

Plastic Packaging– the Smarter and more Sustainable Choice, Says FICCI and Strategy&

New Delhi, 6 May 2015: The Federation of Indian Chambers of Commerce and Industry (FICCI) and Strategy& have jointly released a study today titled “Why Banning Plastics Packaging is Not a Viable Option”. The report comes out as the National Green Tribunal meets on May 8, 2015 for a hearing on plastic packaging ban.

“While appreciating the concerns related to environment it needs to be noted that restrictions or ban on plastics packaging would impact the growth of several industries like FMCG, Food Processing, Plastics Packaging and allied industries. It could further adversely impact consumers in terms of cost, health and safety. FICCI has conducted this study to analyse the impact of a possible ban and the findings show that this could lead to unwarranted consequences particularly on low priced products (Rs.5/-) as the cost to manufacture and distribute these products could rise multi fold. Further this study reveals the impact on plastics industry sales and employment. Agriculture sector and farmers could also be impacted.” **Dr. A.Didar Singh, Secretary General, FICCI**

The study highlights that plastics are the material of choice in packaging products across categories globally. In India, an overwhelming majority of the FMCG products are packaged in plastic – in fact, 90% of biscuits, dried processed food items, hair care products, dairy products, laundry products and baked goods sold in India in 2014 were packaged in plastic. Plastic has been the preferred material for packaging globally as well as in India due to three critical benefits relative to alternatives such as glass, paper, metals etc.: 1) superior food safety, quality and shelf life, 2) lower environmental impact across the product lifecycle and 3) better versatility to create more innovative and consumer friendly packaging options.

The study estimates that a ban on plastic packaging will directly impact plastic industry sales of INR 53,000 Crores. Additionally, ~13 lakh personnel across ~10,000 firms (mostly SMEs) engaged in plastic packaging for FMCG will need to find alternative employment. The indirect impact based on multiplier effect will be ever larger - ~2 to 2.5x the direct impact on sales and ~3-5x on employment levels!

Further, it is deduced the ban might forfeit the purpose of intention behind it. As alternatives, in general, have lower product to package ratio, resulting in the use of higher quantities of raw materials. They also require higher energy and water during manufacturing.

It is recommended that the prudent way forward is not an outright ban on plastic packaging but rather finding solutions to the problem of plastic waste management. The study estimates that re-use rates in India are ~70% for PET-plastic, and lower for non-PET plastic. The low rate of re-use is despite the existence of technologies that have been tested in India – such as polymer blending in bitumen roads and co-processing in cement kilns - that can help India solve its plastic conundrum in its entirety. The report explores the root causes for the low rates of re-use, and recommends a four-pronged approach that various stakeholders including the government and industry should undertake to improve the segregation, collection, recycling and re-use of plastic waste.

Ficci feels that the timely release of this study would help the NGT and other concerned stakeholders to take a well informed decision.

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