

Corrugated box makers demand 'green' status

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The Federation of Corrugated Box Manufacturers (FCBM) has urged the Indian government to remove the anomaly in the excise duty structure between paper manufacturers, who pay 4 per cent excise, and corrugators who are required to pay 8 per cent. The relaxation in duty structure is also expected to remove additional load on the industry by reducing the cost for customers.

R G Agarwal, president of FCBM, said, "The amount of kraft paper consumed is the second highest after newsprint. To improve the quality of newsprint, government does not charge any customs duty on it, but kraft paper attracts 10 per cent customs duty. As a result, local paper mills cannot compete with quality kraft paper, due to which corrugated product manufacturers suffer because they cannot produce international quality packaging for exporters."

The corrugated box manufacturing industry is the second largest consumer of paper in the country and employs nearly 300,00 workers. Currently, there are 8,000-9,000 manufacturers engaged in the sector.

FCBM has taken up a drive along with its 12 regional associations to establish a research and development (R&D) centre in each of its zones for the benefit of the 2,000 SME sector members. The SME sector sometimes cannot afford independent R&D facilities.

"This is an eco-friendly industry and we need infrastructure-based facilities like land," pointed out Agarwal.



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According to Moinul Hassan, chairman of the West Bengal Small Industries Development Corporation (WBSIDC), "A mango exporter in Murshidabad lost his export orders for dearth of proper packaging. He had to appoint an expert to improve his packaging requirements to boost his export business. Proper packaging can help sell a bad product but bad packaging cannot help sell a good product."

Agarwal added, "In addition to the need for international standard packaging, we also need to replace wood-based packaging to save our forests and plastic-based non-biodegradable packaging for ecological reasons. Corrugated boxes, on the other hand, are based on completely recycled paper."

The corrugated box manufacturing industry in the country recorded a steady growth at over 5 per cent in 2009 despite the difficult economic climate last year.

"We have been insulated from the slowdown that occurred last year as the bulk of our demand comes from sectors unaffected by the downturn, such as food packaging and horticulture sectors," said Agarwal.

The corrugated box manufacturing sector currently has a market size of Rs 7,500 crore and it is expected to grow at 5 per cent in 2010.

The industry benefited a lot in recent years, as large multinational companies shifted to local manufacturers, and also because corrugated boxes have started replacing plastic packages and wooden boxes in the firecracker industry.

Demand from the western region of the country is high, while it is the least in the eastern region, Agarwal pointed out.