

Minutes of the Meeting of Pricing Sub-Committee held on 28th February, 2008 at 4:00 P.M. under the Chairmanship of Shri S. Regupathy, Hon'ble Minister of State (Forests & Wildlife), Paryavaran Bhawan, Ministry of Environment & Forests, New Delhi for fixation of rates of timber species to be procured from the States of Nagaland, Himachal Pradesh and Jammu & Kashmir through Directorate General of Supplies & Disposals (DGS&D).

The list of participants is enclosed (**Annexure**).

At the outset Shri P. R. Mohanty, Director General of Forests & Special Secretary (DGF&SS) welcomed Hon'ble Minister of State (Forests and Wildlife) and all the members of the Pricing Sub-committee. He informed the members about the need for conducting a study of current market prices of timber in the States of Nagaland, Himachal Pradesh and Jammu & Kashmir. He highlighted the salient features of the market trend and the different nature of the timber market in this context. He then invited Shri Ashish Rawat, Head, Forest Research and Management Division, Forest Research Institute (FRI) to make a presentation about the study for which a detailed report has been submitted by FRI.

2. Shri Ashish Rawat made a detailed PowerPoint presentation specifying the outline, theme of the study, Objectives, Study area, timber trade in forestry sector, market mechanism and the different grades of timber available in the States of Jammu & Kashmir and Himachal Pradesh. He also specified about the marketing pattern of timber products in Nagaland. Specifying timber species and specifications procured by DGS&D, he elaborately mentioned the DGS&D procurement prices for Deodar, Chir, Fir in the State of Himachal Pradesh and Jammu & Kashmir. He supported his data with the best auctioned prices of these species in the two States whereas the DGS&D rates in Nagaland were specified separately. The timber markets in the three States, their present prices and their price matrixes were presented Species-wise and State-wise in respect of all the three States. The price trends were also estimated using the price calculation factor in respect of all three States. He further specified very clearly that the fixation of rates may take into consideration the most importantly the best auction prices and the past and current market prices.

3. A brief discussion took place and the reasons for difference in annual increase in prices in Himachal Pradesh and Jammu & Kashmir were asked which were clarified by Shri Ashish Rawat. Similarly, other necessary clarifications regarding the grading system, prices etc. were explained by him. Thereafter, DGF&SS requested Dr. Bipin Behari, Deputy Inspector General of Forests to make a presentation for taking decisions regarding fixation of rates of timber in Nagaland, Himachal Pradesh and Jammu & Kashmir for procurement through DGS&D.

4. Dr. Bipin Behari, DIG (SU) made a focused presentation specifying the salient points facilitating the fixation of rates of timber in Nagaland, Himachal Pradesh and Jammu & Kashmir. He specified the classification of hardwood and softwood timber in respect of Nagaland, mentioning the strengths of different species of timber in terms of strength of teak as '100'. Separate table of softwood species with their detailed properties provided by FRI were also mentioned by him in this context. For each decision he presented a focused table showing the auction prices, market prices and DGS&D prices of the last 3-5 years and the proposed annual rate of increase as per the Study of FRI. At the end of his presentation, he proposed certain decisions necessary for smooth functioning of the whole process of procurement of timber through DGS&D in this context.

5. The matter was discussed at length and the following decisions were unanimously taken:-

- (i) On the basis of hardness and specific gravity and other important properties of the 6 (six) species proposed by State Government of Nagaland, it was decided that the proposed 6 (six) species namely Neem (*Azadirachta indica*), Mango (*Mangifera indica*), Gokul / Borpat (*Ailanthus grandis*), White Dhup (*Canarium euphyllum*), Semul (*Bombax ceiba*) and Bhelu (*Tetrameles nudiflora*) cannot be termed as 'Softwood' being Broad-leaved species. However, in case the softwood is not available to the User Agencies through DGS&D, they can use the lighter woods like Borpat, Semul, Bhelu and White Dhup in view of the properties of these species mentioned and the specific requirement of the User Agencies in this context.
- (ii) The procurement price of hardwood species i.e. Hollock, Haldu, Sam chaplash, Bogi poma, Kokko, Bonsum for DGS&D supply for the base year 2007-08 was fixed at **Rs. 28,900/- per cum.**

For subsequent years till the revision of base year price, an **annual increase of 15% per annum** was decided at the base year price of 2007-08.

- (iii) The procurement price of Pine and other hardwood species of Nagaland for DGS&D supply for the base year 2007-08 was fixed as follows:-

Bhelu (<i>Tetrameles nudiflora</i>)	:	Rs. 19,600 per cum.
Semul (<i>Bombax ceiba</i>)	:	Rs. 20,300 per cum.
Pine (<i>Pinus kesiya</i>)	:	Rs. 22,500 per cum.
Gokul / Borpat (<i>Allanthus grandis</i>)	:	Rs. 20,000 per cum.
White Dhup (<i>Canarium euphyllum</i>)	:	Rs. 18,300 per cum.

For subsequent years till the revision of base year price, an **annual increase of 18% per annum** was decided at the base year price of 2007-08.

- (iv) The procurement price of softwood species of Himachal Pradesh i.e. Deodar for DGS&D supply for the base year 2007-08 was fixed for Samuda at **Rs. 40,000/- per cum** and for Deodar (Grade A) at **Rs. 38,300/- per cum** respectively.

For subsequent years till the revision of base year price, an **annual increase of 10% per annum** was decided at the base year price of 2007-08.

- (v) The procurement price of softwood species of Himachal Pradesh i.e. Chir/fir for DGS&D supply for the base year 2007-08 was fixed as follows:

Chir (Grade A)	=	Rs. 12,600/- per cum
Fir (Grade A)	=	Rs. 15,700/- per cum.

For subsequent years till the revision of base year price, an **annual increase of 8% per annum** was decided at the base year price of 2007-08.

- (vi) The procurement price of softwood species of Jammu & Kashmir i.e. Deodar and Chir for DGS&D supply for the base year 2007-08 was fixed as follows:

Deodar (Grade A)	=	Rs. 42,600/- per cum
Deodar (Grade B)	=	Rs. 33,100/- per cum
Chir (Grade A)	=	Rs. 11,800/- per cum
Chir (Grade B)	=	Rs. 10,700/- per cum

For subsequent years till the revision of base year price, an **annual increase of 6% per annum** was decided at the base year price of 2007-08.

6. Besides the above decisions regarding the rates, the following decisions were also taken for smooth and legal supply of timber to Government Organisations through DGS&D:-

- (i) In view of the discussions on the grades of timber fixed by the State Forest Departments and their mis-match with the ISI specifications, it was decided to co-ordinate the matter with the Bureau of Indian Standards, User Agencies like Army etc. and the concerned States like Himachal Pradesh and Jammu & Kashmir.

- (ii) The Government Organisations such as Ministry of Defence (both Navy and Army) etc. must procure timber (both hardwood and softwood) from legal sources through DGS&D only.
- (iii) The indent for the procurement of timber by these Organisations must be responded promptly by DGS&D and the supplying State Governments / Corporations and a copy of the same may be endorsed to the Ministry of Environment & Forests (MoEF) also.
- (iv) The State Government of Nagaland, Himachal Pradesh and Jammu & Kashmir will provide a copy of order regarding finalisation of the 'Auction rates' of the timber regularly to MoEF.
- (v) The market prices of timber in the States of Nagaland, Himachal Pradesh and Jammu & Kashmir will be reviewed at the interval of 5 years.
- (vi) DGF&SS may take necessary decision for widening the scope of the supply of timber through DGS&D by including some Forest Development Corporations / State Forests Department in the list of MoUs with DGS&D, depending upon the demand for timber and the request from the User Agencies and the DGS&D.

The meeting ended with the vote of thanks to the chair.

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