

Kind Att: —

Price hike of raw material

Tribune

Paper mills incur heavy losses

AMBIKA SHARMA

SOLAN, FEBRUARY 28

Faced with increasing price and scarcity of various raw material, paper mills were incurring heavy losses, forcing them to shut their operations every now and then. While the packaging industry has been alleging abrupt hike in paper prices, the All India Kraft and Recycle Paper Mill Association has decided to announce a hike of Rs 2 from April 1.

This decision was taken at a recent meeting of the association where it was decided not to bring about any more hike in the paper prices for April and May. The association will, however, convene a review meeting on May 15 and take

a decision on further price hike if the market situation did not improve, confided its chairman Rajeshwar Garg.

The decision comes in the wake of a five-day shut-down call given by the North India Packagers' Association in lieu of the hike in paper prices.

About 300 paper mills in north India have been going through tough times with majority of them incurring losses due to hike in prices of various raw materials. Earlier, these mills used bagasse (crushed sugarcane pulp). Since the sugarcane mills in Uttar Pradesh, which was the major supplier, have been directed to use this as a boiler fuel instead of the earlier coal due to pollution con-

cerns, it has become a scarce commodity. Moreover, the increased coal prices have also deterred the industry. Bagasse comprises almost 50 per cent raw material of the paper mills.

A part of this scarcity has now been met by importing waste which comprises almost 25 per cent of the raw material. The abrupt price hike of this imported waste from \$100 to \$240 in the past one year by the US, Europe, Canada and Australia, has further burdened the mills, forcing them to hike paper prices. Further, the inclement weather in these countries has added to the scarcity.

The input cost has thereby been hiked by as much as 70 per cent while the paper mills

were barely getting 30 per cent price hike. The packagers had made a huge hue and cry over this hike as well, lamented paper mill owners. The small paper mills have incurred losses to the tune of one crore each in a single year as the situation has remained unchanged. They are finding it difficult to meet the recurring expenditure, confided mill owners.

Almost 10,000 tonnes of paper was used by the Baddi-Barotiwala-Nalagarh industrial area every month and a majority of it was imported from other states.

The packagers, on the other hand, have been alleging that the paper mills were indulging in undue and abrupt price hikes.