

## Indian Paper Scenario – February 2000

The Indian Agro Paper Mills Association (IAPMA) has demanded a fool-proof method to check import of paper under the guise of 'waste paper' or 'newsprint' allowed under Open General Licence (OGL). Mr. Mukundan, Secretary General, IAPMA, alleged that clandestine imports have been taking place, whereby finished paper and reels were being brought into the country in the guise of waste paper. While the customs duty on imported paper was 30 per cent, a concessional duty was levied on import of waste paper, leading to huge quantities being brought in at the concessional rate. To avoid misuse of this concession, he said the import of waste paper should be allowed only to actual users. Demanding a ban on import of reels and rolls, the IAPMA Secretary General said there was no definition for waste paper, as a result of which reels and rolls have been allowed into the country as waste paper. Stating that the domestic paper industry had enough capacity to meet the growing requirements of all varieties of paper and newsprint, he said the Government's policy in allowing import of paper had forced a number of units to pull down shutters. The installed capacity of the domestic industry was of the order of six million tonnes per annum, most of the units were underutilizing their installed capacity and the production was only about five million tonnes per annum. Underutilization of installed capacity had pushed a number of players to the verge of closure and the consumption of paper in India was only about one per cent of the world's paper production.

Waste minimization could go a long way in conserving the resources, besides improving profitability and protecting the environment. Presiding over a three-day training programme on 'Waste Minimisation and Cleaner Production in Pulp and Paper Mills' organized by the Indian Agro Paper Mills Association, Dr. G.V. Subrahmanyam, Ministry of Environment and Forests, said that a couple of units carrying on the same line of operation should take a co-operative approach in conserving resources and maximising profit. This could be achieved not by engaging consultants, but by forming 'self-help groups' within the industry. This tool had been effective and he pointed out that a paper mill in Uttar Pradesh had adopted this co-operative approach and was able to increase its profits by over Rs. 10 million annually. The members of the group should interact frequently and analyse the existing mill practices, identify various waste minimization options and implement them in the mills for improvement in the performance. The national and international organizations such as UNIDO, UNEP, Ministry of Environment of India, and the Pollution Controls Boards organized development of the waste minimization techniques for controlling the pollution at source with no or low investment. The Ministry targeted at activating at least 100 self-help circles in the phased manner for minimising industrial waste. In the first and second phase 15 and 45 circles have been formed. Studies revealed that the mills which had implemented the co-operative approach had been able to achieve an increased annual economic return of almost Rs. 15 million per unit besides reducing pollution by about 22 per cent. About 300 waste minimisation options have been identified of which 270 have been implemented.

The Indian Agro Paper Mills Association (IAPMA) has asked the Government to create a technology or modernization funds to enable the paper industry, based on non-conventional raw materials such as renewable agro residues, to undertake modernization at a faster pace. In a Pre-Budget memorandum submitted to the Government, the association has also requested the implementation of various other measures for the survival of the domestic paper industry. These include:

- \* 14-15 per cent incentive for exports of paper to enable the industry to compete effectively in the export market.
- \* Allowing a level playing field to the domestic paper industry by increasing customs duty on all grades of imported paper and newsprint.
- \* Giving complete excise duty exemption to the agro based paper mills to allow them to compete effectively with the wood based paper mills.
- \* Imposing the "Actual User Condition" on the import of waste paper and newsprint and barring traders from importing these items.
- \* Changing the definition of waste paper in the Customs Tariff Act to stop clandestine import of finished paper as well as waste paper.
- \* Making the definition of newsprint, as it exists in the Customs Tariff Act, applicable for all varieties of newsprint to ensure that other varieties of papers do not find their way into the country in the guise of newsprint.
- \* Withdrawing the exemption provided for the paper supplied to the Text Book Corporation for the benefit of the entire paper industry.
  
- \* Exempting the intermediate products such as mixture of lime and chlorine, used in the manufacture of exempted variety of paper, from excise duty as there is no levy on the final product.
- \* Exempting the excise duty on effluent treatment plants to encourage the industry towards maintaining a cleaner environment and to reduce the cost of setting up of these plants.
- \* Withdrawing excise duty exemption from wood based packing to discourage the use of wood for packaging horticulture products.
- \* Reducing custom duty on raw materials and intermediaries used by the paper industry.

The IAPMA has requested the Government to consider these measures to save the domestic paper industry from a complete collapse. Unless immediate steps are taken to save the industry, it will have no alternate but to close down their operations, throwing lacs of people out of employment.

**CENTRAL PULP & PAPER MILLS LIMITED:** This company has announced a 650 per cent increase in its net profit at Rs. 30.70 million for the second quarter ended December 31, 1999. The net sales for the quarter rose by 16 per cent at Rs. 346.60 million and the profit before interest, depreciation and tax by 74 per cent at Rs. 69.30 million. For the half year ended December 31, 1999, the net profit stood at Rs. 54.90 million

**SIRPUR PAPER MILLS LIMITED:** Sirpur Paper has reported a rise in operating profit by 115 per cent from Rs. 14.60 million to Rs. 31.50 million during the third quarter ended

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December 31, 1999 compared with the corresponding quarter in the previous year. Gross profit of the company for the quarter stood at Rs. 60.20 million as against Rs. 15.10 million in the corresponding quarter of the previous year. Net profit after providing depreciation and tax for the quarter ended December 31, 1999 works out to Rs. 44.20 million as against Rs. 8.10 million in the previous period, registering an increase of 445 per cent.