

THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

AIPMA House, A-52, Road No. 1, M.I.D.C., Marol, Andheri (East), Mumbai - 400 093, India.
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Ref. No. AIPMA/063/2021

Date: 08.09.2021

Shri B. B. Swain
Secretary
Ministry of Micro, Small & Medium Enterprises
Udyog Bhawan, Rafi Marg, New Delhi – 110011

Subject: Request for deferment of the Quality Control Order- Polyethylene Material (IS 7328:2020) and subsequent stakeholder meeting on the impact of mandatory quality standards on Raw material on both domestic supply and exports of plastics goods.

Dear Sir,

This is regarding Quality Control Order- Polyethylene Material for Moulding and Extrusion (Quality Control) Order, 2021 issued on 15th April 2021. The Control Order makes it mandatory for all Polyethylene ("PE") Material conform to the Indian Standard IS 7328:2020 and bear the Standard Mark under a license from the Bureau of Indian Standards. IS 7328:2020 makes it mandatory for producers to follow the mandatory labelling standards for Polyethylene products. While, we appreciate intention of Government of India's behind the implementation of quality standards for a wide range of products including Polyethylene (IS 7328:2020), implementation of mandatory standards for at this point of time will cause substantial economic disruption to the industry resulting in closing down of many Plastics Processing units.

Following products are covered under Polyethylene: -

- **PE under IS 7328 covers all products.**
 - LLDPE (including HAO, mLLDPE) with density of 0.910 to 0.940
 - HDPE with density of >0.940
 - LDPE with density of 0.910 to 0.925
- **Low Density Polyethylene (LDPE)**
- **Liner Low Density Polyethylene (LLDPE) High Density Polyethylene (HDPE)**
- **High Alpha Olefins (HAO)**
- **Specialty Resin (Tie Resins, Adhesion Enhancers, Foil Bonding Agents) XLPE**
- **Medical Grade LDPE**



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PLASTIVISION
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Following is the import dependence on PE: -

Product	Demand by 2025	Installed Capacity in India by 2025	Actual Production per year	Deficit
LDPE	1290kT	600kT	540kT	750kT
HDPE	3520kT	3000kT	2300kT	1220kT
LLDPE	3432kT	3000kT	2200kT	1232kT
HAO	454kT	100kT	50kT	404kT
Specialty Resin	18.3kT	0kT	0kT	18.3kT
XLPE (high voltage)	29.7kT	0kT	0kT	29.7kT
Medical Grade LDPE	76kT	0kT	0kT	76kT

1. The mandatory labelling requirement outlined by IS 7328:2020 has introduced the concept of designation code. The provision will add unnecessary operational complexities without any expressed benefit to the consumer. Polyethylene is universally exempt from labelling requirements including in the U.S., EU, Japan, China and Vietnam because of their various grades and applications. Additionally, these materials are intermediate products, which are generally safe for health, safety, and the environment.
2. Implementation of quality standards on raw materials does not provide a holistic solution to reduce the import of cheap quality finished goods into the country. On the contrary, tedious compliance requirements (e.g. printing of labelling code on small unit of packaging) will challenge domestic availability of raw materials (e.g. Polyethylene) putting the Indian manufacturer at a disadvantage both in domestic market and exports. Secondly, the desired quality of a processed plastic product does not solely rely on a raw material, but depends on several factors including the quality of additives used and manufacturing processes, among others. Domestic processors will not be able to compete with imported finished articles which will not be produced using



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- quality certified polymers and will severely affect the business of small processors in the MSME sector.
3. While India's chemical and petrochemical sector continues to grow between 1.2-1.5 times of the national gross domestic product (GDP), the demand for petrochemical products will continue to surpass domestic supply. India will remain short in production of specialty grade polymers in the near future. Therefore, complex technical barriers might dissuade global manufacturers to prioritize supply to India. This would consequently disrupt access to vital raw materials used by Indian health care and pharmaceutical sectors battling Covid-19 and export-critical sectors such as automotive.
 4. Producers are likely to face major challenges in getting the certification due to various constraints at the level of BIS. BIS is not equipped to handle certification due the following: -
 - Delays in travel and conducting inspections to different sites/plants globally.
 - Delays in issuing certificates and subsequently yearly renewal for uninterrupted operations.
 - Requirement of considerable manpower/resources skilled in handling sample collection /site visits,
 - Increased monetary burden on applicants
 - Separate application required for each factory location. License to be granted for factory and can cover multiple products/grades.
 5. 50% of the PE used in India is imported. If PE producers are not able to obtain the BIS license before deadline due to the above reasons, it will create raw material supply disruption for domestic manufacturing sector. This is also likely to affect exports from India. This may also affect manufacturing of critical Healthcare and medical products for which key raw material is PE.
 6. India is production- short in specialty grade polymers. Import dependence on other PE materials is also high more so considering the growth in the coming years. Compliance with this requirement has the potential to disrupt access to such vital raw materials used by Indian health care, pharmaceutical, electric cables and wires, and export-critical sectors such as automotive.
 7. Please be informed that Industry associations were not taken into confidence and consulted before coming out with the Quality control order for PE. Polymers being manufactured in India are mainly using technologies provided by European and American manufacturers of chemicals and polymers. While we are publishing BIS Standards we should accept goods manufactured as per US and European standards also.



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User industry and consumers to be impacted due to the mandatory BIS standard on PE: -

Polyethylene Product	Industry	Sector
Low Density Polyethylene	Consumer Durables, Food Packaging, Milk Packaging	Fast Moving Consumer Goods making essential products
High Density Polyethylene	Infrastructure, Pipe, Irrigation	Infrastructure, Water Distribution, Agriculture
Linear Low Density Polyethylene	Food Packaging, Irrigation, Milk Packaging, Consumer products	Fast Moving Consumer Goods making essential products
Cross Linkable Polyethylene	Power Cables	Energy Supply
Medical Grade Polyethylene	IV Bottles, Syringes, Bottle Caps	Health, Pharma and Hospitals

Our recommendations for your kind consideration: -

1. The six-month transition period does not provide enough time for manufacturers to meet the requirements of the Control Order given the disruptions in global trade and manufacturing due to the COVID-19 pandemic. **Therefore, the implementation timeline should be extended by at least 12 more months from October 2021 to October 2022.**
2. Subsequent to the immediate deferment by one year i.e. until October 2022, Government should undertake comprehensive stakeholder discussions with Industry associations with respect to adverse impact of mandatory BIS standards on Polymers Raw material on the country's economy. Thorough study and discussions should be held before making BIS standards mandatory of raw material especially in cases where India is import dependent.
3. Mandatory BIS should not be imposed until domestic production is enough to meet the country's demand. If the government desires to improve the quality of goods in the country and create a brand name "Made in India" then BIS should be imposed on finished goods and not on raw materials.



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4. Europe has implemented REACH regulation on the complete value chain. We can't export Non-REACH compliant raw materials or finished goods to Europe. Thereby offering enough protection to the domestic processors from cheap quality & low value imports. As India is proposing BIS on polymers only and not on finished goods, domestic processors will be severely hit by a flood of cheap quality plastic goods imports into the country.

5. The above is for your kind consideration.

With Warm Regards,

Sr. no.	Name	Designation	Associations Name
1	Mr. Chandrakant Turakhia	President	The All India Plastics Manufacturers' Association
2	Mr. Mahendra Sanghvi	President	Organization of Plastics Processors of India (OPPI)
3	Mr. Arvind Goenka	Chairman	Plexconcil
4	Mr. Ramesh Kr. Rateria	President	Indian Plastics Federation (IPF), Kolkata
5	Mr. Ravi Jashnani	President	Maharashtra Plastics Manufacturers Association
6	Mr. Vijay Kumar	President	Karnataka State Plastics Association
7	Mr. Bhagwanbhai Patel	President	Gujarat State Plastic Manufacturers Association
8	Mr. Balakrishna Bhat Kakunje	President	Kerala Plastics Manufacturers Association
9	Mr. Vimlesh Gupta	President	Telangana and Andhra Plastics Manufacturers Association
10	Mr. B. A. Nazeer	President	Canara Plastic Association