

India can increase trade surplus in value added plastic products

India is a major importer of raw plastics for domestic value addition and exports. In 2019-20, India imported USD 10.5 billion worth of raw plastics and exported USD 6.2 billion worth of value added plastics.

The imported raw plastics are used for producing value added plastic goods that are used, both domestically and for exports. India's net export of value added plastics has been on an upward growth trajectory in recent years, with trade surplus growing from USD 163 million in 2017-18 to USD 758 million in 2019-20. India's exports of value added plastics grew from USD 5.3 billion to USD 6.2 billion, during this period, while imports rose marginally from USD 5.1 billion to USD 5.5 billion.

There is more scope for increasing trade surplus in value added plastic products through targeted government measures. Industry players have been suggesting various measures to boost domestic production and reduce import dependence for value added plastics. For instance, India can reduce import of PVC films, which are used in packaging, home décor, civil and electrical works and for producing table covers, rain coats, curtains and other items. India imports USD 85 million worth of PVC film, 51% of which from China. Anomalies in import duty structure have encouraged import of finished product, rather than import of raw material for domestic value addition. According to industry sources, import duty on PVC resin, which is a raw material to produce PVC films, is same as that on PVC films. Therefore, local manufacturers have called for hike in import duty on the finished goods to discourage imports. The industry also suggests government to check under-invoicing of imports from China. The industry wants the government to take measures to promote domestic manufacturing of PVC resins, which is a raw material for producing films.

India can also reduce import of plastic films such as polyester liner films, plastic plate sheets, BOPP liner films etc. through targeted government support. India is a net importer of plastic films as it imports USD 2.0 billion worth of these products, while exporting USD 1.4 billion. Some plastic manufacturers import films for value addition and exports. Industry sources feel that India has the potential to enhance domestic production and reduce imports if the government subsidizes cost of power and cost of other inputs. Also, it is alleged that the procedure for securing permission to set up and operate plastics manufacturing plants differs from states to states, although plastic films fall under the Green Category of the Central Pollution Control Board. Therefore, the board should issue a common guideline to be adopted by all states for providing necessary clearance to operate these units. The industry also suggests the government to check duty free import of BOPP and BOPET films (which are used in packaging materials) from ASEAN countries under FTA as India has adequate production capacity to meet local demand.

Notifications

PIB

India-Denmark Green Strategic Partnership

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1659822>

Daily Bulletin on COVID 19

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1659795>

DGFT

Compulsory registration of imports under SIMS

<https://content.dgft.gov.in/Website/dgftprod/cc599109-72a1-4eae-b554-a2bee801fd42/Notification%2033%20english.pdf>

Implementation dates for additional HS Codes covered under SIMS

<https://content.dgft.gov.in/Website/dgftprod/b9edbf17-d8d7-4dfe-be88-28a46cfe0c58/Public%20Notice%20No.19%20English.pdf>

Amendment in import policy condition

<https://content.dgft.gov.in/Website/dgftprod/0f90b9c2-bfe7-4e99-b383-08935bd32336/Notification%2034.pdf>

CBIC

Fixation of Tariff Value for Edible Oils, Brass, Poppy Seeds

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt92-2020.pdf;jsessionid=999C11BA614DE730CA4F64505A814F94>

RBI

Meeting of the Monetary Policy Committee (MPC) rescheduled

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50426