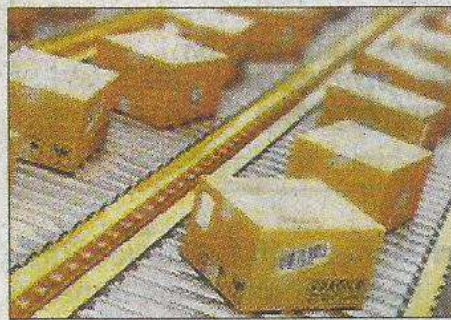


'Pandemic-led disruptions, higher input costs hit corrugated box industry'

■ Business Bureau

HAVING suffered losses to the tune of Rs 1,000 crore in last three months due to pandemic-led disruptions and rising input costs, the corrugated box industry has warned that many manufacturers may have to shut their units if prices of end-products are not raised.

The corrugated box industry, which mainly comprises micro, small and medium enterprises (MSMEs), are reeling under surge in prices of kraft paper and other conversion input costs -- increasing the cost of end products by 15-20 per cent depending on the strength of the packaging boxes, Indian Corrugated Case Manufacturers' Association (ICCMA) Vice President Harish Madan said. Both domestic and imported waste paper prices



have gone up by Rs 4,500-5,000 per tonne during the last couple of months due to disruptions caused by COVID-19 pandemic.

Also, the impending Chinese ban on waste paper has pushed Chinese mills to lap up whatever supplies of waste paper and finished products are available in the overseas markets, Madan added. Even post-Chinese ban, waste cuttings prices are likely to remain at elevated levels in the foreseeable future as lockdowns all over the globe have dented the generation and collection of

waste, he said. Indian paper mills could not import adequate volumes, resulting in lower inventory of required grades and shortage in some lower grades at this point of time, he added.

"The corrugated box industry comprises MSMEs and cannot absorb the loss incurred due to higher input costs and if the prices of the end products are not raised, many manufacturers will be forced to close down their units that will result in huge job losses," he said. The sector gave direct employment to over 10 lakh people and indirect employment to another 10 lakh, according to data by ICCMA.

During last three months, the industry has incurred a loss of over Rs 1,000 crore and if this scenario continues it is likely to go up to Rs 2,500 crore, which will break the industry, Madan said.

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