

Corrugated box makers urge FM to reduce excise duty

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Kolkata, Dec 29: In a bid to get a competitive edge in the domestic market, corrugated box manufacturers in the country have asked the Union finance ministry for decreasing excise duty on the industry by 50%. The Rs 7,500-crore industry is facing competition from paper mill owners, who have started manufacturing corrugated boxes while enjoying less excise duty.

The paper mill industry in the country pays a maximum of 4% excise duty while their first 3,500-tonne production attracts zero duty for the industry. Corrugated box industry pays a maximum of 8% excise duty.

"This anomaly in duty structure has prompted paper mill owners to start manufacturing corrugated boxes while enjoying a lower excise duty. This has put the future of corrugated box manufacturers at stake," said RG Agarwala, president of the Federation of Corrugated Box Manufacturers of India (FCBM). The federation has almost 2,000 registered members while 1,500 others are yet to register.

"We have submitted a memorandum listing some of the demands to finance

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minister Pranab Mukherjee. These paper mills can clear corrugated boxes at a rate of 4% irrespective of the fact whether they make it on their own or outsource the job. We can have a level playing field only when the excise duty on us is reduced to 4%," Agarwala said.

Corrugated boxes, used primarily by the FMCG and white goods industries for packaging, are converted from kraft paper and board as kraft paper is fluted on a corrugation machine to form a board, using adhesive to bond layers of paper. According to Agarwala, 4% reduction in the excise duty would translate into a minimum of 5% reduction in the costs which would help in lowering the price.