



POWERING PROGRESS THROUGH PLASTICS
ISO 9001:2008 Certified

AIPMA



THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

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Ref. No. AIPMA/ RC/ 1000

26th Nov 2020

Shri. Piyush Goyal
Hon'ble Minister for Commerce and Industry
Government of India
Udyog Bhawan, New Delhi

Subject: URGENT HELP REQUESTED TO SAVE PLASTICS PROCESSING INDUSTRY DUE TO DRAMATIC AND UNNATURAL INCREASE IN PRICE OF RAW MATERIAL (RESIN) BY THE RAW MATERIAL MANUFACTURERS IN THE COUNTRY

Dear Sir,

As you know, the plastics industry in India constitutes of around 50,000 Plastics processing units of which 90% are MSME's. It directly employs more than 50 Lakhs people and contributes more than Rs. 3 Lakhs crores to the country's GDP. We would like to bring to your urgent attention that the Raw material manufacturers in India (16-17 large private as well as PSU's) have exponentially increased their cost of raw material in India in last 5 months. The plastics processing industry which is trying hard to stand back on its feet after the lockdown has been dealt a major blow by large petrochemicals companies and is now on the verge of collapse.

S. No.	Raw Material	Percentage increase in last 5 months
1	PVC	62%
2	ABS	148%
3	PC	112%
4	HDPE	55%
5	LLDPE	34%
6	Polypropylene	25%
7	GPPS	43%
8	HIPS	57%
9	PPCP	26%
10	PET	21%



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As evident, the unnatural increase in price of raw material by petrochemicals companies in India has been exponential in last 5 months which is threatening survival of thousands of plastics processing units in India. As a result of the above, Indian plastics industry is facing the following critical problems: -

1. Industry reeling under severe demand destruction due to the pandemic is further facing huge working capital and related financial issues due to the exponential increase in cost of raw material.
2. Due to the demand issues arising out of pandemic, plastics processors are not able to raise prices for their products to a similar extent to compensate for the increase in raw material's price. This is creating further burden and most of these units are incurring huge financial losses.
3. Raw material manufacturers are exporting the raw material in large quantity thus creating scarcity of the polymer raw materials in our country.
4. As a result, there is a growing threat of increased imports of plastics intermediate and finished goods from countries like China. This would prove to be disaster to your vision and plan to make India Atmnirbhar.
5. As Indian plastics processing units have become highly uncompetitive in global market due to increase in raw material prices, export from India may take a severe hit.
6. Indian plastic goods exporters are bound to become uncompetitive in the international market as polymer prices are 10-15% cheaper in international market as compared to prices in India.

Taking above in to consideration, we would urgently request for your interventions and consider the following at the earliest: -

1. **Constitute a 'PETROCHEMICAL REGULATORY AUTHORITY' to curb the consortium and undue profiteering persisting in the petrochemicals industry.**
2. **Government should launch an investigation to find out and address the real reason of such an artificial increase in price of raw material by all polymer manufacturers in India across the board in spite of the fact that the input cost, technology and market dynamics are different for all.**



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3. Govt should immediately halt the process of imposing Non-tariff barrier on Raw materials such as Anti-dumping duty and mandatory BIS standards specially where India is import dependent as several grades are not produced in the country and consumption of several polymers is much higher than its domestic production.

4. Immediately ban/ restrict export of raw material from India to ease out the supply in the country and to check the price increase.

We would also kindly request you to convey a convenient date and time so that we can meet you through VC and highlight the state of the plastics industry due to the above.

The above is for your urgent consideration.

Thanks and best regards.

Yours Sincerely,

Chandrakant Turakhia
President