ABSTRACT

The industrial / economic development of a backward region mostly depends upon agro-based industries at the initial stage of industrialization. Out of agro-based industries paper industry comes after sugar industry as far as employment generation and utilization of locally available natural resources are concerned. Paper mills not only help in strengthening the process of industrialization but also contribute to the increase in agricultural productivity as well as income of the agricultural labourers and the farmers. The Government has imposed restrictions on the use of bagasse as raw material and fuel to the paper mills which has posed problems before these paper mills. This paper analyses the problem arisen before the paper mills and also puts prospects of the same as paper mills occupy a significant and crucial place in the industrialization of Kumaun region of Uttarakhand.

Keywords: Kumaun, paper mills, Agro-based industry

INTRODUCTION

Undoubtedly paper industry in India occupies an important place in the industrialization process. It is one of the crucial agro-based industries which occupies significant place in rural industrialization. Paper is an item of daily use with huge demand. There are many varieties of paper viz. craft paper, corrugated paper, writing paper, bond paper, decorated paper, filter paper, absorbent paper and M.G. paper. The paper mills use bagasse, waste paper, wheat straw, old gunny, eucalyptus, hemp, poplar, sabia grass, elephant grass, wood pulp, bamboo pulp etc. as raw material.

The finished products manufactured by the paper mills are vastly used and utilized. Kraft paper is used in preparing corrugated boxes and cartons which are mostly used as packing material meant for safeguarding the transportable goods. Here it is important to mention that waste paper after being recycled is used as fresh paper. Some paper mills produce duplex board which is not only used as packing material but also is used extensively in preparing file covers which is a high demand product all over the world.

The paper mills heavily depend upon the supply of rice straw, bagasse, wheat straw and imported wood pulp. Bagasse is made available by sugar mills. In this way there is high degree positive correlation between sugarcane production and availability of bagasse. The rice straw and wheat straw are available from paddy and wheat. As Udhamsinghnagar district of Uttarakhand which falls under Kumaun region is agriculturally rich area with regard to paddy and wheat crops, there is ample quantity of rice straw and wheat straw available in the district. This is why more than 95 percent of the paper mills are located in the district. The Government have put ban on the use of the wheat straw as raw material to the paper mills because wheat straw is used as cattle fodder over the year round. The free supply of wheat straw may hurt milk production and fodder crisis may result in huge loss to the cattle owners.
OBJECTIVES OF THE STUDY

The main objective of the study is to diagnose the problems of paper mills of Kumaun region of Uttarakhand. The subsidiary objectives of the study are:

1. To establish relationship between main agricultural crops viz, paddy, wheat and sugarcane and survival of paper mills
2. To assess the impact of raw material supply on the financial performance of the paper mills.

SCOPE OF THE STUDY

The present study is limited to the problems and prospects of paper mills only. The survival of the paper mills depends to a large extent upon the availability of raw material mainly available from agricultural crops. In this way performance of the paper mills depends upon volume of the agricultural produce. The problems and prospects of paper mills have been analyzed and discussed with reference to Kumaun region of Uttarakhand only. The present paper covers mills of all scales of production i.e. small, medium and large ones.

RESEARCH DESIGN & METHODOLOGY

The present study is based heavily on qualitative data and is a theoretical descriptive analysis of the published material available from the records of the concerned paper mills. The problems have been sorted out of empirical evidences. There are 17 paper mills which use mostly agricultural produce waste i.e. rice straw, wheat straw and bagasse. There are five sugar mills in Kumaun region all located in Udham Singh Nagar district which supply bagasse to the paper mills. The burning of agricultural waste has been banned by the Department of Environment and Pollution Control. This is why these paper mills have begun to use waste paper being imported from Delhi, Haryana and its nearby areas of Uttar Pradesh. Census method has been followed in collecting the data and relevant material for study. Besides personal discussions with the executives and occupiers of the concerned paper mills have been conducted extensively with the help of which deep knowledge of problems could have got.

PROBLEMS OF PAPER MILLS OF KUMAUN REGION OF UTTARAKHAND

By the analysis of the census conducted, responses and reactions of the executives, interviews and discussions with various Government agencies/ bodies/ authorities concerned with different aspects of industrialization, the problems faced by the paper mills may be put as under:-

Lack of technical know-how

The technology used in production by the paper mills is of low grade when compared to that of advanced countries. It has resulted in higher cost of production and low quality of goods. The machines used in the paper mills are manufactured in Vapi (Gujarat) and Saharanpur (U.P.) which are of low level technology.

Raw material crisis

More than 50 percent of the paper mills are under the grip of raw material shortage. This shortage of raw material is the end result of so many factors such as increasing demand, alternative uses of the raw materials and shortage of raw materials in the areas from where these are imported. Consumption of some raw materials like bagasse, wheat straw etc in primary activities also resulted in shortage of these materials. Rice straw in some areas is being utilized as cattle feed resulting in its short supply to the paper mills.

Under-utilization of production capacity

The cost of production per unit depends upon the size of the plant to a large extent. Each size of the plant entails both fixed and variable costs. The size of the plant is said to be optimum where per unit cost of production is the minimum. Further, capacity utilization also affects per unit cost of production.
The capacity utilization of the paper mills of Kumaun region has been very low as a result of shortage of raw materials, power cut and financial problems.

**Other problems**

Following are the other problems which have hampered the smooth running of paper mills and led them on the verge of sickness:

1. Inefficient management;
2. Non-availability of latest upgraded machines & equipment
3. Absence of repair facilities;
4. Poor power supply base;
5. Insufficient finance;
6. Lack of infrastructural facilities;
7. Existence of cut throat competition in the product market;
8. Non-existence of research & development and training facilities;
9. Absence of business foresightedness and
10. inefficient industrial planning

**PROSPECTS OF PAPER MILLS IN KUMAUN REGION**

The paper mills in Kumaun region of Uttarakhand are located in Tarai area only which is plain area and is rich in agricultural production both in terms of quality and quantity. The region is rich in land and human resources to a considerable extent. Over the years there has been considerable expansion and development of basic and industrial infrastructure. The Central as well as State Government first granted a few fiscal incentives and concessions to the industrial units to attract the entrepreneurs which were later on (after 1983) increased to a higher number and limit. But after the introduction of New Industrial Policy, 1991 and India’s entry into the world of liberalization and globalization, all types of fiscal concessions and subsidies were withdrawn except transport subsidy. Government of India announced a special incentive package on 7th January, 2003 for a period of next 10 years to promote the industrialization of Uttarakhand State. But the central excise duty exemption was not made available to paper mills as paper mills are included in the list of negative industries.

The Capital Investment Subsidy at the rate of 15 percent on plant and machinery only with a maximum limit of Rs 30 lakh was made available. As regards income tax, 100 percent exemption was made available for the first 5 years with a subsequent exemption of 30 percent to the companies and 25 percent to the others for the next 5 years. The Central Transport Subsidy at the rate of 75 percent remained available by the end of the year 2007. Besides there have been several other incentives which were announced by the Government to help in the industrial development of the region.

By the analysis of volume and economic viability of the resources available, it may be concluded that the prospects of paper mills in Kumaun region are good provided no ban is imposed by Government of Uttar Pradesh on the supply of raw material like bagasse, rice straw, wheat straw etc. as the paper mills of Kumaun region of Uttarakhand depend to a considerable extent upon the import of these items from Uttar Pradesh.

**PROSPECTS OF RESOURCE BASED PAPER MILLS**

Paper mills mainly depend upon bagasse, wheat straw, rice straw and waste paper being available locally. The bagasse is made available by sugar mills located in the nearby areas of Uttarakhand and Uttar Pradesh. The wheat straw and rice straw both are agricultural waste. The resource base paper mills are the paper mills which get their material whether locally available or imported from other
states including parent state Uttar Pradesh. Paddy is grown two times in a year in the Tarai area of Kumaun region which provides avenues for the establishment of additional rice mills which further provide rice straw and rice husk to the paper mills specially to manufacture straw board.

The sugar mills have poor prospects in the region as the farmers are now reluctant to grow sugarcane as according to them they are not getting remunerative price for the same. It will cut bagasse supply to paper mills in future. The department of Environment and Pollution Control has imposed ban on the use of agricultural waste. Besides, there is restriction on the use of wheat straw as raw material by the paper mills. These factors limit the good prospects for the paper mills.

**PROSPECTS OF DEMAND BASED PAPER MILLS**

The paper mills manufacturing Kraft Paper, Corrugated Paper and Writing Paper are demand based units. Paper mills producing M.G. Kraft paper are also demand based units as M.G. Kraft paper is used for making corrugated boxes and cartons. Mills producing duplex board may also be termed as demand based as duplex board is used as packing material and also used in preparing multi-purpose file covers. There is huge demand of all these items not only in India but also in overseas markets. Hence, the prospect of paper mills producing these items is good.

**CONCLUSION**

Paper mills play an important role in the early industrialization process of a backward region which is agriculturally rich. But these mills are now confronting with so many problems which have posed a threat to their survival. A large part of the paper mills is on the verge of sickness. Some paper mills have changed their technology and have shifted to the use of newer raw materials. They have even changed their finished products. Some of the problems may be overcome or diluted to the benefit of these paper mills. In spite of all these problems the prospects for the paper mills in Kumaun region of Uttarakhand are still good provided Government support and managerial efficiency play positive and constructive role jointly.

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