Punjab to create plastics park for small units

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Chandigarh, 8 July

With a new industrial policy in place and an aggressive government plan to create a land bank for industry, Punjab will soon have a plastics park for polypropylene-based downstream industries, especially in the SME sector, near the Guru Gobind Singh Refinery, a HPCL-Mittal Energy Limited (HMEL) project in Bathinda.

The state-of-the-art refinery in Punjab – a joint venture between Hindustan Petroleum Corporation Limited (HPCL) and Mittal Energy, a subsidiary of ArcelorMittal – has the capacity to produce four lakh tonnes per annum of polypropylene. According to HMEL officials, Punjab has the potential to attract an investment of ₹3,000-4,000 crore in polypropylene-based downstream industries.

Polypropylene granules are mainly used by the plastics industry – such as manufacturers of woven sacks and film – as the main raw material to make items like buckets, mugs, toys, plastic furniture, the casing of electrical equipment and wrapping films.

Yashvir Mahajan, managing director of Punjab Small Industries & Export Corporation Ltd. (PSIEC), which assists entrepreneurs to set up new units, told *Business Standard*, "We are keen to promote polypropylene-based industries in the state. We have identified locations near the refinery and very soon a decision will be taken on the park. We already have 50 acres of land in our possession in the Industrial Focal Point at Bathinda. We have also identified 100 acres at a different site, which need to be acquired. Once the location is finalised, we will start work on setting up the plastics park to attract SMEs."

HMEL officials said cities like Bathinda, Ludhiana, Amritsar, Banur and Lalru were attractive locations for setting up polypropylene-based industries. About 50-60 per cent of the total output of the park is expected to be consumed in the northern states.

Mahajan added that that the new industrial policy, which is lucrative for SMEs, will act as a catalyst in attracting industry. Under the policy, new manufacturing units with a fixed capital investment (FCI) of ₹1-10 crore will be eligible for retaining 50 per cent of their value added tax (VAT) liability and 75 per cent of their Central sales tax (CST) liability for seven years; for units having a FCI of ₹10-25 crore these benefits would last for eight years.

Units with a FCI of ₹25-100 crore will be eligible for retaining 60 per cent of their VAT liability and 75 per cent of CST liability, subject to a ceiling of 60 per cent of FCI, for 10 years. This applies to new industry located in Zone I (less industrialised areas).