APPENDIX - B - COST AND PROFITABILITY OF PLYWOOD

In the recent times, the cost of production of plywood has increased considerably. The rising cost is due mainly to increase of price of raw materials. As observed by the Federation of Indian Plywood and Panel Industry: "The sharp increase in prices of timber in States and Union Territories is a matter of great concern to the Industry. Timber is the main raw material for plywood accounting for a substantial portion of the cost of production" (9th Annual General Meeting, Presidential speech, FIPPI). The price of chemicals is going high and the factory overheads are also on increase. Rise in the rate of power is another factor in the rise of cost of production. Therefore, the price of plywood products are high both in internal and external markets. Price can be lowered, only if the cost of raw materials can be lowered. The FIPPI has suggested some measures for lowering cost. We also endorse the views held by the Federation and like to suggest -

(a) Reduction in the price of timber by reducing royalty and giving long-term base of forest to plywood industry and stoppage of diversion of plywood species for the purpose.

(b) Reduction of Railway freight on timber for plywood industry.
(c) Reduction of Railway freight on plywood.

(d) Withdraw of the excise duty on plywood and also on glue used for manufacture of plywood.

(e) Further increase in import entitlement for export plywood which should be allowed to be accumulated and to be spread over all items required by the industry.

(f) Prompt refund of Draw-back for export for which plywood should be transferred to schedule I.

(g) Adequate allotment of foreign exchange for import of a few essential modern machinery and balancing equipments.

PROFITABILITY

The efficiency of an industry can be measured by profitability of the same. Profitability of the plywood industry is also high and this can be ascertained with increase number of plywood factories in the regions. Because though there is limitation in the raw material supply, although the existing mills are expanding their capacity and new undertakings are set up. But we cannot investigate in detail about profitability of the industry because of the reluctance of the mill owners to in this regard supply information. This may be due to their
tendency to keep the informations secret to them or due to not properly keeping accounts. But we can say that profit of the commercial plywood units is high than teachest plywood units. This has been observed by All Assam Teachest Manufacturer's Association, Tinsukia. "Some of these manufacturing teachest went for diversification and confined to manufacture mostly plywood and other products. Remaining teachest factories those who were confined to manufacture teachest panels remain to be smaller units whereas other plywood factories started flourishing considerably in size by manufacturing different types of plywood products as they could have better market as well as good margin of profit in the different markets of the country outside Assam". (Open House Discussion on Teachest Plywood, All Assam Teachest Manufacturer's Association, Tinsukia).