

PAPER PRICES RISE 19-24% ON RAW MATERIAL COST PUSH

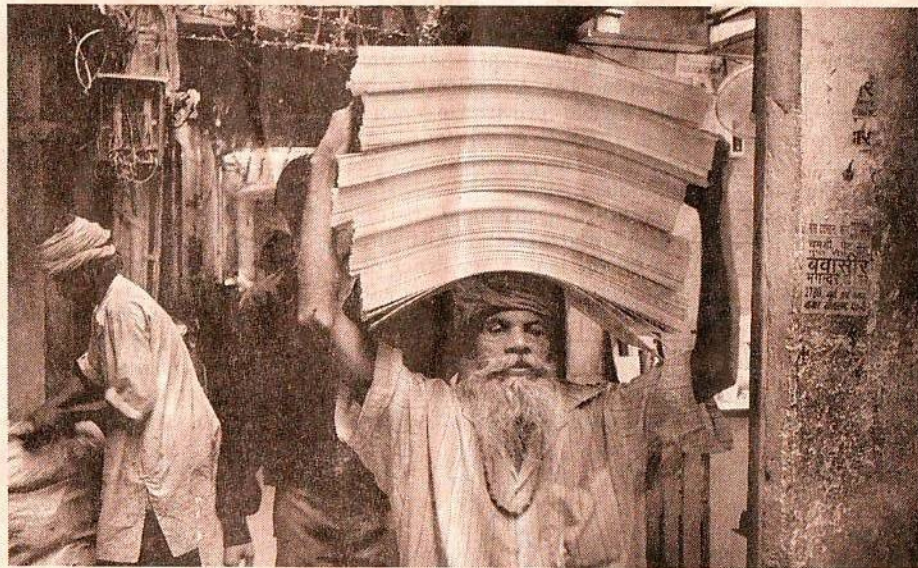
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Mumbai, 6 March

Domestic paper and newsprint manufacturers have raised prices in the range of Rs 2,500-3,000 per tonne across all grades effective immediately in order to survive a dramatic rise in raw material prices.

For example, the price of 16 BF (burst factor) paper is now quoted around Rs 18,000-19,000 per tonne from Rs 16,000 per tonne a month ago, up 19 per cent. Similarly, 20 BF paper is quoted currently around Rs 20,500-21,000 per tonne against Rs 16,500-17,000 per tonne a month ago, up 24 per cent.

Maharashtra Paper & Board Manufacturers Association President Prakash Rathi said, "The industry passed on a part of raw material price rise to consumers and we are awaiting their response."

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About raw material, a senior executive of one of the largest domestic paper manufacturing companies said that the prices of pulp and waste paper, the two main raw materials, have doubled in the last three months.

Further, a devastating earthquake in Chile recently disrupted pulp supplies of about

three million tonnes. The country is in complete disarray jeopardising pulp supplies from its production units.

Also, the US government has withdrawn a subsidy of \$125-150 per tonne for the treatment of black liquor generated during pulp manufacturing effective from January 1, which has made

pulp costlier at least by \$150 in the last two months. As a result, mills in the US, the largest manufacturers and consumers of kraft paper, are using more waste paper causing shortages in the export market and a resultant rise in prices. Again, ocean freight has gone up due to shipping bottlenecks. As a conse-

quence, pulp prices have risen sharply to \$750 per tonne against \$360 per tonne a year ago.

Apparently, the demand for waste paper, a pulp substitute, has also surged phenomenally. In the last one month, waste paper prices have gone up by 13 per cent, or \$35, to \$300-305 per tonne, on rising demand.

Indian paper mills are using waste paper as raw material for manufacture of kraft paper used by the packaging industry. Waste paper is supplied by scrap traders to paper mills, and due to the unavailability of required quantity, it is being imported to meet demand.

Indigenously available waste paper is not sufficient to cater to the needs of mills and, hence, almost 50 per cent of the waste paper requirement is met through imports from the US, Europe and the Gulf countries.

Rathi said that due to the high cost of imported waste paper, the demand for indigenously available waste paper has also gone up with current price going up by Rs 3,000 per tonne. The price and availability of both imported and indigenous waste paper were not showing any signs of easing in near future, he said.