CHAPTER -3

MARKETING MANAGEMENT AND

MARKETING STRATEGY

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CHAPTER 3

MARKETING MANAGEMENT AND MARKETING STRATEGY

3.1 SIZE OF MARKET

The size of market for a product is depending upon the usage and wants of customers. The basic concept of market is that customer is the final consumer of goods. The use of plywood is now hundred percent involved in daily life of human.

Plywood has been used for different uses for example, in offices, hotels, residence rooms, theaters, i.e. we can say that consumption of plywood is now all around. Some of the applications used of plywood are:

- Doors, flush doors
- Block board, wooden panel
- Railway sleepers
- Almirah, executive furniture
- Hospitals and educational institutions.

The size of market for plywood industries of Raipur division is wide. The plywood produced in Raipur division, especially of Raipur district are marketed in allover Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Gujarat and Ahmedabad.
M/s Ajanta wood products, M/s Swastik panels, Bhagat plywood gets a special credit to make supply these region. The plywood industry of Raipur has a number of strategy combinations. For example, it may spend more funds for the development of either the decorative and sophisticated plywood or the commercial and household plywood.

As revealed by the financial statement and the answer to the question put in the questionnaire. For determining the market targets and tactics, it is necessary to know the marketing-mix is the marketing policies and methods which can industry employs to earn income through sales.

It is the dynamic concept that changes with the response to shift in customer’s buying habits and competitors move for instance, the innovation and the sales of sophisticated panels. Marketing mix consists of a few sub mixes, such as, product policy, pricing policy, channel distribution and promotional schemes which are as follows:

- Corporate product mix
- Product policy
- Channels of distribution
- Promotion policy
3.1.1 CORPORATE PRODUCT MIX

The fundamental task of marketing plywood industry of Raipur division followed by M/s Swastik panels, Ajanta wood products, Bhagat plywood, Mahavir laminates is to deliver package offer to the consumer through the whole sellers and retailers to full needs and requirement in terms of his expected terms, attributes and make out organizational goals including profit maximization.

The total offer made warrants choice of right product, making it available at a place he wants, promoting the product for better understanding through communication component, and at a price that is reasonable from the angle of consumer and agreeable from his point of view. All these four P’s- the component of a market-mix help in mining the consumers. Here we are concerned with the product mix.

Product-mix as one of the elements has again components. In fact, product is the focus of marketing and marketing efforts. It is the sum total of physical and psychological satisfaction that is provides to the buyer or the users.

It is the sum total of parts like material used in its construction and its ability to perform, its packaging, its brand and other intangible associated with it- all that speak about it image or personality. The most significant product variable are- product line and product range- product

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1 Source: based on survey of plywood industries in Raipur division
design- the product package- product quality- product labeling- product branding- after sale services- and guarantees and warrantees.

The mix chosen to meet a target consumer group has the ability to give an edge over the competitors. Intelligence lies in its proper match.

3.1.2 PRODUCT POLICY

For determining product policy for plywood industry, the manufacture of plywood industries of Raipur division adopt a good policy on the base of question, what to be produced? How much to be produced? The answer to these question lie by and large on the product policy.

What is to be produced is the question to be decided first. As there are many choices to the manufacturers, such as, producing teakest or ordinary commercial plywood or sophisticated plywood, the demand for each produce and availability of quality timbers are the fundamental issue involved in the product policy.

As the market for teakest is more or less constant during last two decades, the product policy is favour of teakest remained mostly unchanged. The manufacturers therefore, rightly have to drive for more plywood of commercial and decorative panels to remove under capacity utilization. But for non availability of quality timber from local sources the production of decorative panel at reasonable price has become gradually difficult.
In spite of that, in the near future the plywood manufacturers may be facing an increasing demand for sophisticated plywood, as the per capita income, purchasing power and sophisticated choices of the people are gradually increasing.

How much to produce is the other factor of the product policy. It is however, not as critical for the plywood industry as the demand for teakest remained constant during 1980s, the industry has to go for the production of sophisticated plywood to meet the demands from diversified sources.

In a nutshell, product policy is that crucial task concentrating on development and introduction of new products, modification of the existing one to meet changing needs of consumers and dropping altogether marginal or unprofitable products. Precisely, it is the process of selecting the products to meet the needs of the consumer for implementing the product strategy and for managing performance of the product-mix.

The essence of product policy is not only to devise the product but to create buyer satisfaction. It should also follow one of the two strategies, marketing segmentation or product differentiation. The former suggests “bending supply to the will of demand” namely affording a variety of products within a given type and the latter, “bending demand to the will of supply” namely, differentiating the products through
promotion. The general trend or reality is not purely one but the blending of the two.

3.1.3 CHANNELS OF DISTRIBUTION

A channel of distribution is an organized network or a system of agencies and institution which, in combination, perform all the activities required to link producer with users and users with producers to accomplish the marketing task.

Distribution channels adopted by Kech Boards, hi-tech boards of Rajnandgoan and Rohini panels, Swastik panels, Mahavir laminates of Raipur district is represent in chart no 3.1, 3.2 &3.3, (on pg. 80 & 81) which shows that these industries sells goods to whole-sellers, retailers even if possible as per table no 3.3 plywood has also been sold trough middle men and then possibly it may start from whole-seller to the edge of retailers.

Hence the important centers for Raipur plywood industries are Nagpur, Bhopal, Kolkata, Ahmedabad, Mumbai, Hyderabad and Vishakapatnam. The industry has, therefore two important distributive physical problems, namely choice of modes of transportation and the availability of modes. As observed, more than 90 & plywood, excluding teachest, produced by the industry is to be marked outside the south eastern region, even in 1995-1999.
Chart No. 3.1 & 3.2

Chart
Channels of Distribution

Convensional

Direct

Indirect

Non-Convensional

Vertical

Horizontal

Administered

Contractual

Coefcrate

Direct Channels

Conventional Channels

Indirect Channels

Contractual Channels

Non-Convensional Channels

Horizontal Channels

Middlemen

Marchant

Agents

Wholesalers

Retailers

Brokers

Commission Agents

Selling Agents

Forwarding and Clearing Agents

Factors

Auctioneers

Full Function

Convertor

Drop Shipper

Forwarding and Clearing Agents

Small scale

Large scale

Unit Stores

Street Traders

Market Traders

Cheap Jacks

Syndicate Stores

Departmental Stores

Chain Stores

Mail order Houses

Super Markers

Cooperative Societies

Source: Kotler Philip, Marketing Management, North Western University
The manufactures have to choose adequate whole-sale representations mostly some independent agents, which increase the cost of saleable plywood to ultimate users by about 10-15% of the total costs. It may be pointed out here that only 20% of the total produce of the industry is generally sold directly to the final users.

3.1.4 PROMOTION POLICY

Plywood is a costly material with important styles and designs requires promotional policy steps. There are three promotional ingredients of marketing mix; these are - advertising, personal selling and special sales. In the promotion mix; advertising is an important factor. However, personal selling and special sales effort are mostly negligible in this industry.

As for the two variety of plywood panels, teacheest and commercial, the industry has no serious advertising issue. For both the products, the primary demand trend is however, considered favorably by the manufacturers themselves. For commercial and sophisticated decorative plywood, some striking qualities of the panels have to be strongly advertised.

As the production of sophisticated plywood in Raipur is about 60% of the total production, the desire for costly large scale advertising through agents is, however, less. For instance, only two units availed of television for advertising plywood panels during 1996-1997.
The increased uses of plywood for housing, furniture making, construction purpose etc. have increased the demand for commercial plywood produced in Raipur division. For instance, the production of commercial plywood in Raipur division rose from 50%.

However, the future strategy and tactic for product mix of plywood may be developed in favour of sophisticated decorative plywood. It is because; the purchasing power of domestic consumption of plywood was in growth.

3.2 PRICE FIXATION OF PLYWOOD

Price fixing is a different problem of any commodity in business. Fixing of price in plywood is also of the important task of it. The sales manager of Hitech boards, Rohini panels and Swastik panels supplied information that they take into consideration a number of factors before determining the price of plywood, block boards, shuttering ply, ceiling tiles.

The factor of pricing\(^2\) has also been observed varying from industry to industry and from one concern to another. However following principles has been enumerated, for factors effecting of pricing in plywood

- Cost of plywood
- Charges made by rival producers
- Nature and conditions of demand

\(^2\) Source : Gupta, R.C., Effect of Resin content; JTDAI, Dhradun; 1996
Quality and service

Other considerations.

Cost of plywood

The first and the foremost factor which the sales manager of plywood should take into account is the 'cost of the goods'. As a rule, no businessman will like to sell his goods at a loss; although circumstances may arise when it may become necessary to sell at a price below the cost of production.

But ordinarily, the selling price of a product must cover the cost of the manufacture, including material, labour and overhead, as well as administrative and selling expenses.

Another important point to be noted is that ample provision must be made for depreciation, taxes, interest and the like. Besides, a sufficient margin is left to yield the seller a 'reasonable' profit, which should cover not only 'fair return' on the owner's capital but also an additional amount as compensation for the risks which have been assumed by the owners in the capacity of entrepreneurs. The pricing of plywood has been basically depending on thickness, size, quality and quantity which has been presented in table no. 3.1 on pg. 85.
The standard size of plywood for all the thickness ranging from 4 M.M to 18 M.M are 5×3, 5×4, 6×3, 6×4, 7×3, 7×4, 8×3, 8×4. Valuations are based on square feet basis of length and breadth.

### 3.2.1 CHARGES MADE BY RIVAL PRODUCERS

The present market position of plywood industries of Raipur division, especially on Raipur district compared with Rajnandgoan district, the pricing are made competitively therefore an important factor to be considered while fixing the price of a commodity it is the price charged by the rival producers for similar goods.

Efforts have been made to know what it costs them to produce. In other words, it means that an attempt be made to know the conditions of production under which the commodity is made by rival producers. If production is carried on under conditions of increasing cost or diminishing return, it will be foolish to attempt to increase sales by keeping the price as low as possible.
On the other hand, if production is carried on under conditions of decreasing cost or increasing returns, it would be possible to gain definite advantage in increasing volume of sales by means of a decrease in prices. A careful consideration of this factor will enable the seller to know whether he can afford to do business.

Therefore plywood industry of Raipur division provide trade discount, quantity discount, cash discount and attractive offers to wholesellers, retailers etc.

3.2.2 NATURE AND CONDITIONS OF DEMAND

Sometimes the plywood industry fixes their prices according to fixing the price the nature and conditions of the demand be carefully studied. Numbers of prospective businesses have failed because they ignored these important issues. The demand has been studied by plywood industries of Raipur division especially in Raipur district, not only in a general way as to its elasticity or inelasticity, but with special reference to the peculiarities of prospective purchasers, prevailing psychology, standard of living, Customs and prejudices.

3.2.3 QUALITY AND SERVICE

It shall not be out of place to mention in this connection that with most people price in itself is not a buying motive. Normally, it is seen that people purchase those articles which satisfy their requirements and low
price in itself will not persuade them purchase an article which cannot serve any purpose.

Thus price of plywood without service value has no attraction. Sometimes it happens that when a man comes across a plywood article for which he has possible (but not immediate) use, the price of that article may prompt him to buy it, but it will be limited and not a deciding factor. Low prices do not attract the customers always.

Customers do recognize that a low-priced article which is also of low quality is not in the long run, likely to prove cheap. Not only this, an intelligent customer’s look at low price with an eye of suspicion. There are customers who are prepared to pay something extra and obtain an article at high price, just to satisfy their vanity. All these factors should be kept in view while fixing the price of plywood.

3.2.4 OTHER CONSIDERATIONS

For pricing policy of plywood, block boards, decorative laminates, the other consideration in more factors should be borne in mind while determining the price police of certain types of seasonal goods can be sold at a price which is apparently very high as compared with the actual cost of production due to unusual risk undertaken by the seller.

Stylish and fashionable articles are also governed by similar consideration, sometimes the customary or possible rate or turnover affects the price policy and similarly, if the terms of sale are long, the
price must be increased to cover up interest on capital blocked up and the risk.

3.3 COMPARISON OF MARKETING COST TOTAL COST OF PRODUCTION

The plywood industry of Raipur division has a market in the Raipur district, where a lot of wholesellers, dealers and retailers are located. M/s Swastik panels of Raipur has a strategy to sell their commodity to wholeseller in their own state (Chhattisgarh), regarding supply to other states they adopt the road transport communication because it cost easier and cheaper for them with comparison to railway.

In Rajnandgoan district the Kech boards, Hitech boards sell their commodity up to factory cost i.e. expenses of transport to customer destination is borne by customer. A study reveals that marketing cost spend by these industries are basically spend on the enumerated ways

- Trade Discount
- Quantity Discount
- Cash Discount
- Transportation Cost For Output Selling
- Burden Of Marketing Cost To Total Cost

3.3.1 TRADE DISCOUNT

As discount is the price differential that reduces the quoted price so consumer pays much less then quoted price. Discount provided by M/s
Akash plywood, M/s Rohini panels and Swastik panels of Raipur district is in form of allowance to consumer in consideration to marketing services rendered. The aim of these industries is to provide trade discount is to compensate the intermediaries of distribution channel for valuable service rendered.

Trade discount varies from company to company and product to product. It depends on length of the channel and nature of functions performs by intermediaries. According to table no 3.2, it has been noticed that trade discount offered by Hitech board private limited is approximately 18% which is highest rate as comparison to all ten industries of Raipur division.

**TABLE 3.2**

Percentage of Trade discount offered by Plywood industries of Raipur division

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Name of firm</th>
<th>Place</th>
<th>Percentage offered</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rohini panels</td>
<td>Raipur</td>
<td>10%</td>
<td>Plywood</td>
</tr>
<tr>
<td>2</td>
<td>Wood laminates</td>
<td>Raipur</td>
<td>12%</td>
<td>Plywood</td>
</tr>
<tr>
<td>3</td>
<td>Kech boards</td>
<td>Rajnandgoan</td>
<td>14%</td>
<td>Plywood</td>
</tr>
<tr>
<td>4</td>
<td>Swastik panels</td>
<td>Raipur</td>
<td>12%</td>
<td>Plywood</td>
</tr>
<tr>
<td>5</td>
<td>Atul plywood</td>
<td>Raipur</td>
<td>16%</td>
<td>Plywood &amp; block board</td>
</tr>
<tr>
<td>6</td>
<td>Hitech board</td>
<td>Rajnandgoan</td>
<td>18%</td>
<td>Plywood, block board&amp; flush door</td>
</tr>
<tr>
<td>7</td>
<td>Ajanta wood products</td>
<td>Raipur</td>
<td>14%</td>
<td>Plywood</td>
</tr>
<tr>
<td>8</td>
<td>Kothari timber</td>
<td>Raipur</td>
<td>No offer</td>
<td>Plywood</td>
</tr>
<tr>
<td>9</td>
<td>Bhagat wood products</td>
<td>Raipur</td>
<td>No offer</td>
<td>Plywood</td>
</tr>
<tr>
<td>10</td>
<td>Mahavir laminates</td>
<td>Raipur</td>
<td>13%</td>
<td>Plywood</td>
</tr>
</tbody>
</table>

Source: Based on information collected on field survey

The reason for this is, Rajnandgoan is 60 kilometer far away from Raipur district, due to which main wholeseller of Raipur district purchase from factory of Raipur district, therefore to attract this industry provide a
heavy trade discount. Table no 3.2 also show that no trade discount are offered by Kothari timber, Bhagat wood products, because they provide a special attraction on quantity discount and cash discount.

3.3.2 QUANTITY DISCOUNT

It is deduction allowed off the quoted price to the wholeseller of plywood on the basis of quantity bought. It is generally allowed on the aggregate of all or specific classes of plywood like flush door, block boards, decorative laminates etc measured in rupee value or physical units.

From table no 3.3, it shows that quantity discounts has been provided on purchase of minimum quantity to 50 and above, no other discounts has been given by Kothari timber, Bhagat plywood after providing this discount.

**TABLE NO 3.3**

Schedule of quantity discount

<table>
<thead>
<tr>
<th>Thickness</th>
<th>Quantity ordered</th>
<th>Discount rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 M.M</td>
<td>01-50 sheets</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>30%</td>
</tr>
<tr>
<td>6 M.M</td>
<td>01-50 sheets</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>30%</td>
</tr>
<tr>
<td>8 M.M</td>
<td>01-50 sheets</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>30%</td>
</tr>
<tr>
<td>12 M.M</td>
<td>01-50 sheets</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>32%</td>
</tr>
<tr>
<td>15 M.M</td>
<td>01-50 sheets</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>33%</td>
</tr>
<tr>
<td>18 M.M</td>
<td>01-50 sheets</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: As per information collected from financial statement of ten sample units of plywood industries of Raipur division.
3.3.3 CASH DISCOUNT

It is the deduction from the invoice price granted to all those debtors of plywood industry who clear their bills within the desired deadline. It can also be said that these industry give a reward to the debtor for prompt payment of the amount due.

The cash discount provided by plywood industries of Raipur division are based on the prevailing rates in the market at a given point of time ranging from 10% to 20% on billed amount.

3.3.4 TRANSPORTATION COST FOR OUTPUT SELLING

The main trade centers for sale of plywood for Raipur division are Andhra Pradesh, Bhopal, and Ahmedabad. The transportation freight decided by the mutual agreement of purchaser and seller, normally transportation cost of selling output of plywood burden is fall on wholeseller or purchaser based on ex-factory price.

3.3.5 BURDEN OF MARKETING COST TO TOTAL COST

As discount, commission, brokerage, transportation cost are the main element of marketing cost for plywood industries, which has a share.

According to table no 3.4 on pg.92 it represent 8% was the share of marketing cost to total cost of production which include only discounts because plywood industry of Raipur division does not takes an interest to advertise their commodity on news channel and other medias of
advertisement. These industries belief on discount offers to attract their customer.

**TABLE NO 3.4**

Marketing cost to total cost of production of ten sample units of Raipur division

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Year</th>
<th>%age to total cost production</th>
<th>% increase or decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1995-1996</td>
<td>8%</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>1996-1997</td>
<td>9%</td>
<td>1% (increase)</td>
</tr>
<tr>
<td>3</td>
<td>1997-1998</td>
<td>9%</td>
<td>Constant</td>
</tr>
<tr>
<td>4</td>
<td>1998-1999</td>
<td>9%</td>
<td>Constant</td>
</tr>
<tr>
<td>5</td>
<td>1999-2000</td>
<td>10%</td>
<td>1% (increase)</td>
</tr>
<tr>
<td>6</td>
<td>2000-2001</td>
<td>11%</td>
<td>1% (increase)</td>
</tr>
<tr>
<td>7</td>
<td>2001-2002</td>
<td>13%</td>
<td>2% (increase)</td>
</tr>
<tr>
<td>8</td>
<td>2002-2003</td>
<td>13%</td>
<td>Constant</td>
</tr>
<tr>
<td>9</td>
<td>2003-2004</td>
<td>13%</td>
<td>Constant</td>
</tr>
<tr>
<td>10</td>
<td>2004-2005</td>
<td>14%</td>
<td>1% (increase)</td>
</tr>
<tr>
<td>11</td>
<td>2005-2006</td>
<td>15%</td>
<td>1% (increase)</td>
</tr>
</tbody>
</table>

Source: As per information collected from financial statement of ten sample units of plywood industries of Raipur division

With observance of table 3.4 from 1995-1996 it was 8% but on 2005-2006 the percent is now 15% it reveals that due to introduction of new industries in Raipur district the marketing cost increased by 7% on total cost of production, because, industries slowly takes an advertisement for promotion and growth of their industries in media and other communication.

**3.4 Sales Policy and Programme**

The plywood industry of Raipur has a sound sales policy on which their success prove their ability. The sales policy of plywood industry cover every aspect of marketing, advertising and sales promotion, selection and training of salesmen, price fixing, public relations, class of
customers to be served, market research, terms of sale. Some of the following task as been adopted by plywood industries of Raipur division, which are enumerated as below:

- Sales Planning
- Sales Organization
- Sales Planning

3.4.1 SALES PLANNING

For the sales planning, the methods for its implementation on the distribution side are planned by Kech Boards, hi-tech boards of Rajnandgoan and Rohini panels, Swastik panels and Mahavir laminates of Raipur district. It is technically known as sales planning.

It stands for the planning of a suitable programme to be followed, selection of the proper methods to be adopted and setting up to definite aims and targets before the sales organization, so that the sales policy may be efficiently implemented.

The following factors has been kept in mind in planning a suitable sales programme for plywood; (i) selection of attractive designs and packaging and developing a distinctive trademark of the goods to be marketed; (ii) finding through market research the extent and nature of consumer demand and the particular market or markets in which the goods can be sold most successfully; (iii) selection of the channels of distribution through which the goods will be marketed; (iv) selection and
training of the sales promotion personnel; (v) selection of the advertisement media; (vi) provision for warehousing, stock control and organization and control of dispatch and transport of goods.

According to H.R. Tosdal\(^3\), sales planning involves four important steps: the first is to determine what facts are needed for particular sales decisions; the next is to collect such facts as are needed and procurable; the third step consist in studying those facts and drawing conclusions there from; finally, plans are to be made on the basis of the conclusions which have been derived from the study of the facts, tempered by judgment and experience when the facts are insufficient.

3.4.2 SALES ORGANIZATION

Last, but not the least, an efficient and well-knit sales organization is an essential sine qua non for the effective implementation of the sales policy and programme. Every step in sales organization must be properly planned and there should be coordination among all the phases so as to increase the efficiency of the organization.

Appointment, training and control of sales force are not everything in sales management. Sales management is an extremely wide discipline of general administration in an industrial concern; and for the proper execution of the various functions enumerated above, it is essential that there should be an independent sales department in each concern.

The chief executive of sales may be designated as the director of sales or general sales manager and for his assistance there may be deputies' in-charge of different activities. The following chart is quite illuminating in this connection for plywood industry of plywood division. Chart no 3.4 represent the sales organization followed by M/s Swastik panels, Rohini panel, Ajanta wood products. These industries maintain separate sales department which is controlled by sales manager with supervision of general manager of industry.

Source: Kotler Philip, Marketing Management, North Western University
3.5 TAXATION PROBLEM IN SALES TAX

Tax is major source of revenue for government but it is major problem for businessmen. In plywood sector sale tax was imposed @12% up to the year 2005-2006. Commercial Chhattisgarh adopted the Madhya Pradesh commercial tax act 1994 w.e.f. 1st November, 2000.

The commercial tax is levied on sales of good in the state of Chhattisgarh, hence to understand easily certain concepts the expression ‘sales tax’ has been used. According to section 2(h) the definition of ‘dealer’ has been cleared for all commodity business including plywood. i.e. a person who carries on the business of buying, selling, supplying or distributing goods directly or otherwise cash or for deferred payment or for commission, remuneration.

According to Chhattisgarh commercial tax act, for the plywood, every dealer shall be liable to pay tax in respect of sales or supplies of goods specified in Chhattisgarh in a year first exceeds limit specified in section 5(5). Every dealer of plywood and decorative laminates is liable to pay tax shall continue to so liable until the expiry of two consecutive years during each of which his turnover has not exceeded the limits specified in section 5(5). After of such period his liability to pay tax shall cease.

The tax shall be levied on taxable turnover of goods specified schedule II at rate mentioned therein, tax shall be charged@ 4% on sale
by registered dealer of plywood specified in schedule II to another registered dealer for use by him inside the state as raw material in the manufacture of goods, declared tax free U/s 15 or exempted as whole U/s 17 and sold by him in the state of Chhattisgarh or in course of interstate trade or commerce.

12% commercial tax on plywood and plywood made article makes a high burden purchase price for consumer of plywood in Raipur division; which result low consumption rate. Chhattisgarh implemented commercial value added tax system to levy tax on sale of goods with in state in the name of Chhattisgarh Value Added Tax 2005, w.e.f. 1st April 2006-2007. The Chhattisgarh Vanizyik Kar Adhiniyam 1994 stands repeated w.e.f. 1st April 2006-2007.

The VAT\(^4\) has many welcome features such as doing away with local statutory forms composition schemes, bare essential audit provision etc. the exporters of plywood may be hard hit because of the mandatory registration provision for plywood business owners and further because of the claims of large refunds, which will have to be lodged by them, for tax paid within state for all exports.

On the implementation of VAT in the state of Chhattisgarh w.e.f. 01.04.2006 the change in the tax collection system has been comprehensive and wide ranging.

\(^4\) Source: Mehrotra, H.C., Indirect Taxes, S.B.D. Publication, 08-09
As the research work reveals up to the period of 2005-2006, not much impact was found in plywood industries of Raipur division, but when thesis work was in progress, the manager of M/s Swastik panels provided a information that when VAT enacted in 2006-2007 (announced 2005-2006) it was 12% as just like Chhattisgarh Commercial Tax but w.e.f. 1\textsuperscript{st} June 2006-2007 it has been imposed @ 4% which provide a good relief for the business market in Raipur division, especially on Raipur and Rajnandgoan district.