



# Impact of Single-use Plastic Ban on Pkg, Other Sectors

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## Introduction

Today, as nations across the world and India make relentless efforts to address the menace associated with the use of plastic packaging and mandate a backward switch, the irony in the situation is glaring!

The imbedded paradox associated with plastic is that the characteristics that make it harmful for the environment also make it the most viable and economic means of packaging, especially in the food & beverage industry. Cost-effectiveness, requirements of urban lifestyle, food safety standards, growth in the processed food market, and the need for customisation in food and beverage packaging have increased its popularity—today, every aspect of consumption involves packaging with plastic. In fact, of the processed food and dairy products sold in India, single-use plastic packaging is used for an overwhelming 83% and



90%, respectively.

Although India's consumption of plastic is negligible (one-tenth of the usage in developed economies such as the US and half of the world total), its yearly consumption of plastic is ~14-15 million tonne, of which 80% converts into waste. Also, of the ~12 million tonne of plastic waste generated annually, only, about 60% is collected.

## Recycling Sector

Furthermore, as most of the country's recycling sector is informal and unregulated, the result is but obvious: we allow this remaining uncollected waste (~4.7 million tonne yearly) to contribute to clogging and polluting our ecosystem! In fact, India ranks among the top 20 countries in world whose plastic waste finds its way into the oceans due to mismanagement associated with the collection, recycling, and disposal of the plastic consumed.

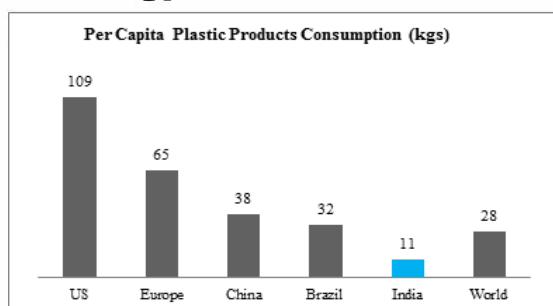
To address the problem and

amid international attempts to combat the plastic menace, the Government of India, on the World Environment Day this year, took a strong stand to prioritise the environment and eliminate the use of single-use plastic by 2022. As of today, almost 18 states in India have announced a complete ban on the manufacturing, supply, and storage of polythene bags and other single-use plastic items such as cups, plates, spoons, and glasses. About five more states have passed a partial ban on plastic manufacturing and usage. The move was a bold one and long overdue. However, its implementation and impact are still being subject to nationwide scrutiny.

## Enterprises and Retailers

While multinationals FMCG and organised retail players are committed towards the use of environmentally friendly packaging, it is the smaller local and unorganised sector players that are struggling to find cost-effective alternatives.

Although currently exempted from the ban, large enter-



prises face extremely big challenges in the process of eliminating plastic, the most indispensable packaging material. The primary challenge is significant rise in manufacturing costs, including expenses related to procurement of raw materials and change in production and packaging equipment. Reports suggest that packaging cost could rise as high as 20 times the current cost depending on the alternative packaging solution. Additionally the inability to store or sell processed food in plastic packaging solutions can lead to shorter shelf life of food and beverages and higher chances of wastage.

Enterprises cannot shift the entire cost burden to consumers for majority of products. Thus, without government support, these companies will have to absorb additional expenses, which will impact their margins. This can also make small SKUs, a key component of the Indian retail landscape, unviable for enterprises. Consumers will be confronted with the (highly probable) removal of small purchasing product packs if enterprises are unable to find cost-effective methods for packaging. The impact will be detrimental for price-sensitive wage earners and lower income groups heavily.

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# FMCG companies are currently allowed to sell milk in pouches

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Besides supply chain process and delivery costs that are bound to increase substantially if products are packaged in glass or tin, enterprises will also have to convince consumers to buy products packed in materials that are not only more heavy, but also with a high risk of damage and food wastage. For example, alternatives such as glass are not only ~8-10 times heavier than a PET bottle but also result in lower packaging density and have a high breakage rate. This means almost 60-70% more transportation trips than that for products packaged in PET bottles. Therefore, it is imperative for enterprises to evaluate other cost-effective alternatives in order to beat the challenge of increase in packaging and delivery costs.

In beverage packing, FMCG companies are currently allowed to sell milk in pouches and drinks in PET bottles at an additional cost that has to be returned to the end-consumer at the returning of the packaging

product, bringing them under the extended producer responsibility (EPR). This adds to the costs associated with establishing a supply chain (to work both ways by having to install reverse vending machines) and disposable / recycling processes.

## Environment-friendly Packaging Solutions

Multinationals players such as PepsiCo, HUL, and Nestlé have already taken a positive stand on the plastic ban and are making efforts to switch to alternative packaging materials such as 100% compostable and environment-friendly packaging solutions. However, some of local companies, such as Haldiram's, are not completely convinced with this drastic move. Sushil Agarwal, owner of Haldiram's, says, "We are looking at paper plates and cups or those made from dry leaves. But banning plastic is not the way. The real solution lies in recycling."

Similarly, the impact and response to these plastic usage restrictions on the retail

have been varied. While on one hand large organised players, such as Future Group, which owns brands like Big Bazaar, Food Bazaar, Central, and Food Hall, and Godrej Nature's Basket, have welcomed the ban, kirana stores are facing more challenges with regard to the switch. Such players usually buy bulk products and repack them in smaller plastic packages for end-consumers. Fund constraints and the lack of availability of cost-effective options have made the ban more detrimental to their operations compared to the big names.

"For the first 10 days, I did not purchase plastic carry bags from my wholesaler. I flatly refused plastic bags for storing vegetables. But on the 11th day, I ignored the plastic ban. Apart from suffering economic losses, my vegetables were also spoilt. Towards the end of the week, I had to sell them at really low prices and thus I had to bear a loss of Rs 7,000," admits a roadside fruit-seller. Additionally switching back to

selling essentials such as rice, pulses, oil, milk and other foods unpackaged/loose will create additional safety and hygiene issues.

## Conclusion

Simply banning plastics is not the solution; systematic policy changes centering on 'Zero Waste,' all-inclusive of stakeholders at various stages in the value chain, are required to achieve the objective.

Any initiative or attempt to tackle pollution-related concerns is a welcome change. However, past efforts toward to ban plastic indicate that a more sustainable approach to tackle this problem is the need of the hour. Studies on the effectiveness of the plastic ban in states or Union territories such as Delhi and Chandigarh ratify that the ban did not achieve desired results owing to relaxed and irregular monitoring.

Thus, a holistic approach, keeping every stakeholder from the value chain in mind, is a must to ensure this attempt does not fail.

Throughout the process, governing bodies also need to consider that enterprises switched to plastic from traditional materials such as glass, tin, and paper due to its advantages like superior food safety, quality, and shelf life and better versatility to create more innovative and consumer-friendly packaging options. Thus, mandating a backward switch is not the most feasible option.

Breaking this habit will require positive reinforcement for stakeholders across the value chain as opposed to fines, high prices, and penal-

ties. Incorporating key learning from countries such as Germany, Sweden, South Korea and Switzerland, to name a few, the Indian government needs to develop a policy framework that encourages recycling by making it easier for households to segregate waste before disposal. It also needs to focus on providing incentives for recycling and setting collection and recycling targets for local government and municipalities. Furthermore, the government needs to support enterprises, hotels, restaurants, street vendors, retailers, and consumers to make a lifestyle switch instead of imposing a ban on this material.

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