

# Paper industry pin hopes on policy initiatives for Agroforestry

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AS Mehta, President, Indian Paper Manufacturers Association

The paper industry has hailed the government's support to boost agroforestry in the country as stated by the Finance Minister in her budget speech and subsequently endorsed by the Ministry of Agriculture and Farmers Welfare.

According to the Indian Paper Manufacturers Association (IPMA), availability of additional 25 lakh hectares of land for agroforestry, besides paper industry's own agroforestry drive, will go a long way in ensuring raw material security for all wood-based industries.

## 'Industry on upbeat'

"Finance Minister's special mention of policy initiatives for agroforestry has got the paper industry upbeat. The industry has worked incessantly with over 5 lakh marginal farmers over the last several years and has successfully brought 12 lakh hectares of largely degraded land under plantations. However,

Availability of additional 25 lakh hectares for agroforestry will ensure raw material security for wood-based industries

despite the efforts of the paper industry in promoting plantations, the availability of wood domestically is still inadequate", said AS Mehta, President, Indian Paper Manufacturers Association (IPMA). Policies and legislative changes to promote agroforestry, such as support for bund plantations under the different schemes of the Ministry and loans / other credit facilities as given in the case of agriculture crops, can certainly provide a fillip to the efforts of the paper industry. If additional 25 lakh hectares of degraded land in the country is harnessed for the agroforestry programme, IPMA said it can provide employment to at least 10-15 lakh personnel, supplement incomes of farmers, increase country's tree cover, provide environmental benefit, and also generate enough raw material for all wood-based industries at globally competitive rates.

This is also necessary to make India's paper manufacturers competitive vis-à-vis ASEAN players who have long-term forest concessions in their countries and can export paper to India at nil basic customs duty under the Free Trade Agreement between India and ASEAN.

## Customs duty, a dampener

However, the industry said that an increase in the basic customs duty on import of recovered paper / wastepaper, an important raw material used by the paper industry, from 0-2.5 per cent has come as a dampener. The industry is passing through challenging times and is hard pressed for raw materials in view of supply side constraints.

Increase in import duty on wastepaper will add to the production cost. Since the domestic paper recovery rate in India is around only 40 per cent as compared to over 70 per cent in developed countries, import of recovered paper / wastepaper is crucial for domestic value addition to meet the growing demand for paper in the country, and also for exports.