

## ***Major Take away from Panel discussion organised by IPPTA***

**On 16<sup>th</sup> May 2020 on the subject of**

**‘Covid -19 – Opportunities, Threats and Path forward for paper mills in India’**

### **Panellists:**

- Mr. A.S.Mehta
- Mr. Anil Kumar
- Mr. Chandradev Chaudhary
- Mr. J.P. Narain
- Mr. Kasi Vishwanathan
- Mr. Mahesh Gandhi
- Mr. Manish Patel
- Mr. N.Gopalarathnam
- Mr. Neehar Aggarwal
- Mr. P.S. Patwari
- Mr. Pawan Aggarwal
- Mr. Pradeep Dhobale
- Mr. R.C. Mall
- Mr. Sanjay K. Singh



Indian Pulp & Paper Technical Association

**Total Attendee – 423 Nos.**

## **MAJOR TAKE AWAY**

**1 : Current Status – Post guidelines on LOCKDOWN** -3 mills have started but are facing problem of non-availability of labour, shortage of raw material and the biggest issue is poor off take as channel down the line are yet to get activated.

### **2- Paper Segment wise status**

**2A) Writing & Printing** –Due to closure of office and schools the segment is down currently. However, it is noted that publication of books is on track and no printer has withdrawn any book. It is also noted that parents are not happy with e learning and would like their children to get back to physical learning mode sooner than later. It is also reported that developed nations are realising that a child learns faster and better with paper and pen rather than e learning. On other hand penetration of laptop/ computer in homes in India is low and poor in tier 2 and 3 cities.

*Hence Writing printing segment should be back on track in 3 months and should see growth of 5% in coming quarters.*

**2B) Kraft Paper** – There is upside in this segment due to increased demand of corrugated board and thrust on biodegradable packaging. While demand like usage of brown paper plates have gone down as no social functions are taking place, there is upside due to food packaging and brown carry bags.

*The segment would remain darling of the paper mills and should grow at a decent rate of 7 to 8%.*

**2C) Board** – The segment is static as of now but soon see growth as situation normalises.

*Extra capacity is bound to be created.*

**2D) Tissue** – Increased awareness towards hygiene has pushed demand upward unexpectedly. Concern for better hygiene would continue with in society.

*This segment is expected to grow@ of 15 -20 %*

**2E) Newsprint** – Demand of local newsprint has diminished completely as supply channel is full of cheap imports. Further consumption of newsprint has gone down since both number of pages per newspaper and circulation numbers of nearly all the newspaper has nosedived. This is the reason why many mills have converted their machine to manufacture kraft / writing and printing paper of late.

Until Government implements its own agenda – **VOCAL FOR LOCAL** this segment would remain in doldrum despite demand coming back slowly and fully by Dec 2020. Measures like imposing of anti-dumping duty is need of the hour.

**3) Availability of raw material:** There is no problem of locally procured agricultural residue or wood. However, there are serious issues as far as local collection of wastepaper is concerned. Due to Covid no RADDI collectoris allowed to visit our homes, and on other hand wastepaper generating

points like offices, malls and press are shut. As such collection and supply of local waste would remain a matter of high concern.

**4) Logistics:** Currently it is an issue. However, it should smoothen out in less than 3 months.

**5 Migrant Labour:** Many have left workplace, and many are on way. They are not likely to come back soon. This is an opportunity for mills to go for higher degree of automation and depend on local labour.

**6) Work from home:** We have learnt new culture of work from home. Employer is realising that some of them carry excess flab. This could have serious impact on employment numbers. It is reported that in developed words companies are now adopting work from home much more than before and hence are shrinking size of their offices. This may have serious impact on commercial properties. People should develop their skill or learn new skills to remain afloat.

**7) Retaining manpower:** It is felt that need of the hour is to support trained manpower and those who have been with the company for long period of time or possess special skills. Once lost it would be hard to get a replacement.

**8) Liquidity** – Companies are facing liquidity crunch. This would continue for some time until normalcy is restored 360’.

**Debtor and Creditor situation would remain stressed.**

**9) Capex** – Mills which are amidst modernisation or expansion would continue with their projects. However, it is expected that new capex would pause for a year or so.

**10) New Norms for pollution control:** While it is true that there is in general FEEL GOOD FACTOR with closure of major activities as air and rivers are clean. However, this would not lead to more stringent pollution control norms in near future since government wants to bring back economy on track sooner than later.

**11) Cheap Imports** – Industry is concerned with cheap imports in particular from ASEAN countries. About 2 million tons of paper gets imported per year. It is strongly felt that government should work out some mechanism to stop it. Till then industry has to live with this pain.

On other hand if India was to manufacturer this qty it would need capex of Rs 20000 crore. Add to this modest addition of new demand we would need capex worth 10000 crore TOTAL Rs 30000/ crore. Industry is geared up to make such investments and help generate employment and save precious foreign exchange for the country year by year.

**12) Disruption by Covid 19:** This world has faced many such pandemic. Disruption of a year or two does not matter. What matters is disruption of technology. Face book, their associates and counter parts have planned many initiatives which would lead to TECHNOLOGY DISRUPTION in coming years. Are we ready?

Value addition and cost reduction would only help us walk the path with smiling face.