

High input prices hem in corrugated packaging biz

fe Bureau

Chennai, Mar 16: Sandwiched between the kraft paper mills and large consumers, the corrugated packaging industry is in a dismal state of affairs again. The industry's major raw material, kraft paper, has been recently subjected to multiple, prohibitive and unprecedented increases in price, resulting in making corrugated packaging cost dearer by almost 25%.

To worsen the situation further, prices of all other critical inputs for the industry have shot up substantially. Starch prices have more than doubled in the last one year.

The price of stitching wire has also gone up almost 40%, primarily due to hikes in the cost of steel. Labour costs have also gone up substantially.

Corrugated packaging is required for safe transporta-

tion and distribution of almost all products from essential items like milk, fruits and vegetables to engineering goods, textiles, consumer durables or medicine. The industry is based completely on recycled-fibre base and has successfully substituted wooden packaging thereby contributing to the environment.

Kirit Modi, president, Indian Corrugated Case Manufacturers' Association (ICCMA), said, "Modern technology has recently been introduced and the hitherto fragmented manufacturing process has been upgrading to fully automatic production lines -- the benchmark of the packaging industry across the world.

This segment of the industry has come under a banner called the ICCMA and represents all such units who have recently invested substantial amounts to in-

troduce the latest technology to the Indian market."

Modi explained, "There is a worldwide shortage of fibre used in making kraft paper due to the closure of pulp mills in Chile caused by the recent earthquake. The severe winter and snow in North America has also put a lot of pressure on the availability of waste paper, which is the main input for the local recycled paper mills in the country," he said.

The paper mills have collectively implemented price increases and enforces them with immediate effect, whereas the corrugated box suppliers have to go through the process of getting approval from their customers, which takes anything from 2 to 4 weeks. The price fluctuation is understandable but the way the paper industry implement the price increases, with immediate effect, is a problem with the industry.