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KOLKATA: Corrugated box manufacturers have raised an alarm over a sharp inverted duty structure created after the rationalisation of GST rates, and claimed that more than 20,000 MSMEs in this packaging segment are at risk of closure.

While GST on corrugated paperboard boxes has been reduced from 12 per cent to 5 per cent, the rate on its primary raw materials, kraft paper and board, has been raised from 12 per cent to 18 p



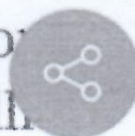
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Eastern India Corrugated Box Manufacturers said the recent GST revisions have created a severe imbalance.

"This disparity leaves a 13 per cent burden on the industry and is far from supporting MSMEs. It threatens their viability," the association said in a statement.

The industry employs over one million people and converts nearly seven million tonnes of kraft paper annually into

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The association highlighted that the change will "lead to working capital blockage due to accumulation of input tax credit, higher interest and compliance costs, and increased service costs as input credit on labour, job work, rent, repairs, and freight is not refundable".

"This anomaly will inflate cost 5 per cent on contract labour, job work, rent and repairs, and by 5 per cent on freight," the association said, warning that the burden would ultimately fall on consumers.



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Corrugated box manufacturers sought their customers' understanding, as this disparity will "inevitably lead to a 5-7 per cent rise in the cost of boxes".

The association also flagged that cumbersome refund processes, discouragement of automation and



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The association also flagged that cumbersome refund processes, discouragement of automation and barriers to new investment will undermine the government's "Made in India" and "Vocal for Local" initiatives.

"We request the government to restore parity on GST rates on corrugated boxes with paper and boards, so that the industry remains viable and continues to support essential supply chain nationwide," the statement said.



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It stressed that restoring GST rate parity would not impact government revenue, as both inward and outward supplies in the sector are business-to-business transactions where input tax credit is availed at every stage.

"Such a support will bring much-needed relief to thousands of converters across India, enabling continued growth, modernisation and global

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