

[Sh. Chinta mani Jena]

2. Tulsi tree apart from great religious significance, has great medicinal value as it cures gas trouble, cough, intestinal worms, skin diseases, kidney disorders, regulates the flow of urine and subdues inflammation. It keeps insects and mosquitoes at bay for which it is called as 'mosquito plant' in South Africa. This tree is very much suited to our ecology. But unfortunately, such a very useful plant is going to be extinct due to lack of proper attention. A drive to plant more Tulsi trees is the need of the hour.

SHRIMATI SHEILA DIKSHIT: The submissions which have been made by the hon. Members will be placed before the Business Advisory Committee for its consideration.

12.44 hrs.

CALLING ATTENTION TO MATTER OF  
URGENT PUBLIC IMPORTANCE

[*Translation*]

**Reported shortage and escalating cost  
of newsprint and printing paper**

SHRI HARISH RAWAT (Almora): I would like to draw the attention of the hon. Minister of Industry to the following matter of urgent public importance and request him to make a statement thereon:

"Reported shortage and escalating cost of newsprint and printing paper resulting in hardship to the Press and book publishing industry respectively and the measures taken by the Government in this regard."

[*English*]

THE MINISTER OF STATE IN THE

DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): Sir, the requirement of newsprint in the country is met both by indigenous production and imports. The indigenous production during 1988-89 was 2.76 lakh tonnes and is estimated to be about 3.00 lakh tonnes during 1989-90. The gap between the indigenous production and demand for newsprint is made up by imports depending upon the availability of foreign exchange.

The import of newsprint is canalised through S.T.C. The selling price of imported newsprint to be charged by S.T.C. is fixed every quarter on the recommendations of the Newsprint Price Fixation Advisory Committee, with which representatives of newspaper industry are associated. The price of imported standard newsprint for the quarter April, 89-June, 89 has been fixed at Rs. 12715 per tonne exclusive of customs duty.

There is no statutory price control on indigenously manufactured newsprint. However, the maximum ex-mill price to be charged by the indigenous newsprint manufacturers is indicated by the Government from time to time on the basis of the recommendations of Bureau of Industrial Costs and Prices (BICP). The price of indigenous newsprint was last revised in January, 1988, subject to review after a detailed study by BICP. In the meantime, the indigenous manufacturers of newsprint have been representing that the price being allowed to them is totally unremunerative, resulting in heavy losses to them. Unless the price is suitably revised, it will adversely affect the financial viability of the indigenous newsprint manufacturing units thereby leading to shortage in the production of indigenous newsprint and prevention of any further investment for modernisation or creation of additional capacity in the industry.

Regarding Paper and Paper board, the

Seventh Five Year Plan projected a demand of 18.00 lakh tonnes by the year 1989-90. Accordingly, a target of 27.00 lakh tonnes of installed capacity and 18.00 lakh tonnes of production of paper and paper board was fixed for 1989-90. As against this, installed capacity of about 30.00 lakh tonnes and production of 17.20 lakh tonnes of paper and paper board has already been achieved by the end of 1988-89. For 1989-90, the production is estimated at 18.00 lakh tonnes. Thus, indigenous production is adequate to meet the demand and there is no shortage of paper and paper board in the country. Only small quantities of speciality papers are being imported, as the same are not produced indigenously.

There is no statutory control on the price of paper and paper board. The price is charged by the mills from time to time having regard to their cost of production, quality of paper and the prevailing market conditions.

Government are aware of the increase in the price of various varieties of paper that has taken place during the last one year or so. The increase in price is reported to be mainly on account of the substantial increase in the prices of various inputs that go into the production of paper and paper board.

A substantial part of the requirement of paper for the education sector is being met by supplies from Hindustan Paper Corporation, A Central Government Public Sector Undertaking, at a concessional price. The price of paper being supplied to the education sector by Hindustan Paper Corporation has remained unchanged since this scheme was introduced in 1987.

With a view to meeting the growing demand for paper and newsprint, various steps have been taken by Government. These include approval of additional capacities allowing flexibility to existing paper mills to produce newsprint, delicensing the manu-

facture of writing, printing and wrapping paper based on agricultural residues, wastes and bagasse, facility to import pulp, logs, wood chips and waste paper on OGL, and minimum economic scale of operations and broad-banding of paper industry.

[*Translation*]

SHRI HARISH RAWAT: Mr. Deputy-Speaker Sir, apart from the usual steps that the Government takes we had hoped that the hon. Minister would tell us if any extraordinary steps are sought to be taken considering the shortage of newsprint and the increase in its cost. But I am sad to note that the reply does not clarify this point.

The hon. Minister has said that the Government will take some steps towards installed—capacity utilization. So far as I know, the Government has been harping on this issue for the last six years but to no avail.

We are able to utilize not even 60% of the total installed—capacity. There has hardly been any increase in it in the past 6-7 years. The situation has worsened to such an extent that the Hindustan Paper Corporation, which is the premier organisation in this field is running losses in crores. Just because a matter is discussed in Parliament does not mean that there will be a change in the situation. If the Government really wants to increase indigenous newsprint production it should appoint a separate Committee to study and then solve the problems faced by paper mills in the public and private sectors. Unless the Government formulates a policy in this matter it will become very difficult to find a solution to this problem. A lot of problems are dogging the paper industry today including obsolete machinery and labour unrest. We are spending crores of rupees in importing newsprint. We cannot do away with imports over-night. Imports will certainly have to be reduced in future but the immediate need is to find a remedy for the problems

[Sh. Harish Rawat]

plaguing the paper and book-binding industry in India. The Government has not taken any steps to solve these problems. 35% of paper is imported and 65% is produced indigenously. There is a marked difference in the prices of the two. May I know from the hon. Minister as to what steps will be taken in this direction? The Kelkar Committee has given many recommendations in its Report. These recommendations should be discussed in the House. Outside the House, of course, a lot has been said on this subject and every interested group has tried to present its views. But the Government should take the initiative in presenting the Parliament's and the Legislature's views on this matter. I hope the hon. Industry Ministry will lay the Report of the Kelkar Committee for discussion in this House.

The Government has permitted 5 paper units to increase prices by 10% to 20%. Whereas the hon. Minister and his predecessor had assured the House that price increases in case of indigenous newsprint would be allowed only after discussions with the newspaper and book-binding industry. But the Government has not held any such discussions. That paper used for educational purposes would also be affected was a factor that was not considered by the Government when it granted permission for increasing prices. The only basis was the increase in cost of inputs. Other factors that were not taken into account were the ratio of increase in cost of inputs and the representation of the newspaper industry regarding the price structure followed by mills. Will any independent organisation be asked to go into the price structure followed by newspaper mills to find out whether there is any justification in it? If the Government has already made investigations into this matter, it is requested that the findings be placed before the House. At present the price of newsprint in India is much higher than in

other countries. The newspaper-reader in India pays more for his newspaper than his counterpart in other countries. The current price increase will not affect the major part of the newspaper industry. But small newspapers published from Mofussil towns will definitely be affected. In fact, a number of them will have to close down operations.

The Kelkar Committee suggested that there should be a reduction in the allocation of imported newsprint. Then there is no way they can survive. May I know from the hon. Minister as to what steps are to be taken to protect small newspapers from increase in the price of newsprint?

The Hindustan Paper Corporation supplies paper for books and copies. But the amount of paper that is actually supplied is much less than the stipulated quota. So complicated is the process of acquiring paper that the common man does not benefit at all. The 20-Point Programme promises to supply books and copies at low rates. Today the price of textbooks have increased. What steps are being taken to provide some relief to people engaged in publishing books and copies?

Sir, small printers who work on job-basis have to face many problems. May I know what steps are being taken to solve their problems?

SHRI INDRAJIT GUPTA (Basirhat): The Government is well aware of the fact that a very serious crisis has arisen with regard to the supply, availability and pricing of paper; and I am not referring only to newsprint, but no various qualities and types of paper which are used by the publishing and printing industry for various purposes—from publishing newspapers to publishing textbooks for children.

What we were interested in knowing, when we tabled this Motion was that we

would get some clearance, a specific reply from the Government as to what is the basic, underlying cause of this present shortage and this present shooting up of prices. By all accounts, there has been a minimum of a 40% increase in prices in the last few months. What is it due to? What new or extraordinary situation has arisen, which had led to a crisis of this type?

It is true that there is a gap between the estimated demand and the available supply, the indigenous supply—for which the Government says: "Yes; we try to make up the gap by imports. (*Interruptions*) But nowhere in this...

SHRI M. ARUNACHALAM: The gap is only in the newsprint, not in paper and paper-goods.

SHRI INDRAJIT GUPTA: All right; but even here, in this statement it does not state clearly what is the quantity that you are importing. (*Interruptions*)

SHRI M. ARUNACHALAM: That is not true.

THE MINISTRY OF INDUSTRY (SHRI J. VENGAL RAO): No; he has stated it.

SHRI INDRAJIT GUPTA: I am talking about the statement. It does not say what is the quantity of the imports, as against the estimated gap.

SHRI M. ARUNACHALAM: We will give it.

SHRI INDRAJIT GUPTA: You have not given it. We are living in a period which has been described as a period of liberalisation of the economic policy of the country; and in respect of so many articles, commodities and things, a liberalised import policy is being followed for the last four-five years. So many hundreds of goods have been put on

the Open General Licence, which we do not think altogether is going to have a beneficial result for the country; but that is a government policy that there should be an open free import of so many commodities on the Open General Licence. So, I want to know, first of all, in the case of import of newsprint, instead of allowing in conformity with the rest of the policy, allowing import under OGL, why is it canalised and strictly controlled through the STC and so on that this distribution is done by the Government. It is really an indirect form of control which is being exercised by the Government not over prices but in the matter of distribution of this newsprint to different newspapers; and obviously that is a factor which is open to abuse in the sense that the Government can use it as a weapon of pressure, as a weapon of favouritism, as a weapon of encouraging some papers and discouraging other paper. I want to know, when the total value, according to me come to less than about one per cent of the total value of the imports that we are making from abroad, not even one per cent, why is it that only in respect of newspapers instead of putting it on OGL and allowing publishers or newspapers to import as they have been allowed to do in other industries the Government should exercise this kind of control unless it wants to use this newsprint availability in order to control as it was the Press to some extent? What is the difficulty in putting it on OGL?

Secondly, is it not a fact that the price of this imported newsprint is higher, is much more than the prices of the domestic product? This pricing is fixed by whom? Who fixes the prices of the imported newsprint? Why is it that these prices are so much higher than the prices of indigenous product, unless the Government wants to use it to prevent the growth of that kind of Press which it does not favour? Is it a question of the indigenous production of newsprint and other papers also where you have also admitted in this statement that a demand has been

[Sh. Indrajit Gupta]

projected in the 7th Plan—this is paper and paperboard—of 18 lakh tonnes by 18.9.1990, that is this current year and a target of 27 lakh tonnes of installed capacity was fixed. But the production is only 17.20 lakh tonnes against the installed capacity of 27 lakh tonnes. Why is there this gap between the installed capacity and the actual production? It means that there is under utilisation of the installed capacity; and this malady is to be found as was to be expected particularly in the private sector industry. If you permit me, some 15,000 tonnes of newsprint are required to be imported at present, though it can only be a short-term remedy. I am not in favour of increasing import and going on depending on import. But at the moment for a short term, at least 50,000 tonnes are required to tide over this crisis which is caused by the fall in the domestic production. What is happening with the domestic production? I want to know about this from the Government because newspapers and other journals are reporting that the paper mills have artificially created a shortage in order to pressurise the Government to increase the prices of indigenous newsprint. I want to know whether this is a fact or not.

I am just quoting from no other paper than the *Indian Express* which is not a champion of the public sector, but rather of the private sector. Even that paper is forced to write in its editorial and I am quoting:

"It is perhaps not just a coincidence that for the past six months the paper mills have been lobbying the Government for a price increase of Rs. 3,000 per tonne on the plea that the current prices fixed by the Government are highly unremunerative. Not content with this, the Tamil Nadu Paper Mill has suddenly switched on to producing printing paper which fetches a much

higher price, on the pretext that there is no demand for its newsprint."

So, what is being stated here is that the paper mills are resorting to pressure tactics and as far as the book industry is concerned, the paper used by the book industry has gone up, as I said, by 40 to 50 per cent in the last few months.

I am reminded of Mr. Vengal Rao's lament which he made in this House on more than one occasion, with regard to prices of automobile tyres in which he had stated in this House so many times that this cartel, a group of private producers, manufacturers of tyres, are getting together and jacking up the prices and there is nothing that the Government could do about it. They also have resorted to some limited import of tyres from another big multi-national company abroad.

In the case of these paper mills also who are pressurising the Government to increase the prices if the Government does not agree and if they cut down their production and cause an artificial shortage, what does the Government propose to do? There are about 70 to 75 paper mills which are lying closed, apart from anything else. They are lying closed! If at least, half of them could be got back into production, then this shortage would be almost completely made up. But no steps are being taken. Very prestigious companies like the Titlagarh Paper Mills and the Raniganj Paper Mills and all these mills are lying closed for years together now. Has the Government any plan, or any scheme to revise these mills?

Sir, paper is an essential commodity. It must be treated as an essential commodity. The education of our younger generation depends on the publication of text-books at prices that are within their reach. The Government is talking so much about literacy

programmes and all kinds of educational programmes and all that. If the children of the less affluent classes are to have access to these books, apart from the fact that the books are not being produced now because of the shortage of paper, then the failure of the Government in this respect means that actually they are taxing the knowledge of our children, and it is a tax on all kinds of education and spreading of knowledge. So, what is the Government's suggestion? We are unable to make out anything from this statement, except that it says that they are allowing the existing paper mills to have some extra capacity and resorting to de-licensing of certain raw materials. That is all.

What I wish to know pointedly from the Government is, what is the total quantity, of what varieties of paper which are being imported from abroad, at what cost and how long they propose to carry on with this kind of import instead of attending to the problem of domestic indigenous manufacture? Why are you not allowing even the limited imports to be put on the OGL instead of using it as a weapon of control and pressure through the STC as far as the distribution is concerned? And have you got any plan for reviving and operating the closed paper mills?

Lastly, has this pressure by the private sector producers on the Government to increase the prices which they say are unremunerative, found a sympathetic echo in the heart of the Government and are they proposing to put up the prices? There is no statutory price control; that I know. But then how do they propose to regulate the prices in the printing and publishing industry?

I am not shedding tears for the big newspapers. Because for them it is possible to put up their prices or the selling prices. They do it also. It is possible for them to put up their advertising rates. The big newspapers can do it. But what about the small papers; what about the small journals; what

about the small local papers which come out from many districts in the country; what will happen to them? So, what do you propose to do about this? How will you regulate the supplies and regulate the price? And how will you see to it that the school children are not deprived of cheap text books which is supposed to be an essential part of the Government's policy?

SHRIMATI GEETA MUKHERJEE (Panskura): Sir, because you are hungry, I will not take much time.

MR. DEPUTY-SPEAKER: I am not hungry because you are giving many thoughts to me.

SHRIMATI GEETA MUKHERJEE: Hungry, not angry.

MR. DEPUTY-SPEAKER: Not hungry as well as not angry.

SHRIMATI GEETA MUKHERJEE: It is good news that you are not hungry.

Sir, I shall not repeat the points already covered. I would like to know a few things. Before going into that, I must make a general comment that such a bland self-satisfied statement on such a sensitive subject is really a marvel, which the Minister has achieved. I do not know whether to congratulate or condemn. But that is the situation.

There are several things which have been covered here. I will take one by one. On the question of import, I am not going in for a bigger discussion. But I would just like to know one thing, whether it is also true that the import prices of newsprint have also increased by 213.67 per cent in 1989; and if so, what are the reasons. I would also like to know, in this import whether we are trying only with the traditional countries with which we have been doing it; and whether we are trying to have new avenues, that is like



[Smt. Geeta Mukherjee]

importing from Bangladesh. I agree that newsprint and paper are not luxury items. You can cut out glazed paper, but not the rest. So, import would be necessary. I would like to know what we are doing with other countries. I would also like to know the Government's re-action to Kelkar Committee's recommendation of reduction of import quota from 300 tonnes to 50 tonnes. In my opinion, if this recommendation is accepted, it will hit more the small and medium newspapers and they have already protested against it. What is the re-action of the Government to this recommendations?

With regard to the price of the newsprint, I would like to know whether it is a fact that between December 1986 and April 1989, newsprint prices increased from Rs. 7837 to Rs. 14597—practically doubled.

Paragraph 3 of the statement clearly says this is not the end. All these reasons which have been given here make it very clear that the Government is poised for another increase, giving all these details of financial viability, etc. Is it a fact that they are going to increase even more than what has already been done?

I would like to add some more point in regard to small and medium newspapers. Their difficulty is not only that they have to pay this price, but they have to buy it through an agent. They have to buy it at the rate of Rs. 1000 to Rs. 1500 per tonne through the agent. Therefore, this agency cost is added to the price increase. And it becomes very much more. So they are really in trouble. Therefore, their share in this quota distribution must increase. What is the reaction of the Government towards it?

With regard to paper and paper board, I am really astounded to see this paragraph where already Mr. Gupta has asked this

question of capacity utilisation. I am not repeating. I am only supporting it. I am astonished that it is so very sure of itself that indigenous production is adequate to meet the demand and there is no shortage of paper and paper board in the country. I was going through the statement made on the 15th April by Mr. S.N. Mehta, Acting Chairman of the Joint Action Committee of publishers' industry. They say that the present demand is somewhat like 30 lakh tonnes. It seems correct; otherwise, why should the paper prices increase by 40 per cent within the last six months if it was adequate and everything was fine? Therefore, saying that we have enough to meet the demand, I think, is a totally false notion that the Ministry is suffering from. I want him to clarify that.

I would like to comment on another thing. If this is going to be an election year, then there will be even more pressure on the paper. Is it correct or not? If so, where from will it be cut—from the literacy programme or the students' textbooks as it is stated in this paragraph that textbooks are getting enough paper?

SHRI J. VENGAL RAO: Even for election purposes, there is sufficient paper.

SHRIMATI GEETA MUKHERJEE: At a very high black-marketing price which the ruling party alone can afford.

SHRI J. VENGAL RAO: For your party also.

SHRI INDRAJIT GUPTA: Paper is earmarked for the election?

SHRI J. VENGAL RAO: There is sufficient production.

SHRIMATI GEETA MUKHERJEE: I would also like to know, without suffering from self-righteousness, whether the Minister will tell straightaway what he is going to

do with regard to price, giving more quota to the small and medium newspapers, opening of the closed mills, supply of ordinary newspaper to publishers so that we can climb a little up. Already our country has slipped into the 17th position in the publishing world.

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): First I will answer about the newsprint and afterwards I will answer about the writing paper and paper board.

Our total demand for the newsprint is around 5 lakh tonnes. This indigenous production is 2.75 lakh tonnes and we are importing 2 lakh five thousand and odd tonnes. The international price of the newsprint has recorded a sharp increase in 1988. The selling price of imported standard newsprint which was Rs. 6,195 per tonne during January-March, 1987, has gone up to Rs. 12,715 per tonne plus Rs. 550 per tonne import duty. Now the imported newsprint costs Rs. 13,265. This is STC's price. Our Department has nothing to do with it. STC is an independent body. The distribution of this newsprint is also not within our capacity, it is with the Information and Broadcasting Ministry.

SHRI INDRAJIT GUPTA: But this is with the Government.

SHRI J. VENGAL RAO: Yes, it is with the Government of India.

Sir, the three hon. Members are labour leaders. On the one side, they plead for Interim Relief and more wages to the labour, and on the other, they are arguing on behalf of big multinational newspapers. Our indigenous price of newsprint is very low. It is approximately Rs. 10,000 and odd. As per the BICP report, we have to raise it to Rs. 13,000 or so to bring it at par with the imported newsprint, but we have not yet raised it. Except one, all newsprint factories

are in public sector. On the one side, they are criticising the performance of the public sector undertakings by saying that they are incurring losses, and on the other, they want to increase the Interim Relief and wages of the workers. At the same time, they are arguing on behalf of these big newspaper houses.

AN HON. MEMBER: What about the small and medium newspapers?

SHRI J. VENGAL RAO: Their share is very small. Sir, these hon. labour leaders are arguing on behalf of capitalists. You see what was the price of a copy of the *Hindu* published from Madras previously and what is its price today. They are not paying it from their pocket; they are charging it from the readers. Now the indigenous factories are incurring losses. These are public sector undertakings and that is why the BIC has submitted its report. We will be considering the report within a short time. We have to increase the price of indigenous newsprint also because, as I mentioned, the international price is very high. About the output also I must mention this. When I was the Chief Minister of Andhra Pradesh, we were collecting royalty from the paper mills. At one time it was only Rs. three per tonne.

AN. HON. MEMBER: Is it!

SHRI J. VENGAL RAO: Yes. For thirty years the Birlas paid at the rate of Rs. 3 per tonne. I increased it from Rs. 30 to Rs. 60. Now the royalty per tonne on bamboo in Andhra Pradesh is Rs. 536 and on hardwood it is Rs. 331. Then, what about the increase in price of coal? Recently there was a hike in coal prices. What about the railway freight? Recently in the Budget, there was an increase in the railway freight. All these will add to the price of the paper. These Members are labour leaders, Sir, and they know it very well.



SHRI NARAYAN CHOUBEY (Midnapore): But who increased the railway freight?

SHRI J. VENGAL RAO: So, Sir, it is because of these reasons there is price increase in the paper and the newsprint. I am telling this because all these add to the price. Sir, in the case of writing paper and paper-board, we are in surplus. We have extra capacity also. We gave letters of intent to those paper manufacturing units. Till two years ago, the paper industry incurred heavy loss. Therefore, we de-controlled the paper two year back. Now, there is statutory control on writing paper and paper-board as also on newsprint. Even then these public-sector units, because we are controlling them, are incurring losses. Tomorrow, you will say that all your public sector undertakings are working in heavy loss. Now, you are telling us not to increase the prices. How is it possible? That is why on the newsprint side also, we have to encourage indigenous production first. I must inform Shrimati Geeta Mukherjee, Shri Indrajit Gupta and our party Member, Shri Harish Rawat, that we have paid interim relief. He fought for this and he came in a procession to my house and demanded interim relief to the public sector undertaking workers. Where will I get money? To meet all this expenditure, we have to raise the prices and there is no other go.

Sir, recently, we de-controlled cement also. The people of West Bengal now what to import cement from Andhra Pradesh. It is very cheap in Andhra Pradesh.

SHRI INDRAJIT GUPTA: There is surplus cement in Andhra Pradesh. Why don't you give it to us?

SHRI J. VENGAL RAO: It is because of the cost of raw material, freight charges and the price of chemicals also, the cost has increased. The Government have no power to decontrol all these.

Now, Sir, about the text-books and exercise books for the children, it is the duty of the Human Resources Ministry to look into this matter. I am an industrialist and I must get profit from my industry. If they want to get it at cheaper rate, they must give subsidy to the Hindustan Paper Corporation. We are supplying the paper to them. But they have to pay the money. Their requirement is 1.5 lakh tonnes. They are not in a position to pay the amount for 80,000 tonnes. It is now before the Cabinet. They must pay to the Hindustan Paper Corporation at market rate. Then only we can supply it to them. Sir, I have given the factual position. It is not the fault of the Government. Price rise is there in all the sectors. Likewise paper price has also gone up. We can't help it.

MR. DEPUTY-SPEAKER: The House stands adjourned for lunch to meet again at 14.30 hours.

13.29 hrs.

*The Lok Sabha adjourned for Lunch till  
thirty Minutes past Fourteen of the Clock*

*The Lok Sabha re-assembled after Lunch  
at Thirty-five Minutes past Fourteen of the  
Clock*

[MR. DEPUTY SPEAKER *in the Chair*]

#### DISCUSSION UNDER RULE 193

[*English*]

#### **Communal Situation in various parts of the country—contd**

MR. DEPUTY SPEAKER: Now we are taking up further discussion on the communal situation in various parts of the country, raised by Shri Balwant Singh Ramoowalia on 24th April, 1989. Shri Arif Mohammad Khan to continue.