

Plastics Machinery Manufacturers Association of India

Make in India
Workshop
29th Dec 2014

Starting Point

Plastics Processing Machinery (PPM) Overview

- Plastics Machinery Industry Sector is relatively young in our country having come to existence in late 60's.
- Comprises of wholly owned subsidiaries, Joint Ventures, Manufacturers under Technology License and home grown technology machine builders
- Main products include Injection Moulding Machine, Extruders and Blow Moulding Machine. Injection Moulding Machine accounts for 70% of total Indian Plastics Processing Machinery Industry
- Indian PPM industry is around 2% of Global production and 3% of Global consumption
- 14 manufacturers in organized sector. 200+ manufacturers in small & medium sector

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Current Indian Industry

- Total Indian market is Rs. 3,500 crores. Had peaked in 2011-12 to Rs. 3,675 crores
- Sector had grown at 26% CAGR till 2011-12, however there was a decline in demand PPM in last 3 years in tandem to economy slowdown
- Market share of Domestic production is 60% while imports share is 40%
- Imports Growth Rate is 22%, however Domestic machinery production growth rate was 5%
- Domestic manufacturers have created capacities to meet growing market demand of 26% from 2009 onwards.
- Presently capacities are idle due to decline in market and near 40% market is lost to imports
- Major exports to Africa, Middle East, North America, South America, Europe, Russia, Indonesia and Vietnam
- Major imports from China, Taiwan, Korea, Thailand, Malaysia, Philippines, Indonesia, Vietnam, Japan & Germany



We Shape Plastics...

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Current Capacities

- Indian PPM industry have surplus/ significant capacities of its major product segments
- Machine imports are of the order Rs. 1,200 Crores per annum
- Industry is dependent upon imports of certain high technology parts & components used in manufacturing of machines
- Imports majority of parts & components from China, EU, Thailand, USA, Japan, South Korea, Taiwan and Singapore

Aspiration

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Future Aspiration

- Domestic manufacturers produce machinery to current global technologies, hence hold high export potential
- Domestic manufacturing has technical capability and capacity to meet 95% of the Indian machinery demand
- To realize both we need to reduce our costs and improve aesthetics
 - To reduce cost:
 - Cluster oriented manufacturing with key components and imports located closely
 - Technology parts required for machinery manufacturing which are presently imported shall be invited to setup manufacturing in India
 - Increasing capacity utilization by gaining market share from imports of new & used machinery to get advantage of economy of scale
 - Improve Aesthetics:
 - Skill people for better workmanship through training
- Skill Development
- Develop Standards for machinery through BIS - **Create Brand India**
- Increases share of Indian machinery in global market to 6% from current level of 2%



Current Issues

Plastics Processing Machinery Issues being Faced

- High imports and dumping despite industry having sufficient or significant surplus capacities
- Fresh dumping by other countries, apart from China
- Decline in Demand – Capacities remain under utilized
- Imports of used plastics processing machineries- not only causing damage to Industry's market share, but also inducing processer inefficiencies
- Imports of certain technology parts & components due to unavailability in domestic market leading to high cost of production

Plastics Processing Machinery Issues being Faced

- Inverted Duty Structure – India has entered FTA where Some Plastics machinery are allowed to import at zero customs duty, but, parts attract 7.5% to 10% import duties
- Limited export benefit under Foreign Trade Policy
- Unavailability of Technology Development Fund
- Skilled manpower in short supply

Opportunity

Plastics Processing Machinery Strength

- Machines produced are at par with global leaders and global standards. Having acquired the application engineering knowledge from technology partners, Indian manufacturers support plastics processors to get best out of their equipment and investment
- Highly labour intensive industry. Provides Employment to People of All Strata of Society – currently employ approx 1.20 Lakh (Direct & Indirect)
- Industry earns significant foreign exchange – Exports are approx \$ 50 million per annum with potential to grow at 20% CAGR
- Contributes to domestic manufacturing economy

Recent Initiatives

Encourage Domestic Manufacturing

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Actions Taken under Make in India ideology

Industry's Concern	Action Taken by the Industry	Status
Improve competitiveness	Since formation of association in 2011, regularly group interacted, learned from one another by sharing best practices to improve productivity and quality	4 visits to member's plants
Cost reduction	Have identified common parts for bulk purchases for group of manufacturers	Activity initiated
Skill development	Employees of members regularly visit institutes to share current knowledge & technologies with the students PMMAI is Founding member of CGSC	On going activity

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Actions Taken under Make in India ideology

Industry's Concern	Action Taken by the Industry	Status
Dumping of injection moulding machines by China	Requested to extend anti dumping duty	Investigation in progress, interim duty Extension for 1 year upto 11 th May 2015, need extension of 5 years
Dumping of injection moulding machines by Malaysia, Philippines, Vietnam and Taiwan	Filed anti dumping application	Investigation is progress
Imports of used machines	Filed representations in the matter, making DHI & Commerce aware of issues being faced due to used machine imports	DHI is considering policy for used machines

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Actions Taken under Make in India ideology

Industry's Concern	Action Taken by the Industry	Status
Inverted Duty Structure	Requested DHI to ask Tariff Commission for forwarding its recommendations to Revenue	-
Major trade agreement (RCEP) being negotiated	Filed representations and interacted with key negotiators to keep finished goods in exclusion/ sensitive list. Sought to encourage investments in India for production of parts & components	-

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Actions Taken under Make in India ideology

Pre Budget Proposal

- Restriction on used machinery imports
- Enhance customs duty on machines to 20%
- Reduce customs duty on parts & components to zero
- Introduce GST
- Include products under Focus Product Scheme & Focus Market Scheme for export benefits
- Give loans at Subsidized interest rate to processors for investment in technology machines
- Create Technology Development Fund for machinery manufacturers

