

Paper mills hike prices at regular intervals

# Corrugated box units in the red

**NT Bureau**

Chennai, Mar 22:

Sandwiched between the kraft paper mills and the large consumers, the corrugated packaging units are in a dismal state of affairs again.

Kraft paper is the major raw material for the corrugated packaging units and with the recent increases in this chief input, the cost of making corrugated packages went up by 25 per cent, even as the paper mills were planning for another hike in the coming weeks. To aggravate the situation further, the prices of all other critical inputs of this industry have shot up substantially. The starch prices have more than doubled in the last one year and the cost of stitching wire has also gone up almost 40 per cent

primarily due to hikes in the steel cost. Also, the labour cost at the corrugated packaging units had gone up substantially.

It would be pertinent to mention that corrugated packaging was required for safe transportation and distribution of almost all products of everyday use by a common man -- be it milk, fruits and vegetables, engineering goods, textiles, consumer durables or medicine. 'The industry is based completely on the recycled fiber base and has been adequately servicing the packaging needs of the country by successfully substituting the wooden packaging and contributing to the environmental protection and ecological balance,' said a release. The corrugated packaging

units were primarily operating in the small and medium sector and were now reeling under pressure due to increase in the prices of kraft paper at one end and the other inputs at the other end.

Giving the current perspective, Indian Corrugated Case Manufacturers Association (ICCMA) president Kirit Modi said modern and latest technology has recently been introduced in the country by upgrading the hitherto fragmented process of manufacturing to fully automatic production lines which was the benchmark of the packaging industry across the world. This segment of the industry has come under a banner of ICCMA representing all such packaging units who had in-

vested substantial amounts to introduce latest technology to the Indian market.

'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 because of 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 recycled paper mills in the country,' said Modi.

While the paper mills collectively implemented price increases and enforced them with immediate effect, the corrugated box suppliers have to go through a process of getting approval from their customers which take anything from two to

four weeks. 'The price fluctuation was understandable but the way the paper industry implement the price increases with immediate effect has created a number of problems for the corrugated box industry,' he said.

ICCMA said they wished to draw the attention of the Central government to the 'cartelisation policies' being adopted by the paper industry which was fueling inflation. The paper mills were increasing the prices collectively by the same quantum and on the same dates, said the release from ICCMA. According to ICCMA secretary Harish Madan, 'we have already submitted an MoU on this subject to the Ministries of Commerce and Finance requesting them to take serious note

of this situation and initiate appropriate action.'

The corrugated packaging industry has appealed to the government for allowing the import of kraft paper at nil rate of customs duty to tide over the present crisis and also give opportunity to these SMEs for upgrading their quality of their products to global standards at affordable prices.

Unless the end-user industry gave an increase of at least 25 per cent in the selling prices to compensate for the cumulative impact of the hikes in raw materials, the very survival of corrugated box units would be at peril and their closure would be imminent, said ICCMA officials.