
Confederation of Indian Industry

Seminar on Indian Specialty Chemicals Industry: Feedstock & Standards

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Agenda



Standards: Importance to the Indian specialty chemicals industry



Key initiatives: Global and Indian perspective



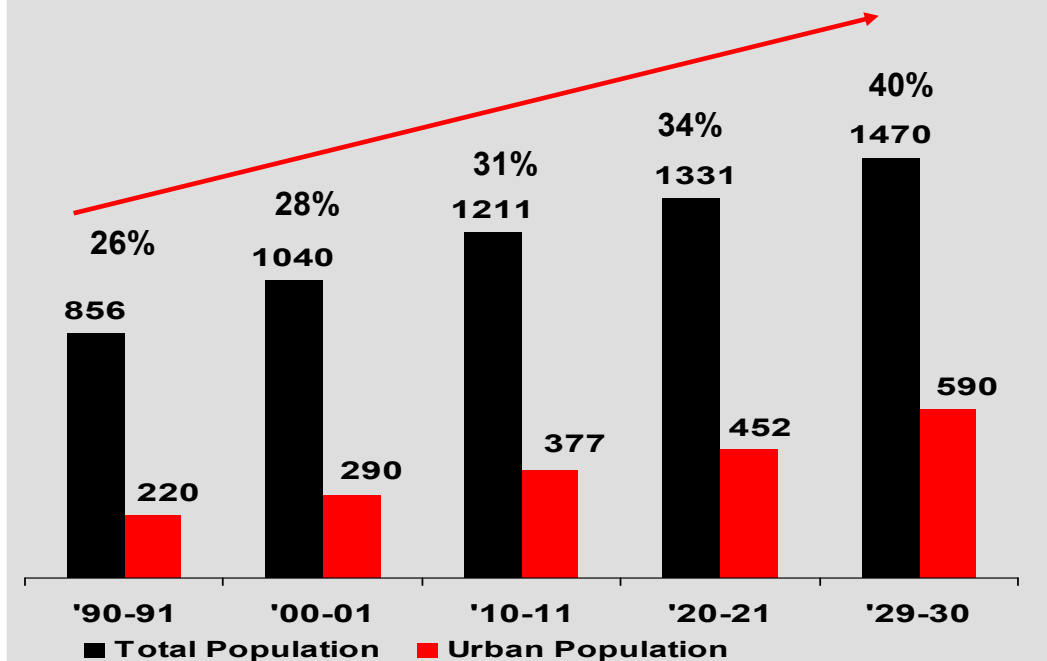
Need for a strong regulatory framework

An urbanized India with rising per – capita income levels will be the demand driver for consumption of high value and safe products

Urbanization in India

- Increased employment opportunities in cities will lead to more number of people migrating to cities
- The Indian middle class is expected to grow to 148 million households by 2030
- With rising per-capita income there will be a higher percentage of population willing to spend for products of higher safety and quality
- Mid-term also sustainable manufacturing of products will play a more important role

Urbanization rate in India

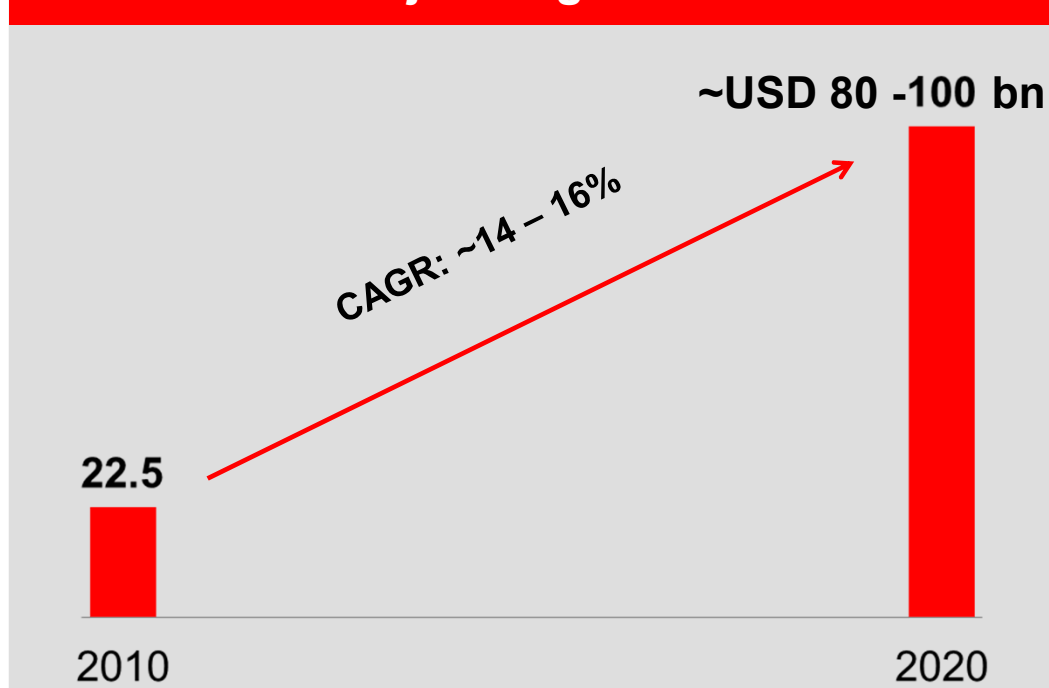


Indian specialty chemicals industry, if supported by a strong framework, is projected to follow a strong growth path

Growth Analysis

- According to a McKinsey study the Specialty Chemicals Industry has huge growth potential in India
- Today the industry is still at a nascent stage, with per capita consumption rates far below the international levels
- An urbanized India and growing per-capita income levels will be the drivers for consumption of value added products
- To capture this potential a strong framework must be developed; setting strong standards needs to be one of the drivers

Projected growth



A strong roadmap to address the current issues is required for a faster realization of the industry's growth potential

Setting Standards

Set standards and regulation across the segments to promote quality consciousness, sustainable development and efficiency improvements

Safety

Enforce stringent regulations to prevent non-compliance of safety norms (e.g. internal safety procedures; transport safety)

Technology

Foster and invest in a culture of innovation to cater to the future demand of safer & higher quality products, produced in a sustainable manner

Feedstock

Ensure local availability of feedstock to attract new investments and increase the competitiveness of Indian chemical industry

Absence of a strong standards and regulatory framework will slowdown the growth of specialty chemical industry in India

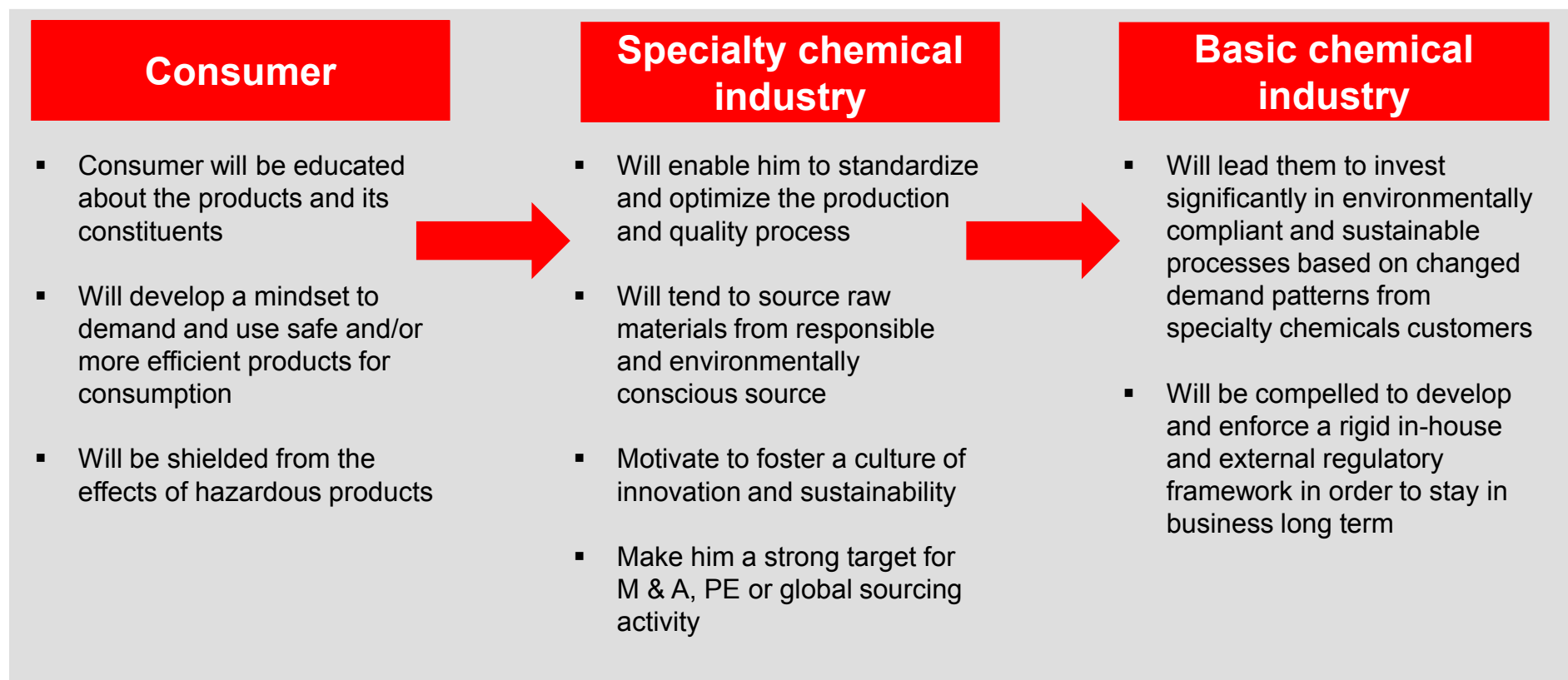
Low quality products lead to efficiency losses

- Availability of low quality and low performance products will eventually lead to health risks, customer dissatisfaction, negative industry image and will finally impact growth of the value chain
- A number of products which are either banned or regulated in western markets are still used in India
- Standards which do not meet global norms will lead to lower quality products at higher prices for high tech goods in India

Transport accidents pose huge risk to environment, population and industry

- Current practices in India to transport dangerous goods do not meet international standards and bear huge risk that incidents significantly affect the health of people or the environment
- Any major accident of a critical chemical may bring the entire industry to a standstill

Setting strong standards will translate along the value chain and will benefit the entire chemical industry



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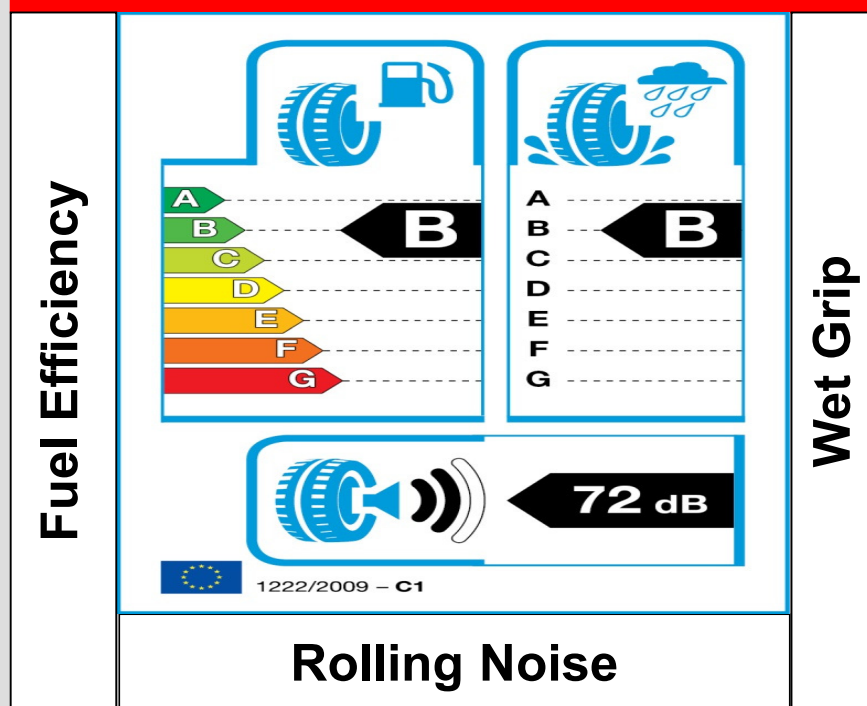
- ☐ Standards: Importance to the Indian specialty chemicals industry
- ☒ Key initiatives: Global and Indian perspective
- ☐ Need for a strong regulatory framework

Example - Tire labeling: A globally recognized initiative by EU

“Mobility” for India

- Safety and fuel efficiency are critical issues faced by the industry, society and the government
- Standardization of tires will make them more efficient and safer
- There will be significant savings in fuel consumption leading to a positive impact on the overall cost of usage
- Tangible benefits will be seen due to increased road safety

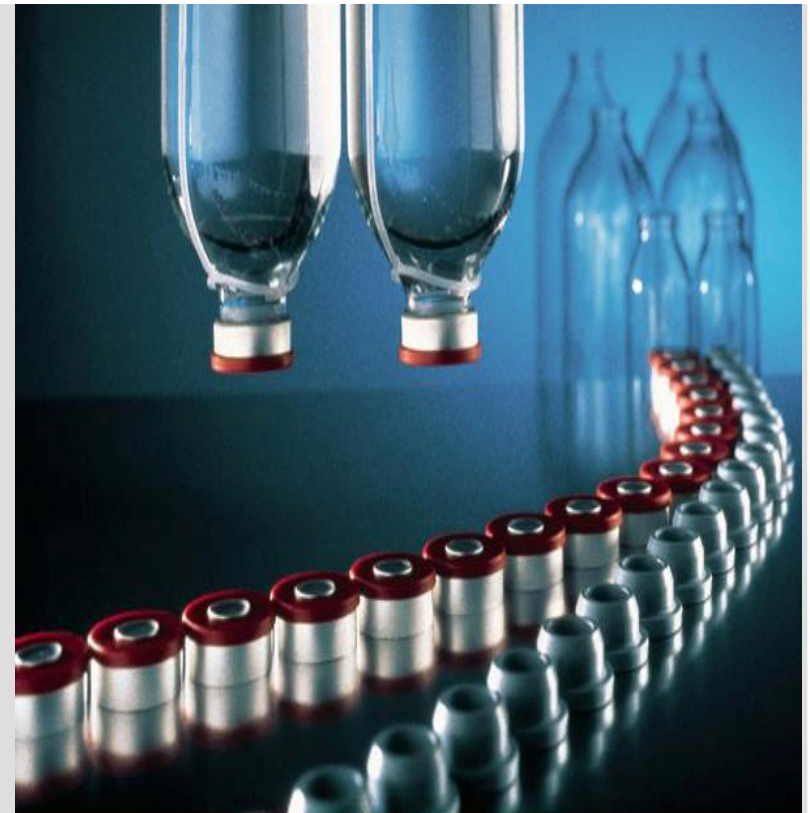
Tire label as in EU



Standards for consumer medicine dispensers, will significantly reduce the risk of contamination, leakage or poisoning

“Consumer safety”

- In India, there is an absence of any specific standard for use of rubber in medicine dispensers
- Consumer health might be at stake due to increased chances of contamination, leakage, etc.
- Developing stringent standards for rubbers used in pharma dispensers will reduce the risk of contamination of pharma products at industry and the consumer end
- Globally, 90% of the pharma stoppers are made of butyl rubber, whereas in India, natural rubber is predominantly used



Transport initiative taken by the industry needs to be supported by strong regulatory framework from the government

NICER GLOBE!! is a first and a commendable step in making transportation safe in India

Installation of an online and monitoring system to relay real time status of the asset during the course of transportation

Incident prevention

- Speed alerts
- Driving hours alerts
- Deviation from standard routes
- Unscheduled stoppages
- Safety alerts to the driver

Incident alerts

- Near miss incidents (sudden deceleration)
- Sudden stops, overturns, and excessive tilts due to collision
- Tampering of security seals, hatches, outer valves

Emergency response

- Display of emergency response personnel locations
- Nearest fire brigades, police stations, etc. displayed on the map
- Instant access to the MSDS for the material carried on the trip

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India has also taken initiatives, but a lot needs to be done..

Efforts by the GOI for standardization and regulation across sectors!!

Certain initiatives taken by the government have made the consumers conscious about standardization and advantages of using safe and regulated products

- Governments in certain states have started introducing minimum quality norms (density, thickness, etc.) for “paver blocks” used in construction projects
- “Nutrition” facts are now mandatory on packaged food products
- Bharat I,II, III norms have increased the efficiency of the engines and prompted the use of specialty additives in the fuels.

A strong and evolving regulation framework is necessary to support the rapid growth in India post liberalization

A consolidated approach towards regulation

- A central body should look into areas in which consumers will benefit from an introduction of new or improved standards and areas in which health hazards can be avoided and propose these areas to be taken up in a regulatory framework
- A strong and a consistent regulatory body must be formed with equal representation by central, states and industrial bodies
- Regulatory bodies should maintain a consistent approach across various industrial areas in different states
- Impacted industries should be informed well in advance regarding the incoming regulations, to avoid any friction between the industry and the government

Consumers and industry will stand to gain significantly by introducing a strong standards and regulatory framework in India

Consumer protection and savings

- Change in mindset as to question of the quality of the ingredients used in the products
- Safe-guarded against potentially dangerous products
- Substantial savings due to longevity and efficiency associated with products of higher standards

Sustainability

- Optimization across industry segments will lead to cost savings through better processes, larger assets and better ability to invest in environmental protection
- Compliance to the standards and regulatory framework will make the industry sustainable in a long run

Also, it will help the government to enhance India's reputation as a prime destination for new business opportunities

Increased investments and revenue

- India will become a more attractive destination for future investments
- Export oriented industries will also stand to gain from increased demand from current regulated and high value markets like NA and Europe

Compliant and a regulated industrial environment

- Minimal friction between the industry and government
- Increased level of partnership between government and industry for a sustained growth
- Increased awareness of the government's activities in public, as a provider of a sustainable and a safe working environment

Thank you