

India needs to make domestic wood processing industry globally competitive

Demand for wood and articles of wood are set to grow with expansion in the economy, urbanization and growth in per capita income. Wood is largely used in construction, home décor, furniture, paper products, handicrafts, and other sectors. Growth in tourism sector is another major driver of demand for wood as hotels & resorts use high class furniture with superior aesthetics. Demand for premium wooden doors, windows, kitchen cabinets, floor coverings and furniture are set to increase with growth in income and change in consumer preference and lifestyle.

India's woodworking industry provides employment to thousands of artisans and small processing units. Plywood is a major segment in the wood sector. The country's plywood industry is largely unorganized, with 70% of the output coming from the unorganized sector. In the organized sector, the market is dominated by large firms such as Century Plyboards India Ltd., Greenply Industries Ltd., Kitply, National Plywood and Uniply.

Although India grows a wide variety of tropical hardwoods such as teak, rosewood, padouk, red sanders and sandalwood, the country remains import dependent to meet domestic demand for wood. Local wood processing units source log wood from abroad because of limited domestic supply on the back of strict forest conservation policy in India. This means India is a net importer of wood and wood-based panel products. India imports wood from Malaysia, New Zealand, China, Indonesia, Germany, Gabon, Ecuador, Brazil, Myanmar and other countries. As can be seen from the following table, India has a trade deficit of USD 1.5 billion in wood and articles of wood and this deficit has largely remained steady since 2010-11. India largely imports rough wood, which accounts for 45% of total wood imports, followed by import of value added wood such as sawn or chipped wood, veneer wood sheet, hard board of wood fibre and plywood.

Trade balance in wood sector (fig. in USD million)						
Product Category	2010-11			2019-20		
	Export	Import	Trade balance	Export	Import	Trade balance
Sawn or Chipped wood	18.12	67.81	-49.69	4.79	441.21	-436.42
Plywood	13.83	62.89	-49.06	33.97	104.62	-70.65
Veneer wood sheet	15.75	29.33	-13.58	21.47	260.51	-239.04
Hard board of wood fibre	10.96	140.83	-129.87	38.12	140.42	-102.3
Builders, joinery and carpentry of wood	8.75	27.25	-18.5	19.25	43.74	-24.49
Rough wood	1.51	1,307.38	-1305.87	20.64	909.19	-888.55
Total Wood and articles of wood	174.4	1,701.53	-1527.13	442.5	2,013.72	-1571.22
Other wooden furniture	414.62	416.87	-2.25	897.47	545.72	351.75

Source: Ministry of Commerce & Industry, GoI

It is noteworthy that India has become trade surplus in other wooden furniture products as our exports has more than doubled since 2010-11 to USD 897 million in 2019-20. USA, Netherlands and Germany are the top markets for India's wooden furniture. France, UK, Australia and Canada are also other major importers of India's wooden furniture. India is also a net exporter of value added goods such as marquetry, caskets, cases for jewellery and similar articles.

However, industry sources feel that imports of wooden articles may grow in the coming years because of preference for global brands, entry of foreign players into the Indian market and lack of skill upgradation by the local wood processing units. Experts from the industry feel that

India needs to strengthen the global competitiveness of the local wood processing industry by modernizing local units, re-skilling workers and introducing stringent quality and certification norms.

Notifications

PIB

Ministry organizes webinar on fostering steel usage

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1665623>

Clarification on MSME Export Promotion Council

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1665358>

Countrywide S&T infrastructure facilities for industry

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1665467>

Extension of discount for cargo movement between India and Chabahar Port

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1665113>

DGFT

Extension in date of submission of documents for fulfillment of export obligation

<https://content.dgft.gov.in/Website/dgftprod/f93a6b06-1026-460a-ae25-39f94a1cb225/pn%2026%20dated%2016%2010%202020%20English.pdf>

CBIC

Extension of anti-dumping duty on imports of “Front Axle Beam and Steering Knuckles

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd31-2020.pdf>

Notification in relation to the road connecting Jaigaon Bazar in India and Phuentsholing in Bhutan

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt101-2020.pdf>