

SMEs

Corrugated box industry sandwiched between paper mills and consumers



Gone are the days when the main function of packaging was confined to the containment, like water bag (made of animal skin) used to store water. But today, the key purpose of the packaging is about the protection, transportation and conveyance of goods to the final destination of consumption. Corrugated boxes play a major role in the development of the packaging industry in the country. It is next to print media that consumes raw materials from the paper mills. Even though the industry maintains a low profile, it is undeniable that it plays a vital role in new India's economic growth and also serves to maintain the ecological balance in the country.

But the industry is in trouble as the paper mills from which the industry buys its raw materials have increased the price by more than 40% in the last three months. The high cost of the other raw materials like adhesives,

■ BE Bureau

transport, labour etc are making the products costly by 60-70%. Hemant Saraogi, President, Eastern India Corrugated Box Manufacturers' Association told BE, "We are getting sick day by day." The association expects price stability and negotiation from the paper mills. "Waiving customs duty can be a partial relief to counter the crisis."

The average turnover of the industry is INR 9500 crore annually. Nine thousand units across the country are producing nearly 35 lakh tonnes of corrugated paper boxes. The reasons that have given substantial impetus to the industry include tremendous rise in the retail sector of the country, improving the lifestyle of the middle income group and rapid growth in exports that demand excellent packaging standards to cater to the international market's needs. The demand comes from food processing, electronics, fresh fruits and vegetables packing and the consumer durables industry.

STEEL

Electrotherm, a trusted name in the foundry and steel industry providing unmatched technological leadership for more than two decades, announced successful installation and commencement of commercial production in a 40MT furnace, the first and world's largest medium frequency induction melting furnace for steel billet making. APM Tripathy, the regional manager of the company spoke to BE.

Q) How are you looking at the grand success of your company in installing such a huge furnace?

It is a great achievement. Our customers have the vision and we have the expertise. We are competing with our own benchmark as last year we had commenced commercial production in a 30MT furnace.

Q) How can the furnace be helpful for mini-steel plants?

We offer a complete turnkey solution to our customers. The installation of the 40MT furnace means all kinds of economies of scale to the steel plants. There will be a

saving of around INR 800 per tonne.

Q) What is the cost of installing such a furnace?

It is around INR 5 crore for only the furnace. For installation, plant shade, power etc the total cost is around INR 20 crore.

Q) Are you looking for a good business opportunity in the eastern region?

The demand in the market is good in eastern India. Though problems exist with power and pollution, there are more than 20 units that can replace their old furnace and install a new one with a 40MT capacity. ■



Speeding up activities in bureaucracy to attract FDI

For more than 100 years, the Herkules Group, a world leader in the manufacture of roll machining equipment, designs, drafts and manufactures all kind of roll shop equipment such as roll grinders, roll milling machines, TC ring grinders and millers, roll handling equipment, roll lathes, all required special machines, roll texturing machines, integrated roll shop computer and remanufacturing of existing machinery. Christoph Thoma, Chairman and Chief Executive Officer, Herkules Group spoke to BE's Bappaditya Chatterjee during his recent visit to Kolkata at the inauguration of the Deutsche Maschinen India Pvt. Ltd. (DMI) about why the Herkules Group has chosen India for investment.



Christoph Thoma

Q) How do you interpret Indian economy in the sphere of world economy especially against the backdrop of economic slums?

A) India's main strength is its growing and large market. The economy is also consumption-led. No doubt it has potentiality, but the inhibiting factor is its bureaucracy. I do not understand why a project takes a long time to get cleared. Of course, if we decide to invest in any place in the world, we would like to invest tomorrow. Time is money, losing time is losing money and an industrialist cannot tolerate this. Speeding up activities in the

bureaucracy is essential to attract FDI.

In China, my experience is that decision and execution are made in the twinkling of an eye. This is the main reason for Chinese competitiveness worldwide. Taking a terribly long time for forming and setting up a company is the most difficult challenge I

faced here. Moreover, imports take a huge time toll. One's entire operation gets upset and one ends up with losing global competitiveness.

Q) Why have you chosen West Bengal for investment?

A) We have had an old relationship with West Bengal. DMI has been providing technical, installation and maintenance (repair and revamping jobs) services to all customers in India and neighbouring countries. In view of the customers' requirement and satisfaction, we decided to set up in West Bengal. We are primarily in the steel industry. We produce equipments for auto and power among other industries. I believe India's auto industry will grow fast and energy requirement will rise sharply, so there will be huge requirements of equipments and appliances. Unless we have a set-up here, we cannot serve efficiently.

Q) Product innovations as well as technology integration are absolutely important. What have you done in R&D?

A) These are absolutely essential. We heavily invest in R&D and are extremely innovative. We have our own control system for machines and testing systems among others that mean we have a very deep production line. ■

