

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:1862
ANSWERED ON:05.08.2010
CACHAR PAPER MILL
Purkayastha Shri Kabindra

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government is aware that the Cachar Paper Mill in Barak Valley Region is not functioning properly;
- (b) If so, the reasons therefor and the current status thereof;
- (c) whether supply of raw materials is not proper due to mismanagement and improper handling;and
- (d) if so, the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI ARUN YADAV)

(a): Yes, Madam.

(b) to (d): Gregarious flowering of Muli species of bamboo in Mizoram and nearby areas has adversely affected the inflow of the bamboo in Cachar Paper Mill (CPM) since 2008-09. In addition to dearth of basic cellulosic raw material, the availability of coal at the competitive price has also affected the operation of the mill as CPM had to procure coal only from Meghalaya. Company was unable to keep sufficient inventory of raw material required for continuous production depicting the mismanagement of supply chain and store. Railway authorities had withdrawn direct booking to Panchgram from rest of the country which, in effect, allows booking of bulk material upto New Guwahati from where materials are transshipped by truck to the mill site involving additional expenditure. Recent restriction imposed by the Commissioner of Transport, Govt. of Assam on Vehicular Movement upto 9 tonne load also affected the smooth inflow of raw materials and outflow of finished goods. Apart from above, it has been observed that raw material is being procured at a higher cost than as envisaged in the MoU targets. Moreover, usage variance indicates that either raw materials are of poor quality or the machines are not running efficiently. The notice inviting bids (NIB) for supply of raw materials contain several restrictive clauses thereby restricting the number of suppliers. On 29.6.2010 there was an explosion in the furnace part of Recovery Boiler of the Cachar Paper Mill and the operations are suspended in the mill. It seems that the Management did not take adequate steps to appoint sufficient number of operators and supervisors on duty as per the requirement;-

The competent authority has ordered a comprehensive and detailed inquiry into the irregularities in the sale of writing and printing paper and the procurement of raw-materials by Hindustan Paper Corporation (HPC). CBI enquiry has also been instituted. Ministry of Railways has been requested by HPC to arrange to provide adequate empty rakes in order to facilitate transportation of bamboo and paper to and from mills. The NIB clauses have been reviewed by HPC and it has been decided to withdraw the restrictive clauses so that a fair and transparent procurement policy could be followed for procurement of raw materials at both the mills of HPC. It has been further decided that any variance at usage to be curbed and an approach of zero tolerance to be adopted in this regard.