorable. The US synthetic rubber industry records annual shipments of more than $4.5 billion and exports significant quantities of these products. Rubber-based commodity manufacturing and distribution represent significant business prospects.

Marketing is a significant impediment for Small-Scale Industries. The numerous difficulties they encounter in selling their goods are mentioned below:

- Lack of standardization
- Inadequate design
- Inadequate quality control
- Inadequate precision
- Inadequate finish
- Inadequate bargaining power
- Inadequate after-sales service
- Scale of production
- Brand preferences
- Distribution contacts
- Inadequate marketing knowledge
- Competition
- Ignorance of potential markets
- Unfamiliarity with export activities
- procedures and market know-how and
- Financial weakness.

Due to his or her insufficient financial base, a small industrialist cannot expect to invest excessively on promotions. The pharmaceutical sector is an outlier, with a significant difference in production costs and retail prices. This is a unique circumstance under which marketing methods are different, and as a result, the cost of marketing is extremely large, 'especially the cost of marketing for certain drugs that face stiff competition. To compete in the global economy, small industrialists in this line must pursue this pattern. Without their own publicity platform, often tiny units offer their products to major distribution companies. MSMEs face rivalry in selling their goods from both other small businesses and major industries. The limited units are not self-sufficient in terms of promotion. They lack the tools and skills necessary to sell the organisation. They lack the tools and skills necessary to successfully sell their goods. Additionally, their goods are often non-standardized and of varying consistency. As a result, independent businesses have a competitive deficit when compared to large-scale operations. Due to financial pressures, small units are forced to market their goods at unprofitable rates. Numerous local businesses market their wares at discounted rates to major wholesalers. Local businesses are supported by the National Small Industry Corporation and the

Small Industries Development Corporation in obtaining government contracts. The trade fair authority and the state trading agency assist small and medium-sized businesses in marketing their goods and identifying export markets. These structures, though, are insufficient.

Rubber Manufacturing Industry

John Dunlop of England invented the first commercially viable bicycle tyre in 1889 and went on to develop the first car tire in 1906. After the automobile industry took off in the late 1910s, rubber remained a valuable product. As World War II progressed, it demonstrated the insecurity of the rubber market, as many nations failed to obtain sufficient rubber to manufacture arms and materials. It became progressively clear that an alternative to natural rubber was needed. Chemists from all around the world were deliberately attempting to develop an industrial version of rubber, dubbed synthetic rubber.

According to tradition, the Russians invented a synthetic rubber named Polybutadiene in 1910. Germans will follow 20 years later with Buna-S, a commercial rubber (Styrene Butadience Copolymer). In the United States, the government and industry collaborated on a research and development initiative to produce Styrene Butadiene Rubber (SBR).

Other synthetic rubbers were added over time.:

1931

DuPont developed Duprene, which is now referred to as Neoprene.

1934

Germans developed Buna-N or Perbunan, an oil-resistant rubber.

1940

However, butyl rubber was synthesized.

1950

DuPont would introduce Hypalon and Viton, while Bayer would introduce Polyurethane.

1960s

EPDM, or Ethylene Propylene Terpolymer Rubber, was developed; Shell also developed Shell Isoprene Rubber, and Goodyear developed Natsyn, or Polyisoprene. Thermoplastic Elastomers were invented more recently. These products have the properties of rubber but melt to the consistency of plastic when warm.

Any of these innovations will have a profound effect on the rubber industry. Natural rubber is estimated to account for one-third of all rubber manufacturing.

India's Rubber-Producing Regions

India's rubber-producing regions are classified into two categories: traditional and non-traditional.

Traditional zone	Non-traditional zone
Tamil Nadu - Kanyakumari	KarnatakaCoastal regions
Kerala districts	Andhra Pradesh
	Goa
	Andaman and Nicobar Islands
	Several districts of Maharashtra
	The nations in the northeast (mainly Tripura)
	Orissa

Kerala's rubber industry is a market leader, accounting for nearly 90% of India's overall natural rubber supply. Kerala and Tamil Nadu together account for 86 percent of the natural rubber growing sector.

India's Rubber Marketing

In India, we have a three-tier scheme for natural rubber marketing: at the village level, we have local or main dealers who buy rubber from small growers and supply it to cooperatives or large dealers at the taluk and district levels, as well as to customers directly. Terminal traders that pool market materials sell directly to large tire manufacturers and other rubber component manufacturers in other nations. There is a significant distance between the phases of NR manufacture and use, which is bridged by a variety of intermediaries such as rubber traders, rubber cooperatives, rubber selling societies, and rubber trading firms.

Rubber Board provides marketing assistance with the aim of expanding new markets for rubber and rubber-related goods and maintaining/improving existing markets for improved marketing. A broad range of facilities, including market research on various types of natural rubber in the target market, recognition of market requirements for certain grades of natural rubber, such as RSS/ISNR/Latex/PLC/EBC, in a particular market, and provision of those grades to the target community upon request. Additionally, the Board, in conjunction with the Rubber Training Institute, offers short-term training programmes on the marketing of natural rubber and rubber materials.

Literature Review

Rajesh. K (2005) conducted research on Economics of rubber based industries in Kerala. He states that the capacity utilisation of rubber based industries in Kerala is low and below National level, but above Tamilnadu and Karnataka.

Schidrowitz and Dawsen (1952) studied the background of the rubber manufacturing sector, as well as scientific and technical advancements in the global rubber manufacturing sector**.**

Tharian George K and Toms Joseph (1992) discuss the different entanglements that exist inside the rubber plantation industry and forecast its future growth potential.

Objectives of the Study

1. To identify the problems faced by small scale Rubber units in Kerala.
2. To examine the basic reasons behind the problems of small scale Rubber units.
3. To identify the measures taken by the entrepreneurs to overcome the problems of small scale rubber units.

Research Methodology

The research analyzed primary evidence. The data collection system used was a questionnaire. 80 responses were gathered from the district of Kottayam in the state of Kerala. Secondary details were also incorporated into the analysis. The gathered data was analyzed using percentage analysis and Likert scaling techniques.

Area of study:- The research study was done in Kottayam district of Kerala state.

Statistical Tools used for the study:- Percentage analysis and Likerts scaling techniques were used for this study.

Sampling:- 80 entrepreneurs of small scale rubber units were selected by simple random sampling method.

Data Analysis

The study is mainly based on primary data. It was collected from the entrepreneurs of small scale rubber units. The result of the survey conducted as a part of the research study has been presented and analysed in this paper.

Table. 1
Profile of Rubber units

Particulars	Factors	Frequency	Percentage
Form of the units	Company	14	17
	Partnership	13	16
	Co operative	7	9
	Proprietorship	43	54
	Others	3	4
Location	Urban	9	11
	Semi urban	23	29
	Rural	48	60
Category	Production	66	83
	Service	14	17

It is inferred that majority of the rubber units (54%) are Proprietorship. Most of the rubber units (60%) are located in rural areas. It is noted that 83% of the rubber units come under the category of production units.

Table. 2

Problems Related to Facilities

Sl.	Problems	Most	More	Mod	Less	Not	Total	Mean

No		imp.	imp.	Imp.	imp.	imp.	Scores	Scores
1	Infrastructure	11	26	23	15	5	263	3.29
2	Bio-gas unit	9	21	36	8	6	259	3.24
3	Processing unit	6	13	35	15	11	228	2.85
4	Latex collection centres	10	26	14	23	7	249	3.11
5	Sheet and scrap collection facilities	5	9	15	36	15	193	2.41
6	Own Building	23	26	20	8	3	298	3.73
7	Warehousing facilities	3	16	33	12	16	218	2.73
8	Others	2	6	9	14	49	138	1.73

It is inferred that 'Own Building' has secured maximum scores, followed by 'Infrastructure'. The problems related to Bio-gas unit, Latex collection centres, Processing unit, Warehousing facilities, Sheet and scrap collection facilities have secured third, fourth, fifth, sixth and seventh places respectively.

Table. 3

General Problems faced by Small Scale rubber units

Sl. No	Problems	Most imp.	More imp.	Mod Imp.	Less imp.	Not imp.	Total Scores	Mean Scores
1	Financial problems	29	44	3	3	1	337	4.21
2	Lack of subsidy	26	9	5	33	7	254	3.18
3	Production problems	12	4	30	29	5	229	2.86
4	Under utilisation of capacity	17	18	13	19	13	237	2.96
5	Raw material problems	4	6	26	36	8	202	2.53
6	Technical problems	6	9	40	12	13	223	2.79
7	Marketing problems	11	17	36	12	4	259	3.24
8	Transportation problems	12	6	35	17	10	233	2.91
9	Managerial problems	3	13	19	27	18	196	2.45
10	Labour problems	8	30	13	16	13	244	3.05

It is concluded from table 3 that the problem 'Financial problems'has got maximum scores, followed by 'marketing problems'. The problems such as 'Lack of subsidy', 'Labour problems', 'Under utilisation of capacity', 'Transportation problems', 'Production problems','Technical problems', 'Raw materials problems' have secured third, fourth, fifth, sixth, seventh eighth and ninth places respectively.

Table. 4

Basic reasons behind the problems of Small Scale rubber units

Sl. No	Reasons	Most imp.	More imp.	Mod Imp.	Less imp.	Not imp.	Total Scores	Mean Scores

1	High cost of Production	33	24	11	6	6	312	3.90
2	Competition	8	14	27	17	14	225	2.81
3	Trade union militancy	16	17	26	14	7	261	3.26
4	Shortage of fund	32	20	15	11	2	309	3.86
5	Others	2	9	23	21	25	182	2.28

Table No. 4 shows the various basic reasons behind the problems of small scale rubber units. It reveals thatHigh cost of Production has obtained 3.90 mean scores, Shortage of fund gets mean scores of 3.86, Trade union militancy gets mean scores 3.26 and competition gets a score of 2.81. So it is clear that main reasons behind the problems of small scale rubber units are high cost of production, shortage of fund, and Trade union militancy.

Table. 5

Measures taken to overcome the problems of Small Scale rubber units

Sl. No	Measures taken	Most imp.	More imp.	Mod Imp.	Less imp.	Not imp.	Total Scores	Mean Scores
1	Increase Productivity	48	24	4	2	2	354	4.43
2	Avoiding intermediaries	36	27	10	4	3	329	4.11
3	Training	14	16	29	16	5	258	3.23
4	Purchase of modern machinery	7	23	11	23	16	222	2.78
5	Others	5	7	14	29	25	178	2.23

Table No. 5 shows the various measures taken by units to overcome the problems of small scale rubber units. It is found that ‘Increase Productivity’, ‘Avoiding intermediaries’ and ‘Training’ get a mean scores of 4.43, 4.11 and 3.23 respectively. So it is clear that **‘**Increase Productivity’, ‘Avoiding intermediaries’ and ‘Training to employees’etc are the suitable measures to overcome the problems of small scale rubber units.

Conclusion

India is one of the world's top ten rubber producers, and Kerala is the country's leading rubber plantation state. Natural latex is a critical raw material for a variety of goods in heavy industries such as the automotive and transportation industries, as well as the kitchenware and housewares industries. The challenges facing the small scale rubber industries sector in the new environment are mainly in the area of Finance, technology and management. Like the well organized large scale sector, the small scale rubber sector will also come under pressure to upgrade technology. The marketing challenges will become more complicated in the new environment. Small entrepreneurs cannot afford to spend large amounts on advertising and sales promotion. In the new environment, with severe competition from big firms as well as from multinational companies, small entrepreneurs will find it very difficult to market their products. They will have to either confine themselves to local markets or to tie up with larger firms to market their products. Those small scale industrial units which are producing for larger firms on a sub contract basis will face less marketing problems. Other major

challenges were the Lack of subsidy, under utilisation of capacity, Labour problems etc. In the present environment, small entrepreneurs will have to upgrade their management skills. The entrepreneur should be thorough with inventory management, financial management, cost accounting and marketing management. He will have to monitor the business environment on a continuous basis, carefully and cautiously. The new government policy for the small scale sector should create a proper environment to ensure that this sector is able to face the challenges and exploit the opportunities.

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