

# Double whammy for corrugated box industry

PNS ■ HYDERABAD

The Corrugated box industry is reeling under the twin blows of sharp cost increases in a short span of a few months and raw material supply disruptions.

The total cost increase for box makers has already crossed 70 per cent cumulatively on account of paper alone and the increase is unrelenting. The industry is bleeding on account of unprecedented hikes in the cost of its main raw material kraft paper.

Kraft paper mills attribute the rising prices of imported and domestic waste paper to Covid lockdowns and international logistics disruptions for the reduced availability.

On the demand side, they are taking advantage of the lucrative opportunity to export kraft paper in the form of recycled kraft paper pulp rolls to China to fill the supply gap as mills in China face the impact of an import ban of all solid waste including waste paper



with effect from January 1, 2021 onwards.

Sandeep Wadhwa, president, Indian Corrugated Case Manufacturers' Association (ICCMA), a pan India body, stated that the demand gap and attractive pricing in China is diverting the output of Indian kraft paper from the domestic market and driving up the prices of finished paper and recycled fibre.

Exports of recycled kraft paper pulp rolls by Indian kraft paper

mills would touch about 2 million tonnes this year, roughly 20 per cent of total domestic kraft paper production in India. This development, on the base of zero export prior to 2018, is a game-changer in supply-side dynamics going forward.

In addition to the increase in the costs of kraft paper, all other inputs namely manpower costs, starch, freight & other overheads have also witnessed a huge increase in the range of 60 to 70 per cent over last few years. The

**Sharp rise in prices of raw materials within a short span and disruptions in supply pushes industry to the brink of closure**

Corrugated Box Industry in the country with 350+ automatic corrugators and more than 10,000 semi-automatic units, mostly in MSME sector, is facing immense stress on account of these unprecedented cost increases.

Harish Madan, vice-president of ICCMA said that this is an eco-friendly industry that consumes about 7.5 million MT per year of recycled kraft paper and produces 100 per cent recyclable corrugated boxes to constitute a market of Rs 27,000 crore.