

Mr. S SEN

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Dear Mr. Sen,

We thank you for extending invitation to IPMA to partake in recent deliberations organised by CII between Industry sectors and the Government.

Paper industry understands and appreciates the government concerns to conserve the under ground water quantity and quality. We also welcome the Government's intention to create National Recharge Fund for helping the investment needs for ground water recharging and also, welcome projects in Public-Private-Partnership mode for encouraging recycling of waste water and ploughing it back to industrial usage. But, the undeniable fact is that it calls for a very detailed planning and evaluation of the proposals from the point of view of their technical feasibility and economical viability. We in IPMA reiterate that the Government should formulate policies which will enable PPP projects to become viable and to serve the very purpose; in principle IPMA would like to be a willing partner in this important exercise.

As desired, we to place below a few facts and IPMA's view on **the Government's new proposed policy on ground water utilization by industries** :

1. Paper industry is fragmented as it covers all three sectors namely recycled fiber, agro waste and wood based mills. Process technology is not very contemporary although a few mills have gone for long modern process technology deriving the benefits of resources utilization. The main issue before the paper industry is the raw material availability which has restricted the adoption of modern process technology. **Therefore, international bench marking is not fair in regard to the water use.**
2. Large integrated mills are generally sourcing their water from surface water (like river) except 3-4 mills which are based on ground water. These mills are in existence for a very long time (as in one case it is existent for nearly 80 years or so) and **any strong measures from the government can jeopardize their existence.** There are large numbers of small and medium sized paper mills which are dependent on ground water.
3. IPMA Member Mills have done remarkable well in bringing down water use to the current level of 120 m³ per ton. Further, industry is seriously pursuing this effort in order to reach a figure of about 100 m³ per ton of paper. **Still further reduction will call for massive investment** as mills are saddled with number of small machines in their paper making area. Notwithstanding, water recycle and reuse has become the normal practice.
4. The mills have comprehensive effluent treatment plant and the treated effluent meets the statutory requirement. The treated water is eventually discharged into inland surface water or on land for irrigation. Farmers use the treated effluent for irrigation and they are very much dependent on this source.
5. While using surface water from river for industrial purposes, paper mills are already paying a huge sum towards water charges to the State Governments and in majority of the cases, mills are made to pay the water charges in advance for the entire sanctioned quantity of drawal of surface water irrespective of lesser drawal. Accordingly, this is a paradoxical situation wherein for the same consumption of surface water for industrial purposes, the industries are made to pay

two different charges viz. **water royalty charges to State Governments and water cess to State Pollution Control Boards**. Such measures defy logic and moreso, double-whammy is ill-affordable under current scenario.

6. ***The Government should have a soft approach to the industries which are already in existence based on ground water.*** The help may be to allow them to source river or canal water if it proves to be expedient from the point of environment and the mills find this alternate source to be economically viable. But for setting up of new industries, the policy can take care of issues like water availability, hydrogeology etc.

7. In terms of Water (Prevention & Control of Pollution) Cess Act 1977, there is a provision for rebate in water cess payment. But the 70% rebate earlier available to those units who install any plant for the treatment of sewage or trade effluent, was amended and reduced to 25%, that too with the following two conditions:

- o Not consuming water in excess of the maximum quantity as may be prescribed in this behalf for any specified industry.
- o Complying with any of the provisions of Section 25 of Water (Prevention & Control of Pollution) Act, 1974 (Act 6 of 1974) or any of the standards laid down by the Central Government under Environment Protection Act, 1986 (Act 29 of 1986).

But irony is that the State Pollution Control Boards do not grant this rebate in water cess payment to any industry even if the conditions are totally complied with by them. ***The Government should provide incentives to industries in their water conservation efforts in the form of tax rebates and extending soft loans.***

8. IPMA Member Mills have hugely invested in the recent years to meet the new revised norms that have been agreed under MoEF's Charter of Corporate Responsibility for Environment Protection. ***Therefore, it would be very punishing if the Government decides to make the effluent norms more and more stringent in such a short span.***

9. ***So long as the treated effluent meets the statutory standards the Government should refrain from levying indirect charges*** (for waste water discharge/ treatment charges) for, industry is returning back the treated waste water on inland surface or on land for irrigation .

10. Presently industry is required to have water meters at the source of extraction/ pumping. Water conservation has been the main priority of the management and therefore, ***it is very difficult for us to understand as to how making mandatory the water-metering and water auditing will help the situation.***

11. ***The Cess rates are already very high*** and there has been 3-fold increase in the Cess rates in the last five years. In fact these rates ***should be rationalized*** and necessary concessions/ rebates should be given to the industries which are engaged in rain water harvesting or increased recycling of back water. The proposed increase in Cess rates by 30-fold is extremely demanding and is bound to crush financial health of the industries.

In view of the foregoing, we request CII to engage the Ministry of Water Resources and Central Water Commission further to put across IPMA's views on behalf of the Paper Industry on the subject and oblige.

Thanking you,

R. Narayan Moorthy
Secretary General

