

Import duty hike, quality control norms: What India's paper industry seeks from Budget 2024

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Synopsis

In its pre-budget submission to the govt, the industry has urged for increasing the basic customs duty on the import of paper and paperboard from 10 per cent to 25%. It may be noted here that India's WTO Bound rate is 40% on these products.

An import duty hike and imposition of quality control feature on top of Domestic paper and paperboard industry's Budget wish list this year.

Domestic paper and paperboard manufacturers are looking for a hike in import duty to 25% on paper products in Budget 2024, PTI reported on January 22. Industry players have also demanded imposition of a quality control order to check cheap imports.

The industry's plea to the government comes as they seek to protect the interests of domestic paper manufacturers and maintain the quality of paper products available to Indian consumers.

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Indian Paper Manufacturers Association (IPMA) has requested the government to take measures to ensure the supply of quality paper products to Indian consumers and prevent the import of sub-standard products. The association has urged the issuance of quality control orders (QCOs) for various grades of paper. IPMA President Pawan Agarwal has called for paper and paperboard to be placed on the negative list during the review of existing Free Trade Agreements (FTAs) with ASEAN, South Korea, and Japan, as well as in the formulation of new ones.

Agarwal underlined that any increase in customs duty would not affect the duty-free imports under the FTAs. He further said, "Suitable safeguard, anti-dumping, and countervailing duties on imports of various grades of paper should be imposed promptly, especially after the recommendation of the Directorate General of Trade Remedies (DGTR)."



Image for representation

IPMA highlighted that the paper industry is facing significant challenges due to underutilisation of capacity caused by a surge in the import of paper and paperboard. Despite having sufficient domestic production capacity, imports of paper and paperboard into India have been steadily increasing. In the first half of FY24, imports saw a 43% increase, following a 25% increase in FY23. This trend has prompted IPMA to request a suitable increase in import duty on paper in the upcoming budget to level the playing field for domestic manufacturers.

Agarwal said that imports are growing at a faster pace than domestic production, leading to the underutilization of the country's installed capacity. IPMA is concerned about the impact this trend is having on the paper industry.