

Dear Sir,

We are a manufacturing and trading company doing Sandalwood business since the last 3 decades and our family is involved in this business since 5 decades. We manufacture, import and sell Sandalwood oil from Indonesia, Australia, Africa, and Fiji Islands and also procure and sell Indian Sandalwood Oil.

We were also the leading exporter of Indian Sandalwood and Sandalwood Oil at a time when export of wood was allowed from India and when it was available in abundance in India.

Our observation based on the business of Indian Sandalwood is that as the prices of Indian Sandalwood increased during the course of time, the consumption of the product decreased and was substituted by other Sandalwood species. Due to the rigid policies and monopolistic tendencies of the Sandalwood producing States there was sharp decline in the consumption with the result that the market share of Indian Sandalwood fell drastically.

Our observation on Australian Sandalwood is that the steep increase in prices and the depreciation of the Indian Rupee to the Australian Dollar has forced the Indian consumer to opt for the substitution with the low priced African Sandalwood oil whose prices have been constant for the last 2 years followed by consistent and regular supplies.

The fact is that the Sandalwood procuring agency is extracting Sandalwood at very cheap prices and giving it to the only Sandalwood Oil distillation unit at cheap prices thus getting huge profits while depriving the State exchequer. Also, knowing that the Sandalwood oil distillation unit has a monopoly, they are pushing up the price of the Australian Sandalwood oil there by forcing the people to switch to alternative available low cost sandalwood oils.

In the absence of fair play and healthy competition we believe that the history may repeat itself as in the case of Indian sandalwood oil which lost its market share due to high prices initially and now when it is available at cheap prices there are no buyers as the buyers are switching to other sandalwood oil which are available at low and consistent prices and availability.

We request that in the interest to give long life to the trade of Australian sandalwood oil fair play with healthy competition policy should be adopted. However checks and balances can be imposed to regulate the trade.

Thanking you,

Yours Sincerely,

V J Singh

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