Corrugated packaging box makers facing raw material cost shock

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The corrugated paper box industry is facing a crisis as prices of raw material have shot up by 30-35 per cent threatening to turn the business unviable, an industry official said. In India, there are about 350 automatic corrugators and more than 10,000 semi-automatic units across the country and the segment generates direct employment for about 4,00,000 people.

The corrugated industry said the unprecedented steep escalation of price of Kraft Paper by the paper mills is the major hurdle while consuming industries are not willing to pass on the cost making their business unviable. The prices of both domestic and imported waste paper prices have gone up by Rs 4,500-5,000 per tonne in the last couple of months.

China has proposed a ban of waste paper imports from January 2021 and as a result, the Chinese paper mills are stocking up the waste paper supplies available in overseas markets. Both China and India import their waste paper primarily from the USA and Europe for kraft paper manufacturing.

However, Federation of Corrugated Box Mfrs of India president (elect) Milan Kumar Dey questioned the role of paper mills for raising price sharper than their raw material supply disruptions. "Though mills had been claiming that there is an acute shortage of pulp due to poor collection of waste paper in Europe and the USA due to Covid leading to rise in cost of waste paper," he said.

However, the mills are not providing the import data over a medium term questioning their claim. While the price of domestic waste has increased only by Rs 2-3 per kg. It is a real question why prices of Kraft paper raised so much and so rapidly, Dey said..