



CORRUGATED BOX INDUSTRY IS STRUGGLING & DESPERATELY SEEKS SUPPORT FROM ITS VALUED CUSTOMERS

The **Corrugated Packaging Manufacturing Industry** is in deep crisis due to steep and unprecedented increase in input costs, scarcity of kraft paper coupled with unprecedented price hikes and resultant losses & working capital squeeze.

- In the last four months, the prices of different grades of Kraft Paper have gone up by as much as **Rs 10.00 per kg, in almost all the zones**, in the wake of almost 100% increase in imported waste paper prices caused by acute shortage in generation/collection post-lockdowns in different parts of the world, as well as logistics disruptions. Paper Mills are manufacturing restricted grades as per raw material availability, resulting in erratic & delayed supplies. To aggravate matters further, the mills have started exporting Kraft paper in large volumes to China at lucrative prices. The fall out of this is further tightening of the supply position in India and driving up of the prices.
- There has been huge increase in other input costs namely **Starch, Manpower, Fuel, Transportation and overhead costs**. This impact of increase in conversion costs is estimated at **Rs 3 per kg, minimum**.
- The Paper prices have been continuously increasing over the past 4 months and there is no stability in the same even at the increased levels. It is just not possible to get a firm price commitment from the paper mills.
- There is a Massive squeeze on working capital due to the higher cost of Paper & other inputs. Most of the suppliers now are insisting on prompt payments. Corrugated Manufacturing Industry, mostly in the MSME sector, has limited financial resources and is finding it very difficult to sustain their operations.

In view of the situation explained above, the Corrugated Packaging manufacturing industry earnestly & urgently seeks support from its valued customers, by;

- Giving price increase of Rs **13.00 per kg (~35%)**, in almost all locations, commensurate with the increase in Paper, Conversion & Logistics costs.
- Follow dynamic /flexible pricing, with monthly review, as it is impossible to extend any firm commitments due to extreme volatility in the current market conditions
- Establish payment terms of 30-45 days max. for their Corrugated Packaging vendors

The Corrugated Packaging Industry plays a pivotal role in maintaining uninterrupted supply chains of all manufactured products & hence seeks the support of the user Industries, for its' survival through this critical phase.