

Indian Paper Scenario – February 1998

The paper industry has offered to reforest two million hectares of degraded forest lands. Indian paper manufactures, as producers of wood-based products and good corporate citizens, are committed to regenerating India's degraded forest lands for the benefit of environment and industry. The industry was ready to take on the responsibility for foresting two million hectares of degraded forest lands. Indian Paper Makers Association (IPMA) Chairman, Mr. H.P. Singhania said that other forest-based industries, including plywood and matchbox industries would follow the lead given by them. Of the 5,500 sq. km of forest cover lost in the country, tribal areas account for nearly 4,900 sq. km. IPMA has submitted a plan to the ministry for greening tribal areas. If the plan is accepted by the ministry and implemented by IPMA, it would generate employment of 250 million man-days per year in rural and tribal areas.

The paper industry ran into rough weather during 1996-97 and the first half of 1997-98 has not exactly been any better. The turnover and bottom lines of the various players engaged in this segment have taken a beating. The problem lies in the fact that the industry is undergoing a recession and is facing several competition from imports which are cheaper on account of low import duties. The players in the industry have found it difficult to reduce costs as they are hampered by the small size of their plants and their inefficiency. The high interest costs have not helped either. Due to cheap imports, the domestic prices have to be in tune with those of the international players. In view of the Rupee's devaluation the players have some respite, as imports will become costlier. However, this is not favourable to exporters as they will have to reduce their prices. Nevertheless, since India is not exactly a major global player, this scenario should not affect the industry. The capacity utilisation schedule of the players in this industry have been on a downtrend.

The paper industry wants the Centre to review the Import policy which allows zero customs duty on imported paper but imposes 25 per cent duty on machines required for manufacturing paper in the country. The industry's two apex-level organisations, the Indian Agro Paper Mills Association and Indian Paper Makers Association, are united on the issue that the import policy has been eating the bottomline of domestic units by allowing entry of cheaper imports. Fortunately, the demand for domestic paper has been on the rise in the last three months as imports are becoming increasingly expensive, largely due to the falling of rupee value against the greenback. But domestic manufactures apprehend that rupee may soon become strong against the dollar, thanks to the new policy adopted by the Reserve Bank of India. And imported paper will again flood the domestic market. An industry source said that the papermakers were determined to make the government to impose at least some duty on imports.

Indian scientists have developed a novel method of decontaminating pulp and paper industry effluent by using chemical wastes derived from the same factory. The method exploits chemical wastes like hyposludge and alum-sludge and coagulants like bamboo dust carbon, prepared from the waste bamboo dust, that remove polluting load as well as colour from the plant effluent. The daily intake of water by a pulp and paper plant varies from 60,000 to 1,00,000 gallons. The spent liquid of the raw material digestion unit and extraction liquor of the bleaching unit are deep black in colour due to the presence of a chemical called lignin and its derivatives that form the substantial part of raw material used in the industry.

The National Chemical Laboratory (NCL) has developed a formulation named ECONCL to treat black liquor, a major effluent in the paper and pulp industry. This was disclosed by the Research Planning and Business Development Division of NCL. The paper and pulp industry requires large quantities of fresh water for isolation of cellulose from various materials such as wood, bagasse from sugar cane, bamboo among other things. These raw materials contain lignin in various proportions. Lignin's are separated from cellulosic components by using an aqueous solution of sodium sulfate and so on. Thus, in the paper and pulp manufacture, large volume of aqueous effluent containing sodium hydroxide, lignin and salts is generated. This aqueous effluent can not be disposed off as such because of the presence of lignin and other organic which contribute to the high level of chemical oxygen demand. According NCL sources, when the effluent is treated with ECONCL, lignin and other organic chemicals are separated, leaving clarified water which is suitable for either re-use in the plant or disposal in surface water.

BALLARPUR INDUSTRIES LIMITED: This company plans to hive off its Ashti paper unit into a 50:50 joint venture with a foreign partner. Sources in the company said that the unit will be first spun off into a separate company which in turn will enter into a financial-cum-technical collaboration with a foreign partner. Ballarpur is keen to manufacture corrugate boards of international quality, which was de-reserved in the country last year. The tie-up with a foreign company for Ballarpur's Ashti unit would not only bring in more funds but also international technology. The purposed joint venture would continue to manufacture extensible sack kraft paper which is environment friendly and ecologically superior.

SINAR MAS PAPER AND PULP (INDIA) LIMITED: The company, a 100 per cent subsidiary of the Indonesian giant, Asia Paper and Pulp, is in talks with the state governments of Gujarat, Tamil Nadu and Orissa for setting up a 1,200 tonnes per day greenfield plant at an estimated capital outlay of 20,000 million crore. The project will set up the country's largest paper plant. Sinar Mas already has one plant at Bhigwan near Pune. This was commissioned last year and manufactures coated and uncoated varieties of writing and printing paper.

TAMIL NADU NEWSPRINT AND PAPER LIMITED: This company has been badly hit by the downswing in the fortunes of the industry. The company was hindered by high input costs and lower realisations. The company undertook an expansion programme, the funds for which were met through debit financing. The company is now shifting its focus from newsprint to printing and writing paper, and this should hold it in good stead albeit in the long run.