

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

UNSTARRED QUESTION NO:3490
ANSWERED ON:04.08.2014
PERFORMANCE OF HPCL
Biswas Shri Radheshyam

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

- (a) the details of performance of various paper units of the Hindustan Paper Corporation Limited (HPCL) including Cachar Paper Mill (CPM) during each of the last three years and the current year, unit-wise;
- (b) whether some of the units of Hindustan Paper Corporation Limited including CPM are running in continuous loss over the last few years and if so, the reasons therefor, unit-wise;
- (c) whether the Government has any plan to revive these paper units including CPM and if so, the details thereof; and
- (d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PON. RADHAKRISHNAN)

(a): The performance of both the units i.e. Nagaon Paper Mill (NPM) and Cachar Paper Mill (CPM) of Hindustan Paper Corporation Limited is given below :

Year	NPM	CPM	HPC
Production (MT)			
2012-13	86280	52683	138963
2013-14	80022	64037	144059
2014-15	24241	22465	46706
(upto June)			
Sales (MT)			
2012-13	83609	54403	138012
2013-14	78589	61769	140358
2014-15	20012	17626	37638
(upto June)			
PAT (Rs.Cr)			
2012-13	(-)	151.87	
2013-14	(-)	115.00	
2014-15		3.12	
(upto June)			

(b): Cachar Paper Mill (CPM), a unit of Hindustan Paper Corporation Limited (HPC), is running in continuous loss since 2009-10. It was set up in an infrastructurally deficient and industrially backward region with all logistical bottlenecks. HPC was a profit making and dividend paying company till few years ago. Capacity utilisation of CPM started declining since 2008-09 due to non-availability of Bamboo initially owing to gregarious flowering. The situation got further aggravated due to imposition of embargo imposed by Govt. of Mizoram w.e.f. 28-03-2011 on transportation and supply of Bamboo from the State of Mizoram, from where 60% of the total requirement of CPM used to come. On account of non-availability of Bamboo, the basic raw material, capacity utilisation of CPM was hovering only around 52%. This fluctuating capacity utilisation at CPM besides the burden of huge fixed cost pushed the cost up, on account of which HPC suffered loss. This sub-optimal capacity utilisation at CPM has not only pulled down the operational and financial performance of that particular unit but of the company as a whole.

However, intervention at highest level in the Ministry ultimately has helped in resumption of Bamboo supply from the State of Mizoram from end of January, 2014 and capacity utilisation started improving since then which is now ranging between 90-92%. Despite facing all odds, CPM is now gearing up for 100% capacity utilisation but availability of coal has become a new issue which has pushed the company again into deeper crisis. CPM was set up on abundant availability of coal from the State of Meghalaya on whom 100% dependence was there from where supply got stopped since last 75 days due to stoppage of mining and transportation of coal from the State of Meghalaya. Unless the coal supply from the State of Meghalaya resumes, there would be no hope for continuing CPM as there is no other way to transport coal from elsewhere owing to poor conditions of road and restrictions imposed by the Railways to transship coal from Lumding.

(c): Govt. of India (GoI) has already taken number of measures to keep CPM in operation.

(d): Not applicable