



British Plastics Federation

Plastics Industry in India

A BPF Overview

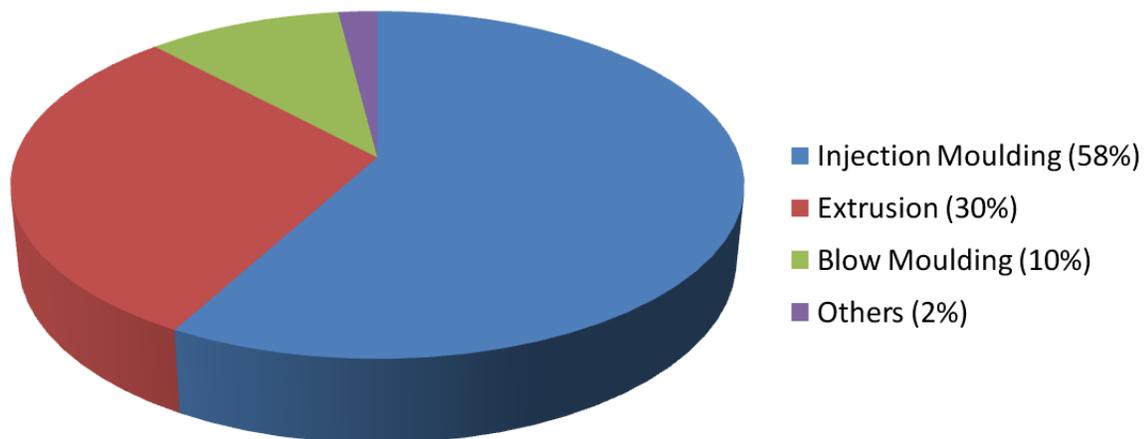
**Stronger
Together**

1 Indian Plastics Market Overview

The Indian plastics market is comprised of around 25,000 companies and employs 3 million people. The domestic capacity for polymer production was 5.72m tonnes in 2009. The State of Gujarat in Western India is the leading plastics processing hub and accounts for the largest number of plastics manufacturers, with over 5,000 plastics firms.

The growth rate of the Indian plastics industry is one of the highest in the world, with plastics consumption growing at 16% per annum (compared to 10% p.a. in China and around 2.5% p.a. in the UK). With a growing middle class (currently estimated at 50 million) and a low per capita consumption of plastics, currently 8kg per head, this trend is likely to continue. The Plastindia Foundation estimate that plastics consumption is likely to reach 16kg per head by 2015.

Main Plastics Processing Technologies in India



Despite India having a population of 1.15 billion and a work force of 467 million, plastics companies have reported problems with labour shortages. This has led to increased investment in technology such as automation and conveyor belt systems.

Apart from the shortage of a skilled labour, the plastics industry is also facing the problem of a nationwide power deficit. The electricity demand deficit is 12-13 per cent. This provides excellent opportunities for firms offering energy saving solutions, power saving machines and ancillary equipment.

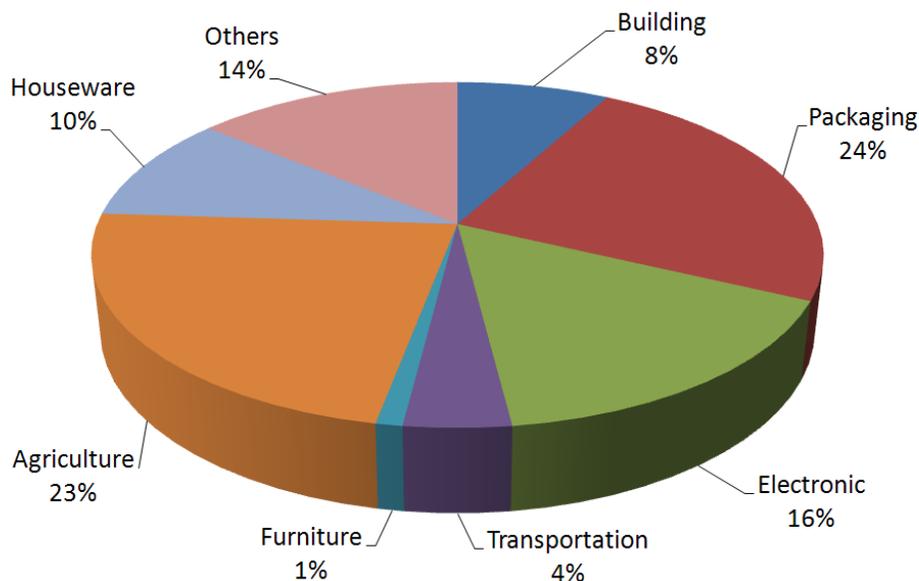
2 Raw Material Supply and Demand

Reliance Industries, India's largest private sector conglomerate company, stated in January that India's polyolefins market is expected to grow 12 percent to about 7.5 million metric tons in 2011 with double-digit growth in consumption of both polypropylene and polyethylene. Polypropylene will account for the largest growth at 18% (with consumption growing from 2.2 million metric tonnes to 2.6 million metric tonnes).

It is estimated that between 75-80% of Polypropylene demand in India is met by Reliance Industries with around 20% coming from four Government run companies Indian Oil Corporation Ltd (IOCL), Haldia Petrochemicals, Bharat Petroleum Corporation LTD (BPCL) and the Gas Authority of India Ltd (GAIL).

Partially due to the growth of the Indian construction industry (which is growing at approx. 20% p.a.) the demand for PVC is exceptionally high with domestic production barely meeting 50% of the demand. Again, of the domestic suppliers, Reliance is the largest followed by Chemplast and Finoflex (with the latter two accounting for about 5% of demand).

Plastics Consumption By Application (India)



EVA is also in high demand, with barely 10% of the demand being met by domestic supply, in this case by Relene (a division of Reliance).

Despite the fact that India has one of the highest plastics recycling rates in the world (an estimated 47% of all plastics is recycled) the demand for recycled plastics is huge, especially for commodity plastics such as PP, PET, PS, LDPE and HDPE.

3 Automotive Market

India is the second fastest growing consumer market for Automobiles in the world (after China) and the seventh largest producer, with over 2.6 million motor vehicles being manufactured in India in 2009.

According to forecasts, automobile manufacturing in India is set to raise 7% year on year until 2015. Car manufacturers in India have reported significant increases in output over the last 12 months, specifically Tata Motors reporting a 32% increase in sales, Toyota Kirloska Motor at 26% and Ford India, a staggering 220% - due, in large part to the highly successful Ford Figo model.

4 Packaging Industry

Packaging currently accounts for the largest consumption of plastics in India, at 24% of overall consumption.

In January 2011 India's Corporate Affairs Minister indicated that the country was set to lift foreign direct investment (FDI) restrictions for supermarket giants such as Tesco and Walmart (which currently has just six stores in India).

The Indian Government has highlighted the need for foreign investment to bring in new technology such as cold chain logistics systems, warehousing facilities and packaging technology. This will assist in improving the rate at which food perishes before it reaches market – currently at around 40% per annum. This issues offer huge opportunities for plastics packaging manufacturers wishing to enter the market.

5 Opportunities for UK Plastics Companies in India

5.1 Plastindia 2012

The BPF recognises the potential for UK plastics manufacturers and service providers and together with support from UK Trade & Investment is encouraging British firms to explore the Indian market through Plastindia 2012.

Plastindia 2012 will take place between 1st and 6th February 2012 in New Delhi, India. The show is the largest plastics trade fair in India and the second largest plastics event anywhere in the world.

The show takes place once every three years and the previous edition attracted 1,518 exhibitors and 130,000 visitors.

The BPF have secured a key location at the show for the British Pavilion however space is in great demand and the deadline for companies wishing to secure a stand booking is 2nd September 2011.

Visit www.bpfevents.co.uk for more information on Plastindia and how your company can exhibit as part of the British Pavilion.

5.2 Opportunities for UK Plastics Companies in India: A BPF Seminar

On the 20th October 2011 in the BPF's office in London the BPF is holding a seminar looking in detail at the opportunities for UK plastics companies in India as well as practical advice from leading experts on doing business in India.



The one day highly informative seminar will bring together experts who will deliver presentations covering the legal aspects of doing business in India, taxation, getting paid in India as well as the business culture. Thanks to the support of UK Trade & Investment the delegates rates are only £100 for non members and £75 for BPF member companies.

Visit www.bpfevents.co.uk for more information on the seminar.

5.3 Trade Mission to India

In addition to organising a British Pavilion at the Plastindia show, the BPF is also inviting delegates from the UK who would like to visit the market to join a Trade Mission to India between the 1st and 4th February 2011.

Mission delegates will visit the Plastindia show as an organised group and will have an opportunity to take part in business to business meetings.

Companies wishing to exhibit as part of the British Pavilion, attend the seminar or join the trade mission should visit www.bpfevents.co.uk for more information or contact Justyna Jaworska at the BPF by telephone on 0207 457 5001 or email jjaworska@bpf.co.uk