

LOK SABHA DEBATES

LOK SABHA

*Friday, March, 30, 1990/Chaitra 9, 1912
(Saka)*

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

[English]

Customs Duty on Imported Veneer

*269. SHRI P.G. NARAYANAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government allowed to import logs, veneer and sawn timber at the reduced rate of 10 per cent Customs duty prior to October, 1986;

(b) whether this concession was withdrawn by Government in October, 1986;

(c) if so, the reasons therefor;

(d) whether manufacturing veneer out of imported logs is costlier than importing it at 10 per cent of Customs duty as was in practice before October, 1986;

(e) whether consequent on the increase of Customs duty to 100 per cent on imported veneer, the small scale units in plywood industry have been adversely affected; and

(f) if so, the remedial measures pro-

posed to be taken by Government in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (f). A statement is laid on the Table of the House.

STATEMENT

1. Prior to the 6th October, 1986 import of following types of wood were allowed at a concessional import duty of 10% ad valorem:

- (i) Wood in the rough;
- (ii) Wood roughly squared and half-squared but not further manufactured; and
- (iii) Wood sawn length-wise, sliced or peeled but not further prepared.

The concession was not intended to cover veneers. It had come to notice that import of veneers was sought to be made under the garb of sawn wood. As a corrective measure, sawn wood under which veneer could be imported at concessional rate was excluded from the purview of the concession with effect from the 6th October, 1986. Consequently, sawn wood as well as veneers attracted import duty at 100% ad valorem. However, the duty on sawn wood of thickness exceeding 25.4 mm (1 inch) was reduced to 50% ad valorem in November, 1986. Subsequently, the duty on imported logs was raised to 15% ad valorem and on sawn timber to 55% ad valorem with effect from the 19th September, 1987. The import duty on veneers was also raised to 105% ad valorem.

In the current year's budget, the import duty on sawn timber has been increased to 60% and on veneers reduced to 100% as a measure of rationalisation.

2. The rationale in allowing import of timber is for conservation of forest resources and the facility of import of timber is available to both the large and small sectors of the industry.

3. Veneers manufactured out of imported logs at 10% import duty would normally work out to be costlier than imported veneer paying duty at the same rate, mainly on account of wastage involved in the process of veneer-making as also on account of transport and conversion costs. However, any reduction in import duty on veneers would adversely affect employment opportunities particularly in backward and tribal areas and also the indigenous veneer industry.

4. No representation has been received in the recent past from the small scale units in the plywood industry requesting for reduction of customs duty on imported veneer.

SHRI P.G. NARAYANAN: Consequent to reducing of duty to 10 per cent on imported logs and increasing the duty to 100 per cent on imported veneer, core veneer is not being made available to plywood industries by big industries which exclusively import logs in right quantity but at higher cost. Will the Government consider reducing the duty on imported veneer to less than 30 or 40 per cent so that veneer is available freely and at cheaper rates?

PROF. MADHU DANDAVATE: The entire perspective of imposing duty on veneers is to see that processing of wood is encouraged in this country and at the same time, we see that our forest resources are conserved. From this dual point of view, we do not want greater amount of veneer to be imported in this country at all. Whatever is allowed to be imported, I think, the installed capacity of veneer in India has to be preserved and therefore, in order to preserve

the installed capacity of veneer in our country it is better that we should not make it easy for the veneer to be imported in the country.

SHRI P.G. NARAYANAN: If the hon. Minister is not immediately considering a reduction in duty on imported veneer, what steps the Government propose to take to safeguard the interests of small scale plywood industries which have come up because veneer could be imported at 10 per cent duty and are unable to compete with big industries which can import logs and make veneer but which the small scale industries cannot? What steps the Government propose to take to protect from denudation of forests by plywood industrialists, who make core veneer by illegally cutting forests in the absence of imported veneer?

PROF. MADHU DANDAVATE: It what the hon. Member is suggesting, is implemented, the small industries will suffer more because there are a number of small scale industries which are actually having capacity for veneer. If you go on importing veneer, in that case, their production will suffer, their installed capacity will remain unutilised. Therefore, I am not going to accept what the hon. Member is proposing.

[*Translation*]

PROF. RASA SINGH RAWAT: Mr. Deputy Speaker, Sir, I would like to know from the hon. Minister, through you, the name of the country from where the Government has permitted the import of logs and sawn timber and also the quantity thereof?

PROF. MADHU DANDAVATE: The rationale behind the import duty fixed hitherto is the conservation of forest wealth and to ensure that the small scale and local industries do not face any difficulties. Therefore, whatever is imported should be in limited quantities. That is why a higher rate of duty is imposed on it. So far as the names of countries from where we import such articles is concerned, the list thereof shall be laid on the Table of the House.