

Indias import potential for plastics to increase dramatically economics essay

[Economics](#)



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\n[/toc]\n \nBoasting a population in excess of one billion and low per-capita plastics consumption of 4 kg (it's 110 kg in the U. S.), India is an undeniably attractive market for the plastics industry. The appeal has not been lost on the U. S., with exports to India of plastics-related goods, including products, resin, and machinery, more than doubling over the last decade, according to Neil Pratt, Sr. Director for International Trade and Trade Counsel at the Society of the Plastics Industry (SPI). Presenting as part of a webinar on the opportunities India holds as an export destination for U. S. plastics companies, Pratt noted that plastics-related exports to India have more than quadrupled over the last six years. Sponsored by National Assn. of Manufacturers (NAM), SPI, and the U. S. Commercial Service, the Nov. 3 webinar featured speakers pointing to the opportunities, and pitfalls, for U. S. companies interested in tapping into the market. Pratt noted that U. S. plastic exports to India in 2008 totaled \$357 million in resin, with \$139 million in products. Aileen Crowe Nandi, principal commercial officer in <https://assignbuster.com/indias-import-potential-for-plastics-to-increase-dramatically-economics-essay/>

Chennai for the Commercial Service said that over the last five to six years bilateral trade between the two countries has grown by 20-30%. In 2008, Nandi said India ranked fifth in global resin demand, with 5.4 million tones, trailing China, the European Union, the U. S., and Japan. By 2012, however, Indian's demand is forecast to more than double to 11.5 million tones. Over that same time, per capita consumption will also double to around 8 kg, and the total "investment potential" relating to plastics is estimated at \$16.9 billion. Part of that potential lies in machinery to convert that resin, according to Nandi, who said that over the last year, 1448 injection molding machines, 739 extruders, and 179 blow molding machines were imported into India. By 2015, when consumption is forecast to increase to 18.9 tones and plastics industry turnover is to reach \$26.8 billion, Nandi said more than 68,000 machines will have to be added with a total capital investment of \$9 billion. Importers will face some barriers, but while tariffs for plastics products exist, they have gone down over the last five years. During that time, the total duty, including taxes, has fallen from 40.375% in 2004 to 24.421% in 2008-2009. India has a countervailing duties tax for importing goods, which is intended to match the production tax that Indian manufacturers pay. Tariffs total 10% for plastic products and 7.5% for machinery. To that, importers must add 15% in countervailing duties. The total duty for machinery/molds is 21.52% and 16.849% for waste/scrap. The event is part of a series of webinars detailing trends and export opportunities in locales ranging from Europe to Russia. On Dec. 3, NAM, SPI and the commercial service will host a webinar looking at export opportunities into

France, Germany, and Italy. On Jan. 19, the final event will cover Bulgaria, Poland, and Russia. —

Export Potential of Herbal and Medicinal Plants in India

There is an awakening all over the world on the use of age old wisdom of traditional systems of medicine for treatment of various ailments and diseases. Herbal Remedies are used by people in almost every corner of the world in some form or the other. The main occupation of majority of people living in rural India still continues to be agriculture. About 70% of the Indian population, including the rural and the tribal population is sustaining on traditional agricultural practices as a source of livelihood. Besides growing edible food crops like vegetables, fruits, cereals and pulses, the farmers also grow various types of medicinal and aromatic plants (MAPs) which constitute an integral part of traditional home remedies. India's Export Performance of Medicinal Plants Since 1991

Despite tremendous advances in modern science, the interest in alternative modes of treatment is rising in the western countries towards herbal products. India and China are two of the largest countries in Asia, which have the richest arrays of registered and relatively well-known medicinal plants. India is still lagging behind in exports of herbal medicines in the world as shown in the graph below. World over China commands the supreme position in export trade in medicinal herbs. Today, one fourth of the world population depends on traditional medicines. India's share in medicinal plant export in global trade is very low about 8.13% as against 28% of China. The trend growth rate of India from the year 1991 to 2002 shows 4.95% growth of world export value of medicinal plants. Similarly the trend growth rate of China from 1991-2002 is 7.38%. Market

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Demand and Scope of Trade Related to Herbal and Medicinal Plants in India

Herbal and Medicinal Plants of India

India is a land to about 17, 000 species of higher plants, out of which 7500 are known for their therapeutic uses. Ayurveda has alone reported approximately 2000 medicinal plant species, followed by Siddha and Unani. The Charak Samhita, an ancient written document with rich literature regarding herbal therapy, production of around 340 herbal drugs and their indigenous uses for curing various ailments and diseases. According to a study (Kate 1999), 18% of the world's top 150 prescription drugs are derived from plant sources. The demand for medicinal plant-based raw materials is growing at the rate of 15 to 25% annually worldwide. Global market size for herbal and medicinal plants is estimated at US\$ 60 billion and is projected to reach US\$ 5 trillion by 2050 (source WHO 2003). About 75% to 80% of the total exports of crude drugs come from India. India dominates the world market in production and export of Psyllium husk and seeds. India exports 80% of the psyllium available in the world market. The United States is the world's largest importer of psyllium " husk" with over 60% of total imports going to pharmaceutical firms. Metamucil is India's single largest customer. Due to awareness about Isabgol, demand is pouring in from Malaysia, Australia, Thailand, Germany, Japan, Pakistan, Spain and UK. India is also a leading producer of menthol and now dominates 70% of the world market. Other Medicinal plants that have established export demand include senna leaves & pods, sandalwood chips, Jojoba seeds, aloe, pyrethrum, basil, neem, chirayata etc. Recent market trends indicate that the export market in India is growing faster than the domestic market. India is also one of the major exporters of crude drugs

mainly to the six developed countries-USA, Germany, France, Switzerland, UK and Japan. After making the presence felt in the US and EU, Indian traditional medicinal plants will now ventures into new territories namely — Australia and New Zealand. The government of India has also initiated several schemes for encouraging cultivation and promotion of herbals across India. Some commercially important Medicinal Plants are:- Amla, Chirata, Kalmegh, Safed Musali, Ashok, Daruhaldi, Kokum, Sarpgandha, Ashwagandha, Giloe, Kuth, Senna, Atees, Gudmar Kutki, Shatavari, Bael, Guggal, Makoy, Tulsi, Bhumi, Amlaki, Isabgol, Mulethi, Vai Vidang, Brahmi, Jatamansi, Patharchur (Coleus), Vatsnabh, Chandan, Kalihari, Pippal, etc.

Import export business opportunities in India

The import of India has increased significantly after independence. There is being more emphasis on industrialization after Second Five Year Plan.

Industrialization needs import of large quantity of machineries and petroleum products. There has been import of chemical fertilizers and insecticides to the agricultural sector due to effectiveness of Green Revolution. It means in different plan periods, where has been increase in the quantity of import to make different plans successful. Structure of import helps us to know the different types of commodities imported by a country. Due to the implementation of different five year plans, there has been significant change in the structure of the import of India. The chief import of India was food grains and consumer good during first five year plan and before it. Due to Green Revolution is agricultural sector and establishment of different industries, the importance of food grains and consumer goods has declined in the import structure of India. The chief import of India is capital

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goods (metallic goods, machines, transport equipment, electrical equipments etc.) and petroleum goods. The share of capital goods was more in the import of the year 1987-88 and next to it like diamond, valuable and semi-valuable stone, iron and steel, edible oil, metals, chemical fertilizers and fertilizers were also imported. Sugar, papers and wood board and man-made fiber goods were also imported. The above analysis speaks about the role of different Five Year Plans in the import structure. The effort to industrially develop our country is reflected in the import of capital goods, iron and steel and other metals of our country. Again it is to be noted that there is no import of industrial consumer goods. It shows that we have developed a lot in the development of consumer goods industries. Export or import helps us to know about import partners of India. Prior to independence, India had got trade relationship with England and Commonwealth countries whose number was less. Out of all these countries, England was our main import partner. India has now established trade relationship with all the countries of the world after independence. So the source of import for India has increased. The role of England, as a source of import for India has declined. The importance of Organisation of Petroleum Exporting Countries (OPEC), European Economic Community including West Germany, the U. S. A. and Japan has increased as a source of import for India. The import of India has also increased from the previous U. S. S. R. and east European socialistic countries. The import of India was more from Common Wealth countries except West Germany during 1987-88. Next to these Common Wealth countries there were petroleum exporting countries from which India had imported petroleum products and their position was second. Except these

countries, the import of India was also more from Japan, the U. S. A., other European countries, the U. S. S. R. and east European socialistic countries. It shows that the sources of import for India are many.

Export opportunities in India

India is a big, colorful, vibrant country with a rich tapestry of cultural diversity and history. It is also a country of contradictions. Temple elephants, ancient monuments and tribal customs co-exist with state-of-the-art industries in a country that generates atomic energy and boasts of being one the world's top ten industrialized nations. India is one of the world's fastest growing economies and with this growth enormous exporting opportunities have emerged over the past few years. There is growing support for continued economic reform in its political and business circles. The Australian/Indian bilateral trade relationship has, at its core, the vision to strengthen trade and investment links between our two countries. Ian Bennett, Senior Manager, International Trade at Australian Business explains, " Promising exporting opportunities exist for Australian companies due to a number of factors. Over the past four years the Indian government has slashed custom duties dramatically. Peak rates of import duties have been reduced to 20 percent from 40 percent and further reductions in duties are promised by the government in the near future." Also, their Foreign Direct Investment policy is being continuously revamped by the Indian Government to encourage foreign investments, which are now allowed freely in almost all sectors including services. The Indian Government is offering attractive incentives for developing, maintaining and operating infrastructure facilities; and significant tax exemptions have also been established." India's economy

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has a current growth outlook that overshadows most Asian markets. These facts present an extremely attractive scenario of an export market with broad-ranging opportunities for Australian exporters.

For the record

Australian exports to India totaled A\$ 4. 86 billion in 2003 - 2004. Our focus was on areas where we have had either a traditional or a growing comparative advantage, including: non-monetary gold - A\$2671 million; coal - A\$948 million; copper ores - A\$316 million; wool - A\$154 million and fresh vegetables - A\$52 million.

Export opportunities of significance

Australian Business International Growth Specialist's man on the ground in India, S P Joshi, advises that Australian businesses are in a good position to supply some of India's fastest growing sectors. He identifies sectors of significant potential as: Biotechnology & Pharmaceuticals; Chemicals; Communications; Creative Industries & Media; Education & Training; Environment; Financial Services; Fire, Police & Security; Healthcare and Medical; Metallurgical Process Plant; Mining; Ports & Logistics; and Power. Potential for exporting Australian commodities also exist in the IT industry, which it is predicted to be worth \$US 77 billion by 2008, and the manufacturing textile and retail industries. Retail/franchising opportunities are experiencing revolutionary growth. Over 200 shopping malls are planned over the next 18 months, an initiative which is supported by the Central and State governments. This is the fastest growing mall development in the world. Franchising, a popular form of retailing, has been growing at a rapid

rate with chain stores multiplying rapidly, opening up opportunities for exporters of a wide range and variety of consumer products. Now that restrictions for importing processed foods into India have been lifted, this too is an area with potential and already some Australian companies have made inroads in this area. Bennett further comments: " Australian Business is currently working with increasing numbers of companies who are interested in the opportunities available in India. These companies come from a large range of industry sectors including engineering, mining equipment and services, health and medical products and retail franchises. There has also been some interest from companies who need assistance with joint venture operations based in India".

Challenges

There is little doubt that exciting exporting opportunities exist in India, but Bennett warns that with the many opportunities come certain challenges for would-be exporters. For instance major changes to Australia's export processes and export reporting systems were introduced in September 2004. These changes affect legislation and business processes. Also a new export reporting system, the Integrated Cargo System (ICS), has been recently introduced.

Business Opportunity in India

India has always been in the limelight in terms of the business opportunities available. The India business opportunity is huge in possibly every sector - financial services, telecom, IT, automobiles, media, real estate and alike. India is still considered to be one of the most enviable destinations for doing

business. Presently it is counted among those nations which has been least affected by the global recession - thus it clearly proves that India's business potential is huge. India's extensive band of engineers, scientists, technicians, managers and skilled manpower are among the best in the world. One who wishes to explore the business opportunity in India wouldn't only look at the theoretical aspect of exploring the potential but also try to excavate the potential in the right manner. The Indian business market is large and bubbling with newer opportunities. Increased purchasing power and consumerism is what drives the business scenario in India. Thus, there is an opportunity for competitive advantage (low cost sourcing of products and services). It has been observed that investments in India have been capable of yielding lucrative returns and thus companies have started to capture the domestic market business opportunities. The large talent pool of India also offers extensive opportunities to the Multi National corporations (MNCs) To explore the opportunities extensively, MNCs need to build up strategic partnerships with the Indian industry. Both can really compliment each other if they bring in their global best practices for solving the domestic business problems. Due to this, there would also be free movement of capital and business and therefore better business innovation from human resources.

Steps to explore Indian business opportunities -

For a successful business environment in India, the MNCs should first keep India as a key focus After that, they should devise bold, long term targets The entire decision-making process should be extensive Integrate localization with globalization Set up standards to meet market challenges Practice best HR practices and maintain strong relationship with stakeholders The business

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opportunities in India should be leveraged beyond the product market. Build up India-specific business models pertaining to product, value, pricing. The India business opportunity is getting quite exciting and innovative with the passing of every year. People are infusing new opportunities such that international investments might flow into the country. There are a lot of business ideas for entrepreneurs who are interested to set up business in India through Internet ventures, outsourcing technology, e-commerce opportunities, and software development opportunities. India has a huge market with the middle class group driving the consumerism. This is indeed a good base for the overall business development of India. The vast reservoir of knowledge workers should be optimized in a manner that it attracts global companies for doing business in India. All the factors that have helped create the India business opportunity, surely assures a promising future.