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Corrugated box manufacturers declare 'bandh'

Economy Bureau
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More than 1,600 corrugated box manufacturers across the country have given a call for a three-day strike from July 29 to protest against price increase by paper mills. They are also demanding rationalisation of the excise duty for the industry.

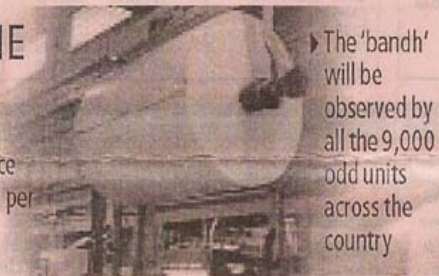
The raw material for corrugated box, commonly known as cartons or cardboard box, is paper. "Paper mills have arbitrarily increased prices by almost 30% in the last four months," said Hemant Saraogi, president of the Eastern India Corrugated Box Manufacturers' Association (EICMA), one

PROTEST TIME

▶ The paper industry is continuously increasing the kraft paper price since March, taking it to Rs 22 per kg from Rs 14 per kg

of the 11 regional members of the Federation of Corrugated Box Manufacturers of India (FCBM).

"Cost of other inputs like printing ink, steel stitching wire and energy have gone up affecting the conversion cost by 60-70%," Saraogi said. On an average, box manufacturers transact Rs 50 crore per day. They are looking at a hike of almost 30% to ease out the



▶ The 'bandh' will be observed by all the 9,000 odd units across the country

cost pressure.

Corrugated boxes, used primarily by FMCG and white goods industries for packaging, are made from kraft paper and board. Kraft paper is fluted on a corrugation machine to form a board, using adhesive to bond layers of paper.

"Corrugated box still continues to attract 14% excise duties, whereas kraft paper is on the 8%

excise slab," said Milan Dey, vice-president of the EICMA. "Paper mills can clear corrugated boxes at a rate of 8% irrespective of whether they make it on their own or outsource the job," he said. The apex organisation of manufacturers, the FCBM, has submitted a memorandum to the Union finance ministry demanding lowering of the duty.

"If the government reduces the customs duty, it will translate into almost 10% reduction in raw material costs, as import will become competitive," said RG Agarwala, vice-president of the EICMA. Manufacturers import kraft paper from Indonesia, China, Korea and European countries.