

Corrugated box manufacturing units face closure

Sandwiched between the Kraft Paper Mills and the Large Consumers, the Corrugated Packaging Industry is at dismal state of affairs again. Industry's major raw material, Kraft Paper, has been recently subjected to multiple, prohibitive and unprecedented price increases, resulting in making the Corrugated Packaging dearer by almost 25% and the Paper Mills are planning for further hikes, in coming weeks.

Kirit Modi, President, Indian Corrugated Case Manufacturers Association (ICCMA) in a press statement said that to aggravate the situation further, the prices of all other critical inputs of this industry have shot up substantially. There is a world wide shortage scenario of the fibers that go into making of Kraft Paper, due to the closure of pulp mills in Chile

due to the recent earthquake. The severe winter and snow in the North Americas have 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.

The Paper Mills collectively implement price increases and enforce them with immediate effect, whereas the Corrugated Box suppliers have to go through the process of getting approval from their customers, which take 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 Corrugated Box Manufacturing Industry. Paper Industry, which is fueling inflation. The Paper Mills are increasing the prices collectively, by the same quantum and on the same

Harish Madan, Hony. Secretary, Indian Corrugated Case Manufacturers Association (ICCMA), said that the Association already submitted a memorandum on this subject to the Ministry of Commerce & Ministry of Finance, Government of India, requesting them to take serious note of this situation and initiate appropriate action. The Corrugated Packaging Industry also appeals to the Government of India to allow import of Kraft Paper at NIL rate of customs duty, to tide over the present crisis.

Unless the end-user Industry gives an immediate increase of at least 25% in the selling prices to compensate cumulative impact of the above hikes, the very survival of Corrugated Box units is at peril and their closure imminent.