



POWERING PROGRESS THROUGH PLASTICS
ISO 9001:2008 Certified

AIPMA



THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

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Ref. No. AIPMA/ RC/ 1002

30th November, 2020

**To,
Shri. Nitin Gadkari
Hon'ble Minister of MSME
Government of India
New Delhi - 110001**

Subject: REQUEST FOR URGENT HELP TO SAVE PLASTICS PROCESSING INDUSTRY DUE TO DRAMATIC 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 50,000+ plastics processing units of which 90% are MSME's. The sector 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 the 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.

Sr. No.	Raw Material	Percentage increase in last 5 months
1	PVC	60%
2	ABS	140%
3	PC	111%
4	HDPE	25%
5	LLDPE	26%
6	Polypropylene	30%
7	GPPS	43%
8	HIPS	48%
9	PPCP	31%
10	PET	20%
11	LDPE	40%



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- Petrochemical companies in India are taking the advantage of surge in polymer prices by restricting the supplies to domestic processing units and releasing the material after increasing the prices on regular intervals. Unfortunately, PSUs have also joined hands with private players and are dancing to their tunes and are not serving the processing industries in a fair manner. Rationale of price increases by domestic industries are not justified as compared to international prices.
- Domestic petrochemical producers don't enter into forward contracts whereas overseas producers are selling their goods on forward contracts. As a result, price play and price manipulation by domestic companies becomes very easy and suitable for them.
- The domestic processors are compelled to import some quantities in order to remain price competitive. Surprisingly, the domestic producers approach the government for initiation of anti-dumping proceedings on select grades of polymers on which they are already charging premium due to constrained availability.
- Raw material manufacturers in India are exporting the raw material in large quantity thus creating scarcity of the polymer raw materials in our country.

As evident, this 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: -

- 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.
- 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.
- 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'.
- 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.
- 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.**



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2. PSUs in India like IOCL, GAIL, BCPL and OPAL which are into petrochemicals should support the domestic processing units by serving them in a fair manner and should ensure reasonable and fair pricing mechanism. They should ensure smooth and regular supplies.
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.
5. Decrease the import duty to NIL on those raw material wherein India is import dependent.

The above is for your urgent consideration. Thanks and best regards.

Yours Sincerely,

S. No.	Name	Designation	Organization
1.	Mr. Chandrakant Turakhia	President	The All India Plastics Manufacturers' Association (AIPMA)
2.	Mr. Mahendra Sanghvi	President	Organization of Plastics Processors of India
3.	Mr. Ravish Kamath	Chairman	Plexconcil
4.	Mr. Ramesh Kr. Rateria	President	Indian Plastics Federation (IPF), Kolkata
5.	Mr. Shailesh Patel	President	Gujarat State Plastics Manufacturers Association
6.	Mr. Vijay Kumar	President	Karnataka State Plastics Association
7.	Mr. Ravi Jashnani	President	Maharashtra Plastics Manufacturers Association
8.	Mr. Balakrishna Bhat Kakunje	President	Kerala Plastics Manufacturers Association
9.	Mr. Vimallesh Gupta	President	Telangana and Andhra Plastics Manufacturers Association
10.	Mr. B.A. Nazeer	President	Canara Plastic Manufacturers & Traders Association