

17-02-2011

Page # 19

Rising input costs hit kraft paper mills in South

fe Bureau

Chennai, Feb 16: The kraft paper mills in South India, which provide direct and indirect employment to close to three lakh people, have been hit hard by the spiralling input costs coupled with raw material shortage. The mills are forced to increase the selling price of the kraft paper, by Rs 2,000 to Rs 3,000 per tonne, in the coming weeks, according to South India Kraft Paper Mills Association.

In view of the steep increase in the input costs, the industry body is also urging the Centre to abolish customs duty of 5.2% and countervailing duty of 4% to help them keep their heads above water.

Rabindar, president of the association, said that there were about 100 kraft paper mills in South, producing over 10 lakh tonne of kraft paper, annually. The cost per tonne of imported raw material has increased from about Rs 9,700 to over Rs 16,400 and the cost of raw material in the local markets has increased from Rs 6,200 to Rs 10,200 (64%) per tonne, during the last 12 months.

Besides, the costs of chemicals, power and other input materials have also followed the suit. During the same period, the increase in the cost of coal has been by 11%, husk/GNS 50%, rosin 135%, alum 59%, gum 100%, starch 34%, diesel 14%, power 10%, and labour almost 100%. In addition, due to continuous power cuts, the financial cost has also gone up by 30%, due to poor capacity utilisation.

He said that, in the light of the hike, mills across India have been forced to increase their product prices by Rs 7,000-Rs 7,250 per tonne.