

## Scope of Raffia Grade Plastic in India

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Raffia sector among the plastic processing sector has the most modern technology available with it and produces the world class quality products. Because of this it is capable of facing any external competition, which, may further increase due to on-going liberalization. This sector produces plastic woven sacks, tarpaulins, bulk bags, wide-width fabric etc.

Raffia sector today consumes almost 5 lakh Mts of polymers per annum, which is almost 13% of total polymer consumption in the country. As such it is a very important sector for the overall growth of polymer in the country. This industry is spread all over the country with almost 400 units having integrated operation i.e. having production facility from extruding polymer making it into tapes, weaving tapes into fabric and covering fabric into sacks by cutting, sewing & printing.

In the earlier stages when the industry started, it was catering to the packaging requirement of fertilizer industry only till early 80's. In 80's it started making sacks for cement industry also. In fact till the mid 80's almost entire production from this industry was going for packaging requirement of cement & fertilizer sector only. This was the time when J.P.M.A. act was enacted to protect the interest of jute sector which was finding it difficult to face the competition from raffia sector due to better product, cheaper prices & easier availability. The act envisages certain percentage of bulk commodities like cement, fertilizer, sugar & food grain to be compulsory packed in Jute bags. Faced with sudden erosion in the market, the industry started looking for alternate markets other than fertilizer & cement sector and also started looking for export markets. Today the industry not only meets the entire packaging requirement of cement & fertilizer sector but virtually caters to all the segments of industrial sectors in the country. Today one can even see the steel & aluminum being wrapped by plastic woven fabric or one can just look around in any Airport you will see bundles of courier bags made by raffia sector. Although export packaging of rice & sugar was always done in plastic sacks, but domestically it was not being used due to J.P.M.A. act. With the Govt. partially lifting the controls due to on-going liberalization, it is a matter of time when this modern packaging sector will cater to sugar & food grain sector also & help these sectors to reduce their packaging cost substantially.

In spite of the growing market in traditional sectors, the industry is slowly moving into value added products like Jumbo Bags, wide width fabric etc., these products have got good demand in the overseas markets. With the full availability of polymers in the country, the industry can look for growth in the exports of these products.

Although the demand is growing and industry is very modern in its technology, the general financial health of this sector is far from satisfactory. Industry is not even able to generate enough resources to meet its debt obligation, leave along generating resources for future growth. This due to price realization being very poor because of unhealthy competition among the units. There is vast difference in the scale of operation among the units, there are units producing 500 M/T to 15,000 M/T per annum. There is difference in rates of S.T. in different states with few states also imposing entry tax on this product. These factors also adds to the woes of industry.

There is a general misconception that plastic product is not eco-friendly because it is not bio-degradable. This misconception has to be removed for future growth by projecting that it is more eco-friendly than paper or jute, because it requires less energy to produce, is not dependent on trees and is totally recyclable.

With the introduction of V.A.T. in near future, it is hoped that some of the sales tax related problems may be sorted out, but industry also on its part has to consolidate, diversify more & more into value added products, put more thrust into export markets, bring down its cost of production, reduce the debt so that its financial health also improves and it continues to grow.

### Reference book:

Indian Plastics Industry  
Moulding the Future, Plastic India 2003