

India Plastic Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The India Plastic Packaging Market is predicted to grow at a CAGR of 2.5% in the projected timeframe. The growing preference for convenience and portability packaging continues to be a significant driver of rigid plastics in food packaging. Also, the need for comfort, portability, and tensile strength remains crucial for rigid plastics usage in the cosmetics & toiletries industry.

Key Highlights

Flexible packaging accounts for more than 60% of the market and is mainly used for food, according to the Flexible Packaging Association. Since flexible packaging can offer solutions to various packaging problems, the demand for flexible packaging is expanding. According to IBEF, India's grocery and food market are the sixth-largest in the world, with 70% of sales coming from retail. Also, food processing accounted for 32% of India's total food market and was rated fifth in production, consumption, and export. It would propel the demand for flexible plastic in packaging.

The need for e-commerce packaging is developing in India due to the country's expanding economy, growing middle class, changing lifestyles, and increasing population. The India Brand Equity Foundation predicts that by 2026, the country's e-commerce market will reach USD 200 billion. The boom in internet and smartphone use is also driving the majority of the industry's growth.

Also, in July 2021, DRDO collaborated with Acharya Nagarjuna University, and Ecolastic Private Limited introduced environmentally-friendly packaging products made from natural and plant-based food-grade materials to eliminate single-use plastic. These bags are sustainable, cost-effective, and ocean-safe alternatives to single-use plastics, unlike traditional polyethylene bags created from petrochemicals, which are hazardous to the environment and take years to degrade.

According to Union Environment Minister Prakash Javadekar, India is also making every effort to secure a comprehensive ban on single-use plastic by 2022, as Prime Minister Narendra Modi envisioned. The nation started the Plastic Hackathon 2021 campaign to raise awareness of single-use plastics in June 2021, anticipating it hindering the market growth.

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Due to the COVID-19 outbreak, the nutritional drinks and healthy food demand increased exponentially. The majority of these products are packaged with single-use plastic. The orders were so huge globally that the manufacturers and packaging companies in the field expanded their facilities, which most governments supported. Further, the Russia-Ukraine war also impacted the overall packaging ecosystem.

India Plastic Packaging Market Trends

Growing E-commerce Industry is Expected to Drive Growth

Over the past years, the e-commerce industry in India is growing significantly. According to projections, the Indian e-commerce market will increase to USD 200 billion by 2026 from USD 38.5 billion in 2017. Increased internet and smartphone use and the nation's continuing digital transformation are anticipated to fuel this rise. The e-commerce sector briefly fell after India closed down in March 2020, but things started to pick up after the uplifting of restrictions. The number of online orders placed through marketplaces and direct brand websites increased by 130% overall.

Also, amid the e-commerce boom, one of the fastest-growing sectors is the Indian packaging business, which is expanding rapidly. The Indian Institute of Packaging (IIP) estimates that India's per-person annual packaging usage grew by 200% in the last ten years, from 4.3 kg to 8.6 kg.

Additionally, during the pandemic, the Indian e-commerce industry witnessed significant growth in online order volume due to the restrictions imposed on the people movement and the shutdown of physical stores. For instance, according to Flipkart, the Indian e-retail market saw a 25% growth in FY21 despite the two-month national lockdown and multiple prolonged disruptions in regional pockets over the year.

Moreover, recycling became a significant factor for businesses that make perfume, skincare, and cosmetics. An agreement to produce and market polyethylene (PE) film solutions derived from post-consumer recycled (PCR) plastics in India was signed in February 2021 by Dow Packaging and Specialty Plastics (P&SP) and Lucro Plastecycle, an Indian recycling company. This agreement expands the Asia-Pacific region's overall circularity portfolio and provides a closed-loop packaging solution to assist India in creating a circular economy.

Furthermore, people across the country are increasingly buying online groceries, food items, and daily essentials while also purchasing merchandise online. Such trends are anticipated to boost the demand for recycled plastic, as the e-commerce and retail industry is one of the country's significant flexible packaging solution adopters. E-commerce players such as Amazon and sellers across the country adopted recyclable plastic packaging, which includes recycled plastic bags. Also, the increasing number of online shoppers in India is anticipated to support market growth. For instance, according to The Hindu, the number of online shoppers in India increased from 110 million in 2018 to 190 million in 2021.

Food Industry to Register a Significant Growth

The food segment is one of the most significant users of plastics. The demand for rigid plastic packaging in the food industry is high, as it is increasingly replacing traditional materials, such as paperboard, metals, and glass, owing to beneficial properties, such as lightweight and reduced cost. Also, Phantom Plastics' scientific study reported that plastics' global carbon dioxide emissions are 0.23 GT/year, far lower than other materials such as glass, metal, paper, and ceramic.

Additionally, as part of the "Make in India" initiative, the Indian government prioritizes and promotes investment in the food processing sector. The government created 134 cold chain projects and 18 mega food parks to enhance the food processing supply chain. These measures will benefit businesses that process food. The food processing sector is also on a strong development trajectory due to recent government measures, such as INR 10,000 crore (USD 1.35 billion) program launched to

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boost the industry, eventually enhancing the demand for flexible plastic packaging in the country.

The market for small-sized plastic containers is anticipated to witness growth, with the sales of dairy products, jams, etc. In recent years the sales of yogurt have seen a slump. Hence, many manufacturers are focusing on vertical and horizontal integration to regain demand.

For instance, in August 2022, Manjushree Technopack entered an agreement to acquire the business operations and manufacturing facilities of Hitesh Plastics. The acquisition will allow Manjushree to enter the specialized caps and closures market segment. It will also help to strengthen its position as an end-to-end integrated rigid plastic packaging player. They will add two new plants in Jalgaon, Maharashtra, to Manjushree's existing 21 plants across India. The company's consolidated manufacturing capacity will exceed 2,00,000 MT per annum.

Brand owners are increasingly looking for packaging converters to design secondary packaging solutions that can prevent shipping-related damage. Nowadays, packaging airbags are used for beverages packaged in glass bottles (the most fragile items). Airpack provides this solution to various e-commerce companies. All the above factors are anticipated to boost demand for plastic packaging in India. Also, online retail is growing significantly, which may attribute to the scale of the e-commerce sector. It is a favorable government policy to allow 100% FDI into e-commerce and an expanding base of digital consumers in India. Also, in 2020, India's online retail market reached USD 60 billion. Since 2015, it was to be around USD 13 billion, showing growth. By 2022, the online retail industry is projected to reach USD 73 billion.

India Plastic Packaging Market Competitor Analysis

As the demand for plastic packaging is increasing significantly in the Indian region, the market is mildly concentrated, with significant players like Amcor, Coveris Holding, Berry Global, Sealed Air Corporation, and Constantia Flexibles, among others.

May 2022: Berry Global began constructing its new manufacturing facility and global Centre of Excellence in India. The facility will get accredited for the International Sustainability and Carbon Certificate (ISCC) Plus in particular. It allows them to market healthcare clients' approved packaging and plastic parts and support a circular economy strategy based on enhanced recycling and mass balancing.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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