

**Department of Heavy Industry
Government of India**

Plastics Processing machines Industry in India : How should we prepare ourselves for Growth Phase

Feb 9, 2015, Ahmedabad

Projections for growth in use of Plastics in India

* From 8.5 MMT at the 2011-12 to 14 MMT by 2016 -17 to 22 MMT by 2021-22

* @ 10%  Machines Sector also to grow at @ 10%.

Table 126: 12th Plan projections for Commodity Plastics

COMMODITY PLASTICS			12th Plan Period Projection					12th Plan Growth		13th Plan Proj	
All Fig in KTs			Demand					CARG		Demand	CARG
	End of 10th Plan	End of 11th Plan	Projected	Projected	Projected	Projected	Projected	Achieved 11th Plan	Projected 12th Plan	13th Plan	13th Plan
Product	2006-07	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	06-07 to 11-12	11-12 to 16-17	21-22	16-17 to 21-22
	10th Plan	11th Plan	12th Plan	12th Plan	12th Plan	12th Plan	12th Plan	11th Plan	12th Plan	13th Plan	13th Plan
LDPE	253	405	438	474	511	552	597	9.9%	8.1%	880	8.1%
LLDPE	631	1198	1319	1478	1655	1854	2076	13.7%	11.6%	3660	12.0%
HDPE	990	1657	1822	1987	2165	2360	2573	10.9%	9.2%	3960	9.0%
PP	1423	2993	3275	3698	4105	4564	5015	16.0%	10.9%	8085	10.0%
PVC	1219	1925	2118	2330	2563	2820	3102	9.6%	10.0%	4560	8.0%
PS	246	377	430	479	533	598	638	8.9%	11.1%	935	7.9%
Total	4762	8555	9402	10445	11532	12748	14001	12.4%	10.4%	22080	9.5%
Yearly Growth			10%	11%	10%	11%	10%	Source : 12 th FYP			

Projections of growth of Plastics Machines

Production	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Rs crore	1333	1519	2403	2060	1625	2070
Projects @ 10% CAGR	2014-15	2015-16	2016-17	2017 -18	2018 -19	2019-20
Rs	2277	2504	2755	3030	3333	3667

Product Trends



Higher sizes for faster & more output



Lower Energy consumption



NC / Motion Control

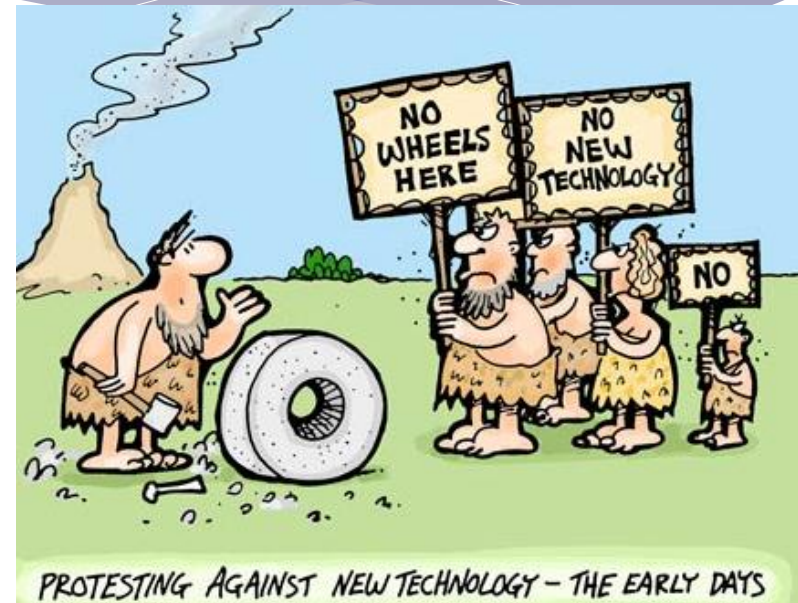
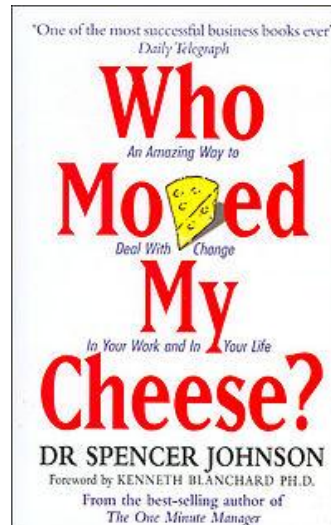


Multi -materials

I am doing fine now. Why should I change?

CHANGE IS ALWAYS RESISTED
LEADER WILL INSPIRE AND LEAD THROUGH CHANGE

Must read



How do we change to exist and grow?

Latest CIO Mantra

Change or Perish!



- * Unless we change out products, foreign suppliers may take over.
- * How do we change?
- * Introduce changes required by customers.
 - * Find out from customers their requirements.
 - * Sit with your design and production teams for solutions.

Change: Route is Technology

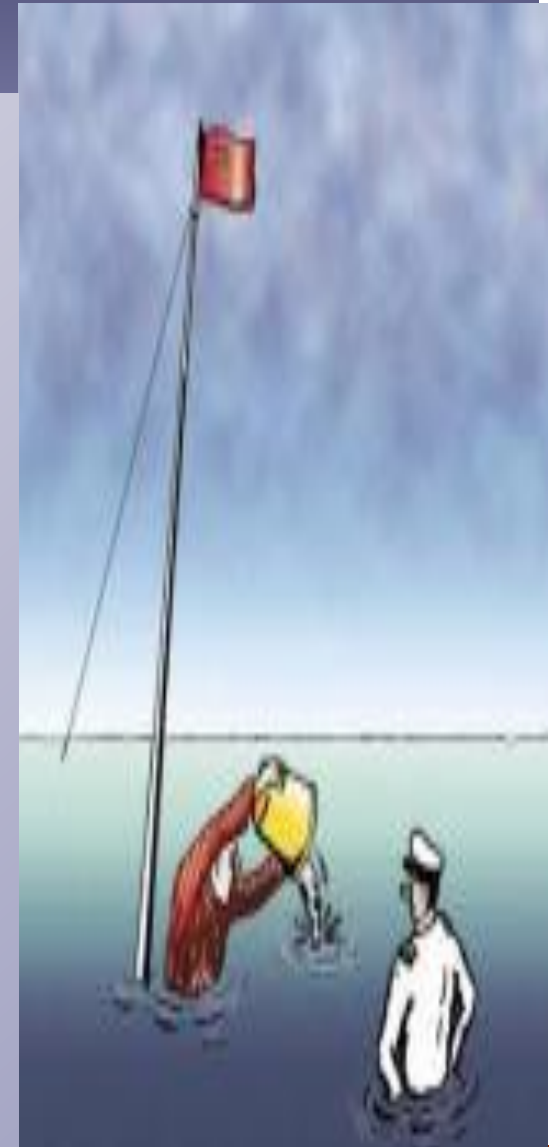


Technology is the game changer

- * Buy technology / FDI
 - * Use experts, buy designs / IPR / Patents / Get trained
- * In house development,
- * Technology development at IITs and like in projects mode and
- * Combination of above.

What the Department is doing for t you?

- * You are your biggest help, because you need it most, not the entities helping you.
- * Still, Government works for citizens,
 - * As tax paying citizens , you should demand services and support.
 - * You need to come to one platform.
 - * Make decibels heard : talk to them in their language.
 - * Finally some success.
- * DHI Scheme for Technology Development, acquisition, common facility centres.
 - * Get technologies developed: CMTI , IITs etc,
 - * Acquire technologies,
 - * Design and test technology / components at CFCs
 - * Skill Development at CFC,
 - * CGSC for transmitting industry skill needs from Industry



R & D Incentives

- A 200% super deduction for in-house R&D expenditures, including capital expenditures (other than land and buildings). The super deduction is limited to taxpayers in the business of bio-technology or manufacturing or producing products (other than products on the negative list such as alcoholic products, tobacco products, cosmetics, toothpaste, aerated waters using blended flavouring concentrates, confectionary, record players, projectors, office machines and apparatus, steel furniture, safes, latex foam, crown corks and caps for packaging). The R&D facility must be approved by the Department of Scientific and Industrial Research (DSIR) in order to qualify for super deductions. Currently the benefit is available until 31 March 2017.
- 100% deduction for R&D expenses (other than land) related to the business that does not otherwise qualify for the above super deductions.
- A super deduction of 125% to 200% for payments made to prescribed entities carrying out research and development in India.
- A deduction of R&D employee salary and materials consumed within 3 years immediately preceding the commencement of the business.

DSIR: in-house R&D Centres under Section 35(2AB) of I.T Act 1961 for Weighted Tax Deduction:

<http://dsir.csir.res.in/webdsir/#files/tpdup/irdpp/irdpp.html>

DC MSME Schemes

1. Scheme for 'Providing Financial Assistance on Bar-Code' an NMCP Scheme
2. Scheme for 'Support for entrepreneurial and managerial development of SMEs through incubators'- an NMCP Scheme
3. Scheme for ' Enabling manufacturing sector to be competitive through Quality Management Standards and Quality technology tools'- an NMCP Scheme
4. Scheme for 'Building Awareness on Intellectual Property Rights' (IPR) for the Micro, Small & Medium Enterprises- an NMCP Scheme
5. Scheme for 'Lean Manufacturing Competitiveness of Micro Small and Medium Enterprises (LMCS) '- an NMCP Scheme
6. Scheme for 'Setting up Mini Tool Room & Training Centres under PPP Mode'- an NMCP Scheme
7. Scheme for 'Building Design expertise of MSMEs Manufacturing sector (Design clinic scheme) '- an NMCP Scheme
8. Scheme for 'Marketing Assistance and Technology Up-gradation of MSMEs'- an NMCP Scheme
9. Scheme for 'Technology and Quality Upgradation (TEQUP) Support to MSMEs'- an NMCP Scheme
10. Scheme for 'Promotion of ICT in Indian Manufacturing Sector (ICT) '- an NMCP Scheme

11. Scheme for 'Micro & Small Enterprises Cluster Development Programme (MSE-CDP)'
12. Scheme for 'Credit Linked Capital Subsidy for Technology Upgradation (CLCS-TU)'
13. Scheme for 'Credit Guarantee Fund for Micro and Small Enterprises'
14. Scheme for 'ISO 9000/ISO 14001 Certification Reimbursement
15. Scheme for 'Market Development Assistance (MDA) to MSMEs'
16. Scheme 'Strengthening of Training Infrastructure of existing and new Entrepreneurship Development Institutions'
17. Scheme for 'Micro Finance Programme'
18. Scheme for 'National Awards'
19. Scheme for 'Supporting 5 selected universities / colleges to run 1200 entrepreneurship clubs per annum'
20. Scheme for 'Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme to Women'
21. Scheme for 'Entrepreneurship Skill Development Programmes (ESDP)'
22. Scheme for 'Vendor Development Programme for Ancillarisation'

Organizations for R & D

- * Tech transfers platforms:
 - * NRDC,
 - * APCTT,
 - * UNIDO
 - * Retired Experts
 - * Bilateral Technology Co-operation Programmes
- * Tech Development
 - * CSIR labs,
 - * DRDO labs
 - * Departments Labs/ Institutions,
 - * Academic Institutions,

Capital Goods Sector: *Next Five Years*

Immediate Priority: Arresting De-growth

Steps to be taken: Corrections Y1

-Demand side Management

- **Clear Construction Projects, Roads & Highways Projects, Mining Projects, Power Projects, Infrastructure Projects.**
- **Declare few projects as ‘National Projects’ and time-bond implementation fast e.g. Golden Quadrilateral and North South – East West High Speed Rail Corridors for passengers and freights separately, Converting Golden Quadrilateral and North South – East West National Highways into 8 lane fee-ways with Electronic toll, Rail link to China for goods transport to bring down the imports costs and increase basket of Indian exports to China, modernization of rail racks for higher speeds & passenger carrying capacity.**
- **Create long term financing tools for infrastructure projects which are long gestation.**
- **Transforming interest regime from current high interest to LIBOR to fuel growth.**

Capital Goods Sector: *Next Five Years*

Immediate Priority: Arresting De-growth

Steps to be taken: Corrections Y1

- Address inverse duty structure
- Second hand imports regulate from safety & level playing field to domestic industry
- Remove locally made Capital Goods from FTA concessional list
- Online Governance for transparency, accountability and efficiency

Steps to be taken: Initiatives to implement National Mfg Policy in CGS

- Comprehensive Policy for development of CGS Y1
- Integrated Skill Development Scheme for CGS Y1
- Imposition of Cess & formation of Development Council for all Sub-sectors Y1
- Online governance in DHI Y2
- Citizen Charter, RFD, Strategic Plan & Annual Plans for CGS to be written with the Industry with monitoring mechanisms Y2

Capital Goods Sector: *Next Five Years*

Immediate Priority: Arresting De-growth

Steps to be taken: Initiatives to implement National Mfg Policy in CGS

- **Scheme for assistance to MSME to switch over from conventional machine to NC/CNC machining, Y2**
- **Preference to locally made products in Government purchases upto Rs.50 Crores: Beyond that Global Tender, Y2**
- **Raising import duties to bound rates for next 5 years then gradually reducing the same to present level in 15 years, Y2**
- **Scheme for assistance to starting “Mfg./Tech. Schools” & Mfg. Tech. Courses in Top Engg Institutions in collaboration with Industry as employment provider, Y2**
- **Scheme for providing grants to technical students for undertaking projects & practical training in association with the industry as co-sponsors, Y2**

Capital Goods Sector: *Next Five Years*

Immediate Priority: Arresting De-growth

Steps to be taken: Initiatives to implement National Mfg Policy in CGS

- **TUFS like scheme for CGS, Y3**
- **Technology Acquisition Fund for CGS, Y3**
- **First Generation Entrepreneurship & Venture Capital Fund for CGS, Y3**
- **Starting Technology Mission on “Additive Manufacturing / 3D Printing including machine development” and “CNC / NC Controls”, Machine Redesign to reduce Energy use” & use of fabrication technology, Y3**



Thank You!