



POWERING PROGRESS THROUGH PLASTICS
ISO 9001:2008 Certified

AIPMA



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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Vice President - Finance

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Tel No.: 079 2970 5124
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Ref. No. AIPMA/ RC/ 1000

26th November, 2020

To,
Shri. Narendra Modi
Hon'ble Prime Minister of India
Prime Minister's Office
Government of India
South Block, Raisina Hill
New Delhi-110011

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,

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

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 the 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 4-5 months
1	PVC	67%
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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 materials.
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 raw materials 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 material in the 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 a disaster to your vision and plan to make India Atmanirbhar.
5. As Indian plastics processing units are likely to 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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4. Immediately ban/restrict exports of raw material from India to ease out the supply in the county and to check the price increase.

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

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Thanks and Best Regards.

Yours Sincerely,

For The All India Plastics Manufacturers Association

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Ministry of Micro, Small & Medium Enterprises
Government of India
Udyog Bhawan, Rafi Marg, New Delhi – 110011

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26th November, 2020

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Government of India
Udyog Bhawan, New Delhi
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Ref. No. AIPMA/ RC/ 1013

24th December 2020

To,
Shri. Devendra Kumar Singh
Additional Secretary & Development Commissioner
Ministry of Micro, Small & Medium Enterprises
Government of India
Nirman Bhawan,
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%

- 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.



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THE ALL INDIA PLASTICS MANUFACTURERS' ASSOCIATION

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- 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 'Atm Nirbhar'.
- 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.**
- 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.**



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PLASTIVISION
INDIA

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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 especially 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.

Thus, to discuss and deal with the ongoing problems & issues faced by the Plastic Processing Industry, we would like to place a request to schedule a meeting with you.

We would be grateful if you can kindly communicate a suitable date and time for the meeting, as & when convenient to you. Your early confirmation would be highly appreciated.

The above is for your urgent consideration. Looking forward to your positive consideration at the earliest.

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.



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Ref. No. AIPMA/ RC/ 997

26th November, 2020

To,
Shri. D.V Sadananda Gowda
Cabine Minister (Chemicals & Fertilizers)
Government of India
341-(C), A-wing, 3rd floor,
Shastri Bhawan, New Delhi-110001

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,

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

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 the 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 4-5 months
1	PVC	67%
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	EVA	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 materials.
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 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 material in the 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 a disaster to your vision and plan to make India Atmanirbhar.
5. As Indian plastics processing units are likely to 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. Government should immediately halt the process of imposing Non-tariff barrier on Raw material such as Anti-dumping duty and mandatory BIS standard especially 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 exports of raw material from India to ease out the supply in the county and to check the price increase.

We would also kindly request you to convey a convenient date and time so that we can meet 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,

For The All India Plastics Manufacturers Association

Chandrakant Turakhia
President