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THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

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OFFICE BEARERS : Ref. No. AIPMA/ RC/ 2020-1025

22th Dec, 2020

CHANDRAKANT TURAKHIA
President

Sh. R.K Chaturvedi
Secretary

KISHORE SAMPAT
Senior Vice President

Department of Chemicals and Petrochemicals
Shastri Bhawan, New Delhi

MAYUR D. SHAH
Vice President - Finance

Subject: Request to send recommendation to Petrochemicals companies for providing one-time opportunity to MSME's supplying input material

AKSHAT LADHA
Vice President (West Zone)

Dear Sir,

LALIT KUMAR SINGH
Vice President (North Zone)

Greetings from The All India Plastics Manufacturers' Association (AIPMA).

ANIL REDDY VENNAM
Vice President (South Zone)

This is regarding our meeting on 11th December 2020 in your office regarding various challenges faced by our industry

ASHOK AGARWAL
Vice President (East Zone)

In this regard, we would like to specifically bring to your kind attention issues faced by section of the industry (majority are MSME's) regarding supply of input material to petrochemical companies in India such as OPAL: -

North Zone :

Plot No. 232, Sector - 18,
Phase - IV, Udyog Vihar,
Gurugram, Haryana - 122 016.
Tel. No.: 0124 4050 005 / 6
naresh@aipma.net

1. MSME's are manufacturing Raw material such as Acid Scavenger for petrochemical companies which is primarily derived from crude Palm oil. As you are aware, crude palm oil is mainly imported from Malaysia and Indonesia.

South Zone :

4C-Gaiety Palace,
1, Blackers Road, Chindadripet,
Chennai - 600 002.
Tel No.: 044 4203 0236
ibrahim@aipma.net

2. It has come to our attention that except OPAL, all other petrochemical companies in India follow price variation clause i.e. price variation based on international price index. However, OPAL procures material on fix price basis (annually).

East Zone :

Gajraj Signature,
Suite # 5E, 5th Floor,
5A, Sadananda Road,
Kolkata - 700 026.
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3. Due to the above mentioned policy of OPAL, MSME's are facing huge challenges in terms of financial loss due to the sudden increase in the cost of imported Palm oil. It is to be noted that the cost of Crude Palm oil in the month of May 2020 was US\$ 545 per MT while the cost now is around US\$ 912 per MT (increase of 67%).

West Zone :

Mondeal Heights, Tower - A
13th Floor, Office No.1306/1307,
S.G. Highway, Near Wide Angle
Cinema, Next to Hotel Novotel,
Ahmedabad - 380 015.
Tel No.: 079 2970 5124
maulik@aipma.net

4. In May and June 2020 while bidding, MSME's were not sure of the market forecast due to uncertainty posed by the pandemic.

5. Since the order was placed in June 2020 by OPAL in favor of MSME's w.r.t minimum quantity, MSME's can't stop the supply without the risk of getting Blacklisted or forfeiture of Bank guarantee. MSME's have to continue the supply even if that means incurring huge financial loss.

With above facts, we would be grateful if you can specifically recommend the following measure in order to save MSME's:

1. **Petrochemicals companies (specifically OPAL in this case) should at least extend one-time relief to MSME's by providing the opportunity to increase the price based on current import price of input material (e.g. import of Crude Palm Oil)**

Please let us know if you require any further clarifications of information.

We look forward to your taking necessary action in this regard.

Yours sincerely,



Chandrakant Turakhia
President