

## Yamunanagar Plywood Makers Eye UP's Incentives Amidst Haryana Challenges



The plywood industry in Yamunanagar, a traditional hub for wood-based products, is facing significant challenges that are making the industry-friendly policies of neighboring Uttar Pradesh an increasingly attractive option. A combination of raw material shortages, rising production costs, and a competitive environment is prompting some manufacturers to consider shifting their operations across the state border.

For decades, Yamunanagar's plywood industry has relied heavily on the supply of poplar and eucalyptus wood, with a significant portion of its raw materials coming from farmers in Uttar Pradesh. However, with the rapid establishment of new plywood factories in UP, that supply is now being redirected, causing a severe wood shortage in Yamunanagar. Industry sources report that against a daily requirement of over 200,000 quintals of wood, the industry is receiving less than half that amount. This has led to manufacturers using imported pine and eucalyptus wood from countries like Vietnam and Indonesia to make up the deficit.

In addition to the raw material crisis, the industry is grappling with rising production costs. Recent electricity rate hikes in Haryana have increased per-unit consumption rates and fixed charges, adding a substantial financial burden on factories. The industry is also facing tough competition from lower-priced plywood from Kerala and Nepal, which benefit from lower production costs.

In contrast, the Uttar Pradesh government is actively promoting its own plywood industry with a series of incentives. The state is offering subsidized land rates, concessional electricity, and a

single-window system for obtaining all necessary approvals within 30 days. These policies are designed to attract investment and foster a business-friendly environment. Pilkhani, an industrial area just 20 km from Yamunanagar, is already being promoted with an offer of land at subsidized rates.

This "polished push" from Uttar Pradesh is not only attracting new investments but also enticing existing Yamunanagar manufacturers. Some unit owners have reportedly already purchased land in UP or are in the process of doing so, signaling a potential migration of the industry. This shift, if it continues, could deliver a significant blow to Haryana's aim of promoting industry within its state and could impact the livelihoods of thousands of people dependent on Yamunanagar's plywood ecosystem.