



Contribution of Plywood Industry in Indian Economy

(Study Based on Raipur Division of Chhattisgarh State)

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1. INTRODUCTION

The growth of industry in the country resembles the development of country. The growth of plywood industry also make an impact of the country economy, but here it is necessary to say that plywood industry of Raipur division does not impact on the growth of country economy's because industry in Raipur division are completely small scale with single proprietor ship and partnership, no public limited company are found in this division, as the study has been made only on the division basis therefore it is not justify to say here that plywood industries of Raipur division make any contribution in country economy.

India, the largest democratic republic of the world, has the seventh largest area (328.73 million has.) and second largest human population (more than 1.00 billion) with about 2.5% of the world's geographical and 1.8% of the forest area, the country at present is supporting 16% of the world's population and 18% of the domestic cattle population, amounting to about 500 million.

Deforestation has become a major environmental concern, as it can destabilize the earth's temperature, humidity, and carbon dioxide levels. As per formal estimates, forestry and logging.

It increases even further if the non tangible benefits, e.g. ecological services of which there has been renewed interest and increasingly demand in recent years, are also taken into consideration.

The enthusiasm and efforts by plywood industries were less due to the long gestation period required for trees to reach economic sizes required by them. Moreover, the liberalized policy of importing timber with drastically reduced customs, duties was an easier option for them. The National Forest policy did forced the wood industries to get supplies from farm trees with no regards to the obstacles faced both by the farmers and industries in respect of A) ceiling on land holdings, B) land tenure laws, C) credit policy, D) legal obstacles under the forest act and rules and E) protection of investments by coverage of insurance etc. tax concessions were deemed necessary and made in the import policy but not in indigenous production of wood both in the farms and forests.

2.1 CONTRIBUTION PLYWOOD INDUSTRY IN ECONOMY

As Plywood industries is small scale industry and it is specially a labor based and intensive industry, there labor has good opportunity and complete 12-month job available for them without idle. As study made on 10 industrial plywood units from 1995-1996 to 2005-2006, development of industrial units was good. It represents that work opportunities for the worker of plywood industries and growth rate was good.

2.2 CONTRIBUTION IN FOREIGN MARKET:

Plywood industries of Raipur division specially M/s Swastik Panel (Raipur district), Ajanta wood products (Rajnandgoan), Hitech Boards (Rajnandgoan), Mahavir laminates (Raipur district), Bhagat wood products (Raipur district) they all produce the goods of export quality with ISO and ISI standards but no industries of plywood industries make any contribution in foreign market. In fact we can say that as per study on 10 sample units the percentage of foreign market share in plywood industries is nil. The basic reason is the investment and consumption of plywood are itself sufficient to supply to Neighbor states like Andhra Pradesh, Maharashtra, Gujarat, Orissa and other states.

But On the observance in plywood industries in total of India i.e. other states except the state of Chhattisgarh, supply their production and decorative variety like doors, panels, decorative bonded plywood, ceiling tiles, sound proof boards in country like Malaysia, Korea; plywood is generally exported to Nepal, Srilanka, Iraq, Kuwait, Sudan, Abu Dhabi, Muscat, Oman, united kingdom and west Germany.

The share of export of plywood from Chhattisgarh has that of all India's aggregated is like to nil due to non availability of plywood at reasonable price and delayed acceptance of materials supply and loan policy.

3.1 ROLE OF GOVERNMENT:

As the contribution of plywood market in Raipur division for export to Foreign Countries is nil, therefore government should impart to take necessary steps for the reduction of Excise duty, VAT, and provide a loan for the installation of purchasing a good machines for good technology and therefore if Federation of Indian Plywood and Panel industry chairman Mr. Sajjan Bhajanka¹ has sent a letter containing details of concerns and bottlenecks of the Indian panel industry. The letter has been sent to hon'ble Minister of states for Finance of government of India, Mr. Pawan Kumar Bansal.

The major concern of the request is about seeking waiver on Excise duty. A similar letter was sent last year highlighting the loss to the trade and economy due to Excise tax.

Last year some changes were noticed in the union budget about Excise duty of the related categories that led to manufacturer believes duty reduction to 8%. After the notification also lot of confusion in reduction of Excise duty remained that lasted for a month. It was heard in the industry circles that serious efforts are going on towards reducing the Excise duty.

It is often talked that Indian plywood industry can grow many folds and can give immense boost to the economy if it is given some benefits.

With the plywood and panel production turning in to an agro based industry, the plywood producers and farmers are continuously raising their voices where a little upliftment can create manifold growth.

In the letter² to finance ministry Mr. Bhajanka has stressed upon importance of plywood industry in economy boom. After cement and steel, plywood and panel processing industries are the biggest contributors writes FIPPI Chairman Mr. Bhajanka has appealed to the ministry to reduce Excise duty on plywood and panel industry from 16% to 0%.

The letter writes that "plywood industry is essentially an agro forestry based industry and yet is harshly deprived any central government policy directives, incentives and funding to promote it. Contrary to that and 31% and OCTROI is imposed addition to that other products from agriculture attracts zero Excise and VAT." The biggest impediment is the high rate of Excise duty and VAT on plywood and panel products.

In the year 2002 the supply of timber was more than the demand and more support to the farmers and promoting plywood and panel industry was the need of hour. Instead of boosting more ways to consumption and encourage plantation, hon'ble Supreme Court responded by imposing requirement of prior consent from CEC before putting new plants.

The letter says that after this blanket restriction, CEC has granted permissions to 6 units in Uttaranchal as of our knowledge. As a result, the forest cover the states of Haryana and Punjab sharply declined from 1754 km² to 1517 km² and 2432 km² to 1517 km² respectively in the year 2003 as compared to 2001 and it is continuously declining thereafter.

FIPPI chairman letter writes, "The biggest impediment to the growth of plywood and panel industry in India is the high rate of Excise duty and VAT on plywood and panel products." Earlier repeated appeals are made by FIPPI members to ministry to reduce Excise duty from 16% to 0%.

At the heart of the plea is the authenticity that the ply industry is essentially an agro based industry and yet is harshly deprived from any central government policy directives, incentives and funding to promote it. Contrary to that the cumulative effect of Excise and VAT on plywood is around 31% and Octroi is imposed in addition to that, where as other agriculture products attracts zero Excise and VAT.

If our government does not come into action immediately the country would face acute scarcity of timber during next 5-6 years due to no fresh plantation because of wrong policies adopted in the immediate past and it may be late to save the ply and panel industry.

3.2 CREDIT DELIVERY TO SSI SECTOR:

To ensure credit delivery to the SSI sector, the following steps have been taken by the government: (i) the composite loan limit have been raised from Rs. 25 lakh to Rs. 50 lakh: (ii) the limit of collateral free loans has been raised from Rs. 5 lakh to Rs. 15 lakh and up to Rs. 25 lakh in case of SSI units with a good track record: (iii) Laghu Udyami Credit card (LUCC) scheme has been liberalized by enhancing the credit limit from Rs. 2 lakh to Rs. 10 lakh, for borrowers having a satisfactory track record: (iv) Incorporating credit requirement in the identifying clusters in the banks annual credit plans for the year 2003-04: (v) Adequate publicity by the banks to the various schemes facilities extended to the SSI sector like availability of collateral-free/composite loan: (vi) As per the announcement made in the union budget 2003-04, Indian bank association (IBA) has advised the banks to adopt the interest rate band of 2% above

3.3 RESERCH AND DEVELOPMENT CENTRE:

R&D infrastructure has to be laid on a strong footing in a planned manner. Facilities are being upgraded at IPIRI, Bangalore which could be further expanded to take care of the long term R&D requirements of the reconstituted panel industry and its role redefined. Alternately setting up of a national R&D institute may be considered with enhanced scope of activities encompassing R&D and technology trading.

The purposed institute operations may be managed in a manner so that it becomes self sufficient by ploughing backs profits and royalty accruals to support its research programs.

3.4 TECHNOLOGY ACQUISITION:

Foreign collaboration for technology acquisition in specialized areas may continue. Once the requisite technologies have been developed, the need for collaboration may cease and only specific components of technology may need to be imported. The factors influencing the choice of technology, equipment and collaborator are:

- Experience in the line
- Cost of equipment and services,
- Energy, utilities, resins and other inputs per tonne of end products.
- Feed back on the experiences in similar projects from the entrepreneurs elsewhere in the world.

4.1 RESEARCH INSTITUTE FOR PLYWOOD INDUSTRY:

New application development projects may be taken up. One of the areas could be developing of lingo cellulosic fibre and engineering plastic composites for use in consumer durables and industrial goods. Such R&D projects may open up new areas providing substitutes of petroleum product imports are being made.

For the New enter penury in plywood industry and also for training a worker to work in the plywood industry. Following centers has been established.

- The Indian plywood industries research and training institute (IPIRTI), Bangalore.
- Indian institute of forest management (IIFM), Bhopal.
- Indian council of forestry, research and education (ICFRE) Dehradun.
- Forest research institute (FRI), Dehradun.
- Indira Gandhi national forest academy (IGNFA), Dehradun

4.2 THE INDIAN PLYWOOD INDUSTRIES RESEARCH AND TRAINING INSTITUTE (IPIRTI), BANGALORE.

The IPIRTI established in 1961-62 as a central research laboratory of Indian Plywood Manufacturer Research Association under the Cooperative Research scheme of the government of India from out of the funds provided by CSIR and voluntary contribution from the plywood industries, got converted into an autonomous body of the ministry of industry. Subsequently, the institute was transferred under the administrative control of the ministry of environment & forests 1-5-1990. Now on IPIRTI is an autonomous research and training institute under the ministry of environment & forests, government of India.

The mandate of IPIRTI is to conduct research and training on all aspect related to production of Plywood and other panel products from wood and other lingo cellulosic materials. Joint effort of IPIRTI and industry made the wood panel industry self reliant with respect to technologies, machineries, equipment, standardization of process and products, multidisciplinary and applied research projects based on problems identified by the institute, industries and other interested organizations are taken up.

'Inspection, certification and making' of all forest products viz. Plywood, particularly chipboard, furniture, panel door, black board, composite boards is one of the importance mandate of the institute.

The institute vision is conservation of natural forest through development and adoption of efficient technologies for manufacturing wood alternative and panel products from renewable fibre, agro-waste including plantation timber and bamboos in particular to meet the vital needs of developing society.

The important goals of the institute are:-

- Rationalizing the utilization of available wood resources through appropriate technological interventions.
- Development of wood alternatives from other natural renewable fibers.

The institute has 45 ongoing research projects including 11 sponsored projects, classified into three categories namely:

- Wood composites.
- Non- Wood composites.
- Solid Wood.

5. CONCLUSION:

Hence it is to be concluded that this industry has its own special importance in Indian economy Growth for which Government is also Showing his efforts by establishing

The syllabus committee constituted by the Board of forestry education and training has completed the task of revision of “rules and syllabus for the state forest service officers and range forest officers training courses and syllabus for the foresters and forest guards training courses”.

A component of the forestry training project has implemented to assist the government’s effort to reform the systems and practices of training in India with a view to raise the quality of training imparted at various levels. The project includes capacity building of SFS collage and rangers training collage as “ DFE Component “ along with establishing a national network for exchange of training material and practices covering over 54 forestry training institutes (FTIs) run by both the GOI and the state / UTs.