

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
RAJYA SABHA
QUESTION NO 02.03.2010
ANSWERED ON
PROBLEMS WITH HNL KOTTAYAM .

67

Shri P. Rajeeve

Will the Minister of COAL, HEALTH AND FAMILY WELFARE, INFORMATION AND BROADCASTING, HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state :-

- (a) whether it is a fact that the Hindustan Newsprint Ltd. (HNL), Kottayam, Kerala is encountering serious problems due to indiscriminate dumping of newsprint from foreign market;
- (b) if so, the total amount of import of newsprint into the country and from which countries the newsprint was mainly imported;
- (c) the tax levied on imports and if not, the reasons therefor;
- (d) whether there is any proposal to re-instate 2:1 ratio for import of newsprint; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

(SHRI VILASRAO DESHMUKH)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT

Statement referred to in reply to parts (a) to (e) of the Rajya Sabha Starred Question No. 67 for answer on 2nd March 2010 regarding 'Problems with HNL, Kottayam' raised by Shri P Rajeeve.

(a) Hindustan Newsprint Limited (HNL) has been encountering serious problems due to cheap import of newsprint from foreign market especially from the third quarter of Financial Year (FY) 2008-09.

The flow of imported newsprint has increased considerably after the complete abolition of Customs Duty (CD) in February, 2009 after reduction from 5% to 3% in April, 2008. The reduction and eventual elimination of CD was done in the context of high prices of newsprint rising up to US\$ 900 per metric tonne during January to September, 2008. The situation has completely reversed with the transaction price plummeting to historically lowest levels hovering around US \$ 450 to \$ 500 per metric tonne. Subsequently prices of imported newsprint were reduced by the overseas suppliers. With the imports surged, there has been considerable reduction in sale of news paper in the domestic market. As a result, HNL has been suffering heavy losses since April, 2009 and the situation continues.

(b) The total amount of newsprint imported during last four years is as follows:

Year Quantity (T/A) 2008-09 8,98,925 2007-08 8,89,100 2006-07 7,90,311 2005-06 6,91,260 The major countries from where imports and the quantity of imports during the year 2008-09 is as given below:

Sl No. Country from where imported Quantity(MT) 1. Canada 1,73,060 2. Korea 1,65,612 3. Russia 1,62,638 4. China 1,56,797 Imports from Canada, China, Korea and Russia account for 68% of the total import.

(c) At present imports of Newsprint are fully exempted from payment of customs duty. This has been necessitated by the Government's endeavor to promote literacy and to facilitate greater penetration of print media i.e. both the vernacular newspaper as well as English newspapers. Import of newsprint has also been necessitated due to quality reasons as the raw material available indigenously does not give newsprint with proper runnability properties on high speed newspaper publishing machines. Currently, annual demand for newsprint in India is approximately 1.8 million tones. Domestic Industry, through indigenous production, caters to about 43% of the demand and the remaining 57% of the demand i.e. almost 1 million tonnes has to be met through imports.

(d) & (e) At present, there is no proposal under consideration to reinstate 2:1 ratio for import of newsprint.