

Indian Paper Scenario – June 2000

Indian Agro and Recycled Paper Mills Association (IARPMA) has expressed shock on the Government's decision of giving only an exemption of 3,500 tones per annum to the paper mills using non-wood based raw materials, for the purpose of levying an increased excise duty of 16 per cent. According to Mr. Pramod Jain, President IARPMA, an industry which is saddled with increased input costs such as power, fuel, chemicals and agro-based raw materials, has been further hit by increased excise duty.

Madras Paper and Board Converters Association has asked the Centre to immediately promulgate the Paper Production Control Order (PPCO), in view of the artificial shortage of writing and printing paper being created by manufacturers. Association president Mr. A. Sundaram told reporters that during a paper shortage in 1974, the Centre had implemented PPCO compelling mills to ensure that 30 per cent of their production was for making notebooks and printing and to sell it at a fixed price. The association also suggested constitution of a Tariff Commissioner to fix the rate structure for paper. Alleging that paper mills created a shortage by exporting the commodity, to avail of various concessions offered by the Centre to exporters, Sundaram said, the shortage and frequent price hikes had resulted in notebook makers being unable to meet the heavy demand for books for the new academic years. He charged paper mills with not adhering to the Centre's May 1999 circular directing, among other things, that prices not be increased at intervals of less than three months and to ensure that requirements of the education sector were met. He added that while big mills had raised the rate of paper from Rs. 29,000 per tonne a couple of months ago to about Rs. 36,000 per tonne, small mills had raised its prices from Rs. 15,000 per tonne to Rs. 22,000 per tonne.

It takes about 17 big trees or 2.5 tones of forest wood to produce just one ton of paper. A tropical forest the size of a football ground is destroyed every second in the world to produce paper that is brazenly used by mankind. But, as shrinking forests reach shocking levels, the trends are being reversed by looking for alternatives to resources and switching to traditional methods of making handmade paper, which is not only cost-effective but is less punitive on the environment too. The eco-friendly brigade has managed to shift focus towards hand-made or recycled paper demand for which is swelling gradually and feeding a small-scale industry that holds a lot of potential, say industry watchers. Today, hand-made paper in India accounts for barely half a per cent of the total demand of about 3.5 million tones. But it's an industry growing gradually. Consumption of bamboo and wood by paper mills has destroyed large areas of forest around the world leading to ecological imbalances and rapid de-forestation. Keeping in this view, a simple technology has been developed to make hand-made paper in the decentralized sector by using cotton rags and Agro wastes for recycling, says Mr. B.R. Chauhan, Director, Khadi and Village industries Commission.

Agro based units consume about 3.5 tones of raw material comprising 80 per cent Agro waste like jute, banana fibres and 20 per cent wood pulp. Besides the effluents generated are highly toxic. On the other hand, hand-made paper units use only 1.1 tones of wastes per ton of paper and water used is just 150 cubic metres, says Mr. Iqbal Malik, an environmentalist whose NGO Vatavaran is involved in recycling paper in the capital. Switching to hand-made paper using waste as a resource would not only conserve forests but also save the world of environmental pollution, says Ms. Malik drawing attention to growing popularity of the traditionally made paper in the western nations. According to Mr. Chauhan, varieties of hand-made paper are in demand

abroad, especially the bond variety and fancy stationery, decorative sheets and bags. Germany, Japan, the US and Canada, have particularly emerged as new markets for the produce, says the KVIC director. The export of hand-made papers at present is just worth Rs. 10 million, out of a total annual production worth Rs. 70 million. Mr. Chauhan noting that the figures betray the vast export potential of the small industry. Apart from strength and durability, hand-made paper is preferred for its smooth purpose and aesthetic appeal.

Tamil Nadu Newsprint and Papers Limited (TNPL) has set an example for sustainable development. The survival of the paper industry was highly dependent on wood which is the crucial input for paper making and there was hardly any substitute for the same. This input-wood is difficult to be bleached and high in lignin content that leads to effluent which affects the ecology unless it is treated with the expensive treatment facilities. TNPL was established mainly to use an alternative input for its paper making and that was substituted for bagasse namely sugar cane waste a substitute for wood. In the early eighties, TNPL went ahead establishing its 90000 tpa integrated plant at Kagithapuram in Karur district of Tamil Nadu. This alternative usage of bagasse for wood was proven success in the production of paper making and challenge to the organization. It was a great challenge as there was a lot of criticism to the shift in the established and orthodox input usage. It could create a record in not only using its 'environmental friendly' input but also shown that it could produce a high quality newsprint made from mechanically processed bagasse by paving the way for others to follow. The organization has tied up with Quena Newsprint of Egypt to set up the world's second plant to manufacture newsprint from bagasse and this unit of 1,20,000 tpa newsprint mill at Quena Egypt will be commissioned this year. Although the usage of this input leads to comparatively fewer problems than the usage of the wood, the unit was required to organize a complex system of exchanging system for bagasse in different sugar mills. Besides this it has faced problems in transporting and storing the bagasse from different locations and taking preventive steps to reduce the degradation of the bagasse during the long storage. TNPL has improved and perfected the technology in terms of handling and processing of bagasse. Replacement in the use of input results in minimal requirements of bleaching, lesser effluent outflow and reduce the pollution load too. In, 1996, TNPL, doubled its capacity from 90,000 metric tones per annum to 1,80,000 metric tones per annum. A breakthrough was made when the world bank rated the project as an outstanding success and thus, granted an assistance of US\$100 million for TNPL's first projects in the early eighties and later US\$ 75 million for its expansion.

As the production capacity doubled, the unit had to make alternative steps to let off the treated effluents particularly solid wastes like pith, fly ash, lime sludge, hypo sludge and lime grits. It voluntarily took the task for organizing farmers and formed a farmers irrigation society TEWLIS in the adjoining arid area for utilizing this effluents of irrigation and this society was funded by TNPL. This treatment effluent water confirms fully to the parameters set by the pollution control authorities and this tests are being conducted by the full-fledged R&D wing of the unit. Besides the problem of waste recycling particularly with a combustible and non-fibrous portion of bagasse not used for paper making also figured and this wastes were disposed of in huge quantities in neighboring land fill site. With its improved technological process it removed the moist from the pith and use the entire pith in its boilers as a fuel. A strong commitment to the achievement of the objective of sustainable development, has made the TNPL to develop the two wind farm projects of total capacity of 15 mw in Tirunelveli district in Tamil Nadu which has helped the unit to reduce its dependency on the grid.

The employees of Mandya National Paper Mills, whose closure has been recommended by the Union Government, have reportedly secured an assurance from Chief Minister Mr. S.M. Krishna that their interests will be protected. In a press statement President of Mandya National paper Mills Employees' Joint Forum Mr. Srinivas said the Chief Minister has reportedly assured a delegation of the employees that he will try to prevent the closure of the mills and safeguard the interests of the employees.. It may be mentioned here that the Union Cabinet has recommended the closure of Mandya National Paper Mills Limited . Belagola, Mandhya district, on account of its continued financial sickness.

BALLARPUR INDUSTRIES LIMITED: This company has posted a net profit of Rs. 150.24 million for the quarter ended March 2000, 290% increase compared to last year's corresponding period Rs. 52.60 million. The turnover for the period was Rs. 3169.40 million as against Rs. 3011.60 million in the corresponding period in the last year. The operating profit during the quarter was Rs. 528.10 million. The production of paper during the quarter was 1,76,000 tonne with 118 per cent capacity utilization as compared to 1,67, 000 tonne during last financial year. The company also have its consent for the issue of secured redeemable nonconvertible debentures up to Rs. 500 million on private placement basis. The proceeds of the issue will be utilized for prepayment of high cost debt. BILT also reviewed the restructuring scheme as per which the pulp business of AP Rayons is being acquired and the industrial paper business – Ashti – is being hived off into a separate entity.

HINDUSTAN PAPER CORPORATION LIMITED: This company has posted an estimated net profit of Rs. 149.70 million during the financial year just ended, registering an increase of more than 33% over 1998-99. Two mills of the company _ Nagaon Paper Mill (NPM) & Cachar Paper Mill (CPM) – have achieved a record production of 1,65,096 tones writing and printing paper, 15,000 tones more than that the last previous year. While NPM has touched an all time high capacity utilization of 99.27%, the CPM recorded capacity utilization of nearly 66% despite suspension of production for four months in a depressed market. The sales figure for the year 1999-2000 also recorded an impressive jump. It achieved a record sale of 1,63,523 tones of writing and printing paper, representing an increase of 6282 tones over the previous year and 7% more than the MoU target. The sales at HNL reached 1,00,682 tones, showing an increase of 6% over the preceding year. The company had exported 11,676 tones of writing and printing paper to Bangladesh, Myanmar, Sri Lanka, Sudan and Bhutan at a total value of about Rs. 300 million. The financial turnover of the company has reached Rs. 4,280 million, an increase of 4.73% over the previous year.