

Press Release

Sharp rise in Polymer Raw material prices hits manufacturing, MSMEs.

Raw material crisis may lead to closure of more than 20,000 MSME plastic units: Industry bodies,

Industry associations urged Union government to ask Public Sector Units i.e. Indian Oil, GAIL, OPAL, Haldia Petrochemicals, MRPL to streamline supply of raw materials in adequate quantity to the MSME sector at fair prices.

Industry associations have urged the government to ban the export of raw material for at least one year.

Plastic Raw Material Crises in India likely to hit Agriculture and Healthcare sector

Plastics processing sector producing plastics goods for Food processing, agriculture, Toys, Healthcare, Pharma, Automotive, infrastructure and consumer segments and belonging to micro small and medium enterprises sector are facing acute raw material shortage that may lead to the closure of several thousand units across the country.

Around 50000 units in the plastics processing sector that offer employment to about fifty lakh workers in the country are already operating below 50 per cent of their rated capacity, and if the crisis prolongs, then thousands of MSME's will have to close down, said the Heads of All India Plastic Industry Associations that includes The All India Plastics Manufacturers Association, Organization of Plastics Processors of India, Plastic Export Promotion Council, Gujarat State Plastics Manufacturers Association , Indian Plastics Federation-Kolkata, Karnataka State Plastics Association, Maharashtra Plastics Manufacturers Association, Kerala Plastics Manufacturers Association, Telangana and Andhra Plastics Manufacturers Association and Canara Plastic Manufacturers & Traders Association.

Industry bodies have slammed large petrochemical companies including PSU's for exponentially increasing their prices without any commensurate in prices of feedstock, pointing out that the prices have soared by 40-155 percent in last 8-10 months. They have also accused large petrochemical companies for creating acute shortage of raw material in the market thus encouraging premium and black-marketing.

The plastics processing sector has sought immediate government intervention to ensure raw material supply by Indian petrochemical companies and free imports of raw material that are not produced in the country.

"The industry is facing acute shortage of polymers, the main raw material for plastics goods production, which has varied application in nation-building including Agriculture, Healthcare, Food sector and Toy sector" Said Mr. Chandrakant Turakhia – President of The All India Plastics Manufacturers Association.

"The increase in raw material costs and its acute shortage in market is leading to escalation in project costs and is adversely impacting the cost competitiveness of MSMEs," said Mr. Arvind Mehta, Chairman, Governing Council of The All India Plastics Manufacturers Association.

"Exports of finished products are falling as polymer prices in country are substantially higher than competing countries and if this situation of price increase continues, export of plastics goods from India is expected to take a nose dive as Indian manufacturers would fail to meet global order commitments" said Mr. Arvind Goenka, Chairman of Plastic Export Promotion Council.

"Farm sector is expected to be hit hard due to impact of raw material crisis on prices of Plastic pipes, drip irrigation system, water tanks, mulch films and woven sacks" said Mr. Mahendra Sanghvi, President of Organization of Plastics Processors of India

"Toy makers using plastic for components and packaging are at dismay due to sudden price rise and unavailability of raw materials" said Mr. Shailesh Patel, President of Gujarat State Plastics Manufacturers Association

"Impact of rising price of raw material is expected to hit consumers hard in this Corona times when their income is already under cloud" said Mr. Ramesh Kumar Rateria, President of Indian Plastics Federation, Kolkata.

The associations urged the Union government to ask Public Sector Units I.e. Indian Oil, GAIL, OPAL, Haldia Petrochemicals, MRPL to streamline supply of raw materials in adequate quantity to the MSME sector at fair prices.

As the polymer raw material prices have very badly hit Micro, Small and Medium Enterprises (MSME), several industry associations have urged the government to ban the export of raw material for at least one year.'

S. No.	Raw Material	Dec 2019 (Rs/Kg)	Feb 2021 (Rs/Kg)	Percentage increase in last 13 months	Impact on consumer segments
1	PVC-57GER01	75.50	127.00	68%	Agriculture pipes, Infrastructure, Medical
2	ABS	106.00	270.00	155%	Electrical and household appliances, automotive
3	PC	132.00	260.00	97%	Electronics, auto components
4	HDPE	71.30	101.00	42%	Consumer goods, packaging, agriculture pipes
5	LLDPE	69.50	94.00	35%	Drip irrigation, packaging
6	PP	80.80	115.00	42%	Household, woven sacks, packaging, automotive, pharma
7	GPPS	86.00	133.00	55%	Jewelry, packaging, Toys
8	HIPS	89.00	164.00	84%	Electronics, auto, Toys
9	PPCP	83.20	121.00	45%	Auto, Household appliances,
10	LDPE	81.50	125.00	53%	Milk pouches, packaging, shrink films, pharma
11	PET	80.00	87.00	9%	Bottle, household