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Financial Analysis Review and Performance of Paper and Board Industry in Pakistan Economy Since 2001 To 2010

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Abstract

This paper is about the importance of Paper and Board industry in Pakistan Economy during 2001 to 2010. The idea was to reinforce the importance of this industry and its ways of working and to find out steps to improve its performance in Pakistan. All they want of this study is due to its economical scope for that purpose this paper work out on their Paid-up-Capital; Total numbers of Shares and Equity will explain the variation in the Sales and for Total Assets of Paper and Board Industry. Change in Sales and Profits from year 2001 to 2010 are easily described with graphical representation.

Index terms— Paid-up-Capital, Stem Wood, Pulp, Equity, Bark.

1 Introduction

he word ”paper” is consequential from the name of the thin plant papyrus, which grows plentifully along the Nile River in Egypt. Muslims took the craft of Papermaking from Central Asia in 751, and by 793 there were many mills in operation in various Arab countries. Baghdad was considered to be the papermaking capital of the world from the 9th to 12th century AD, until the city was destroyed by Mongol invasion in the early 13th century, and by another invasion in the 15th Century. Attendance records of these paper mills still remain in existence.

Paper was initially disfavored by the Christian Church as a manifestation of Muslim efforts to dominate trade and culture. Efforts were made for hundreds of years to boycott its use. Finally, in 1221 AD, a decree by Holy Roman Emperor Frederick II declared all official documents written on paper to be invalid. Due to great demand paper the use of paper became fashionable in Europe by the late 13th Century, and by the 14th century there were paper mills in several parts of Europe. The invention of the printing press in 1450 greatly increased the demand for paper in Europe. Supplies continued to be imported from Islamic countries till the 16th Century, until Europe became self-sufficient in paper production.

The advent of Industrial Revolution in Europe provided paper to the masses in sufficient quantity and low prices.

In china discovery of paper as we know it today is certified to Tsai Lun. He was respected as a patron saint of papermaking. It is said that Tsai Lun experiment with different resources and developed the art crushing the fiber of plants until each strand was divided. These separated fibers were mix with water and dipped into a huge vat. Then this layer of fiber was dried out and the product that was produced was paper. The paper was thin, flexible and strong and had a fine flat surface. The process of manufacture paper was kept a undisclosed within China till the 3rd century.

When the Moors of North Africa attacked Spain and Portugal they took the paper production method with them and paper making finally found its way to Europe in the 12th century. Charles Fenerty of Halifax finished the first paper from wood soft tissue (newsprint) in 1838. Charles Fenerty was serving a local paper mill maintain a sufficient supply of rags to create paper, when he succeed in making paper from timber pulp. He ignored to patent his invention and others did copyright papermaking process based on wood fiber.

In 1856, Englishmen, Healey and Allen, established a copyright for the first uneven paper. The paper was utilized to line men’s tall hat. American, Robert Gear quickly made-up the corrugated cardboard box in 1870.

On December 20, 1871, Albert Jones of New York NY original a stronger grooved paper (cardboard) applies as a ship material for bottles and glass lantern.

In 1874, G. Smyth builds the primary single sided uneven board-making instrument. Also in 1874, Oliver Long enhanced upon the Jones copyright and invented a lined corrugated cardboard.

(The first recorded historical place to grocery paper bags was completed in 1630. The use of paper sacks only really in progress to get off at some stage in the Industrial Revolution: between 1700 and 1800.)

With the passage of time there have been lots of changes in 'Paper Industry'. No doubt, in every country of the world it is a very important sector because T personal and social. Paper is used at every inch of our daily life i.e. for books, notebooks, diaries, newspapers, magazines, letter pads, different types of cards, raping papers, binding sheets, envelopes, bags for carrying grocery etc.

Different industries are very important but mostly they are field bound or it can be said that their scope revolves around some specific area. But paper industry has a vast scope having the reason that it is involved in every walk of life. Paper industry is a very active sector that also plays a vital role in the economy of a country.

Being a new and separate state, at the time of independence Pakistan was under developed. Because of this reason Pakistan had no paper and paper board industrialized unit. The needs regarding paper were met through imports.

In 1952, first paper unit was established. Its production capacity was 500 tons per annum. Then additional units were put up in Punjab, Khyber Pakhtunkhwa and Sindh, producing a range of grades of paper, using local and imported unrefined materials. But due to poorly deliberate growth in the 80's and 90's, many of the units are lying closed from that occasion.

At present, in Pakistan there are about 100 units in the planned and unorganized sectors. Collectively, these units have a set up capability of 650 thousand tons per annum. The units in planned sector have a capability of 20 to 300 tons per day. The organized sectors have 575 thousand tons production capability from 26 paper manufacturing units. These units manufacture Writing, Printing Paper, Wrapping, Packing Paper, White duplex coated, Un-coated board, Chip Board and other board.

In Punjab, about 70 percent of the paper mills are located, in Sindh 20 percent and 10 percent in Khyber Pakhtunkhwa. Punjab has a vast concentration due to availability of abundant underground water and wheat straw used as primary raw material. Only a few mills have a capacity of more than 100 tons per day. Whereas, majority of the mills have low production capacities. Production capacity of these units ranges between 1500-88000 tons on annual basis.

2 II.

3 Literature Review

One of the serious problems facing the forest industry in coming decades will be the great demand for wood as raw material. In order to meet the increased demand for pulp, fiber and particle board, the supply of fiber raw material must be increased. One method of solving the problem would be to use the tree more effectively. Only 60-65 % of the total biomass of the tree is utilized today. Whole-tree utilization would mean an additional quantity of approximately 35 million solid cubic meters over bark. Short-term supply of wood in reserve is also available due to neglected thinning and cleaning. (Nilsson, Wernius, 1976) [1] A number of investigations have been carried out (Nihlgard, 1972; Nykvist, 1971; Tamm, 1969) **??**2] [3] [4] on the distribution of the biomass of the tree. A Finnish investigation (Hakkila, 1972) [5] gives the following figures:

Stem wood, harvested, bark excl. 57 % Bark from stem wood 6 % Wood from logging residue, bark incl.

6 % Branches, incl. bark and needles 19 % Stumps and roots bark incl. 12%

(Blosser, 1980) [6] Describe some of the problems and challenges facing the forest products industry as a result of environmental regulations and paying attention on in formational and personnel wants. (Gould, 1980) [7] Analyzed the environmental legislation of the past decade and noted that industry and government cooperation will streamline regulation in the 1980s. Early control efforts were reviewed and it was noted that an adversary approach was taken. The costs of compliance to consumers were discussed and the trends of future regulations were examined.

With steady development of pulping and papermaking processes, a larger proportion of mill effluents will become occasional or accidental discharges. Measures suggested by (Nilsson and Ahlgren, 1972) [8] to prevent these for both economic and cologne reasons included (a) the construction of comparatively large collection tanks (100 to 1,000 cu m) for gradual release of collected spillage not including disturbance to the overall operation; (b) collection and recirculation of leakage, spillage, and overruns; (c) installation of an alarm system to register high discharge levels; and (d) correct dimensioning of bottlenecks, such as screen room and evaporation plants.

The principal purpose of a study by (Myers,244) [9] were to establish the typical composition of wastepaper in household trash and to provide some insight into the ability and willingness of individuals to divide wastepaper from household trash. Every day wastepaper discards averaged 0.53 lb/person (0.24 kg/person) and consisted of 47 percent newspapers, 13 percent magazines, 12 percent tough papers, and 28 per cent all other papers mixed. Nearly all volunteers as educational and non-educational, formal and casual, In Sweden, (Nykvist, 1971) [3] among others has obtained approximately the same figures as a result of his investigations. This indicates that the following distribution of the bio mass of pine and spruce may be taken as an average: Stem wood including

bark 65 % Branches and top incl. needles and bark 20 % Stumps and roots were willing to participate in an identical 14-day household wastepaper partition in the future, but 13 percent were not willing to do so on a permanent basis, and 12 percent would contribute in a permanent separate collection .

The weakened condition of book and the speed with which library collections are deteriorating concern all librarians. Many know that alum has been used by papermaker for many years to precipitate rosin sizes and that hydrogen ions derived from alum* are a major cause of paper deterioration. Most librarians may not appreciate that other sources provide a sufficient number of hydrogen ions to destroy paper and that alum was used intentionally for hundreds of years to preserve paper. Storage conditions, particularly excessive book stack temperatures, can destroy otherwise permanent papers (Smith 1969) [10] .

4 III.

5 Methodology

Two types of tests are applied; first one was for observing the performance of Paper and Board industry over the years and second method for considering that which variable is more contributing for increasing the sales and Total Assets. In this study ANOVA is used for comparing the means of different variable from year 2001 to 2010. Multiple linear regressions can be help for predicting sales (dependent variable) and profit after tax (dependent variable) by considering paid-up capital, no. Of share, equity, profit before tax and total assets (explanatory/independent) variables.

6 IV.

7 Empirical Results

A histogram is one of the basic quality tools. It is used to graphically summarize and show the distribution and variation of a process data set. The pie chart show the paid-up capital is increasing from2001 to 2003 it remain constant in 2004 than it increase from2005 to 2010 and it would approx. 15% increase from 2001 to 2010. [1] [2] [3]

Figure 1:

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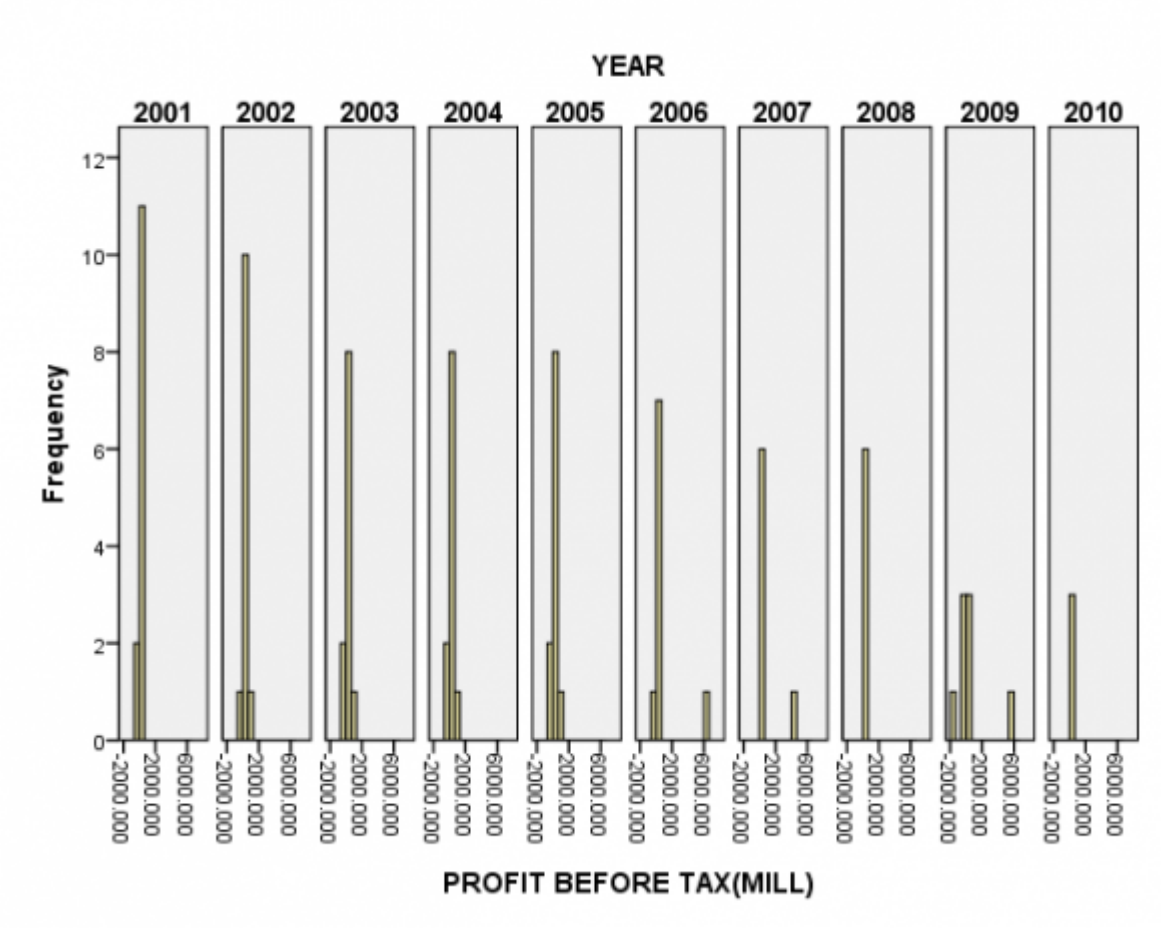

Figure 2: Financial

.1 Conclusion

This study show that their sales is decreasing so Profit before tax and profit after tax slightly decrease from 2001 to 2010 this is because huge quantity of paper and paperboard was coming illegally into Pakistan from Afghanistan and other border countries that affect the Pakistan industry. For that purpose immediately remedial action must have to take to save the paper and paperboard industry of Pakistan. Following steps take to save paper and board industry:

? The government should boost competitiveness by bringing the prices low down International prices. ? Duty should be reduced on the imported raw material (including wood pulp, chem. waste paper, plant and machinery). ? Due to current flood many mills face very losses so government has to announce interest free loans for them for rehabilitation. ? Withdrawal of 15 per cent Excise Duty on locally produced paper and board.

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