

ROLE OF SUSTAINABLE PACKAGING PRACTICES IN THE FAST-MOVING CONSUMER GOODS (FMCG) INDUSTRY: THE INDIAN SCENARIO

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Abstract

By the next two years, the FMCG market in India is expected to have grown from US\$ 110 billion in 2020 to US\$ 220 billion at a compound annual growth rate (CAGR) of 14.9 percent. In the coming years, it is projected that the Indian packaged food market will double in size to reach US\$70 billion. As more people in urban and rural areas have access to the internet, there is a greater need for FMCG products in India, mostly through e-commerce websites. Maintaining the integrity, safety, and quality of products across supply chains has always depended heavily on packaging. For FMCG companies, post-consumer packaging waste is a critical concern. About 19 percent of all plastic material is thought to be dumped unmanaged worldwide, and only 16 percent of that waste is recycled into new plastics. Forty percent of plastic waste ends up in landfills, and about twenty-five percent is burned. Moreover, the FMCG division faces expanding weight to embrace economical hones in today's naturally cognizant world. The given study is undertaken to have an insight about the role and current trend of sustainable packaging in the FMCG industry in India. The paper basically uses the data available through journals, reports, articles, etc. Not only is the shift to sustainable packaging changing industry norms, but it is also establishing a new standard for environmental responsibility. In addition to protecting goods, modern packaging must actively support environmental objectives. Rapid innovation in environmentally friendly materials and designs has been spurred by this necessity, radically altering the industry.

Keywords: sustainability, FMCG, packaging, waste management, technology, environment

INTRODUCTION

With mounting natural concerns and developing shopper mindfulness, FMCG companies are beneath expanding weight to reevaluate their bundling hones and limit their environmental impressions. This move towards maintainability isn't only a drift; but a worldview move reshaping the exceptionally establishments of how items are bundled, conveyed, and expended. Moreover, the FMCG division faces expanding weight to embrace economical hones in today's naturally cognizant world. Maintainable bundling arrangements have risen as a basic center range. As buyers request items that adjust with their values and limit natural affect, FMCG brands must reconsider their bundling procedures. India's buyer products division is changing. Innovation and supportability are driving strengths. Companies are changing how they bundle items. They are utilizing less plastic and more recyclable materials. This makes a difference the environment and diminishes squander. Companies, customers and the government must work together to form these changes effective.

As Gen-Z begins to enter the job market and increases their purchasing influence, it's vital to implement thoughtful changes within organizations. This is important not only to draw them in as consumers but also to recruit them as future employees in a socially responsible company. Currently, sustainability stands as a pivotal topic for every community. With growing awareness of sustainability and its importance, coupled with enhanced eco-friendly regulations, sustainable packaging has become a significant concern for consumers now more than ever.

These changes will offer assistance the industry develop and ensure the planet. Changes in utilization designs by shoppers have driven to significant increment in number of items and packs devoured by person shoppers. This has driven to one of the most noteworthy challenges that industry faces nowadays, which is driving maintainability. Supportability in bundling is now not a buzzword; it is an pressing need. The effect of bundling squander on our biological systems, open wellbeing, and economy cannot be exaggerated. The natural debasement caused by non-recyclable materials could be an emergency that requests prompt activity. According to a study, the move to paper packaging occurs before increasing operational energy efficiency, biodiversity, logistics' carbon footprint, and waste and water consumption. Reducing or eliminating plastic use completely came in last.

LITERATURE REVIEW

Packaging strategies: knowledge outlook on consumer buying behavior is the subject of a paper by Lavuri Rambabu and Ramlal Porika that focuses on the significance of packaging strategies as a marketing tool (Rambabu and Porika, 2020). The study intends to examine how packaging strategies affect consumer purchasing decisions under different conditions. 836 unique respondents, irrespective of age, from four major cities provided the data. The study found that packaging has a significant influence and that new, consumer-focused tactics must be created and implemented.

Anil Kumar, Jose Arturo Garza-Reyes, Syed Abdul Rehman Khan, Tapan Kumar Prakash, Sangita Choudhary, and Gyan Prakash all contributed to the study "Do altruistic and egoistic values influence consumers' attitudes and purchase intentions towards eco-friendly packaged products? An empirical investigation" (2019) have attempted to ascertain and examine the relationship between consumers' values and altruism and their purchasing choices. Data from 277 young Indian consumers was examined in their study. The study ultimately demonstrated that consumers' philanthropic values influence their purchasing decisions more than their egoistic values. The topic of the recorded responses was environmentally friendly packaging.

The Indian green packaging market is anticipated to grow at a strong compound annual growth rate (CAGR) of 7.24 percent from 2023 to 2028, according to the Invest India Report. Sustainable packaging is now more than just a choice, particularly in the food and beverage sector. It is now unavoidable. Businesses must continue to implement sustainable packaging practices in order to lessen their environmental impact due to governmental regulations, evolving consumer preferences, and shifting market norms.

OBJECTIVE OF THE STUDY

The given study is undertaken to have an insight about the role and current trend of sustainable packaging in the FMCG industry in India.

METHODOLOGY OF THE STUDY

The study is based on secondary data. The paper basically uses the data available through journals, reports, articles, etc.

DISCUSSIONS

Development and Trends in FMCG industry in India with special reference to sustainable packaging practices: According to CRISIL, the revenue of India's dairy industry is anticipated to grow by 13-14% in FY25, fueled by robust consumer demand and an increase in raw milk supply. As per Nielsen IQ's report, the FMCG sector in India is projected to expand between 4.5-6.5% in 2024,

driven by the resilience of the industry and the Indian economy. The Indian food processing market reached a valuation of US\$ 307.2 billion in 2022 and is forecasted to grow to US\$ 470 billion by 2028, representing a compound annual growth rate (CAGR) of 9.5% from 2023 to 2028.

India is a nation that no FMCG (Fast-Moving Consumer Goods) company can afford to overlook, given that its middle-class demographic exceeds the entire population of the United States. The Indian FMCG sector continues to grow as an increasing number of individuals ascend the economic ladder and the advantages of this economic growth become available to the general public. Notably, with a median age of only 27, India's populace is becoming more consumer-oriented as aspirations rise. This trend has been further supported by government efforts aimed at enhancing financial inclusion and creating social safety nets.

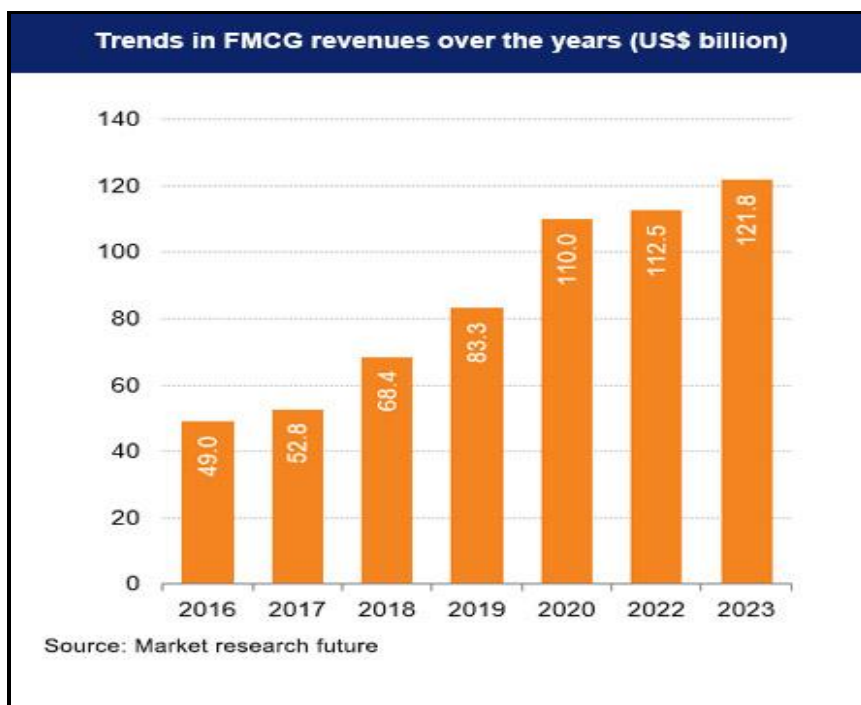


Fig 1

The move to more environmentally friendly packaging is one of the biggest developments in the FMCG industry. The use of conventional plastic packaging greatly increases pollution in the environment. Consequently, businesses are investigating substitute materials like plant-based materials, recycled paper, and biodegradable plastics. For example, companies such as Unilever and Procter & Gamble are making a commitment to use less plastic and make their packaging more recyclable. Innovations like reusable containers and edible packaging are also becoming more popular. In addition to cutting waste, these programs appeal to environmentally conscious customers.

Companies are also using the introduction of minimalist packaging designs that use less material to improve sustainability.

With a budgetary investment of Rs. 109 billion (US\$ 1 point 46 billion), the Union government authorized a new PLI scheme for the food processing industry. The program's incentives will be paid out over a six-year period, ending in 2026–2027. The FMCG industry in India has long been the largest consumer of advertising in the nation, accounting for almost one-third of all advertising spending in 2023 at Rs. 31,000 Crore (US\$ 3.75 billion). With 780 million internet users, India has one of the highest smartphone usage rates in the world, with the average Indian using their device for 7.3 hours every day. By 2025, there will be 900 million internet users in India, up from 759 million in 2022. India's consumer expenditure reached US\$2,049.57 billion in 2022. Indian villages are essential to the sector's overall recovery because they account for over 35% of the total yearly sales of FMCG. Today, 17 percent of all FMCG consumption is made through e-commerce by affluent, sophisticated consumers who spend an average of roughly Rs. 5,620 (US\$ 677-11 million).

Regulatory steps taken by the Governments across the globe: Several policies and initiatives have been implemented by the Indian government to promote environmentally friendly packaging practices. Compostable plastics must be used, and recyclable materials are encouraged in packaging, according to the Plastic Waste Management Rules of 2016. India strengthened the current regulations by announcing new comprehensive guidelines on EPR for plastic packaging in February 2022. These recommendations give stakeholders a framework for implementing sustainable packaging that is mass-recyclable, compostable, or reusable in order to move toward a circular economy for plastics. In order to achieve sustainability, nations have primarily addressed the beginning and the end of the flow, which entails restricting specific materials and emphasizing waste management through extended producer responsibility (EPR). Infrastructure has been established in more developed nations to facilitate long-lasting improvements in design, recycling capacity, and the use of recycled content.

16 states in the US have passed legislation pertaining to packaging waste that is state-wide and targets single-use plastics, shopping bags, and increasing recycling rates. Over the next three years, more bills are anticipated to be approved. To lessen the leakage of single-use plastic products, the European Union announced specific measures in 2019 under its "New EU Directive for Single-Use Plastics.". Recycling laws are being developed in nations like the UK, Germany, and France in order to enact strong Extended Producer Responsibilities (EPRs). Higher recycling goals, levies on the use of non-recyclable packaging, etc. are the goals of these nations. Thailand declared that, as of January 1, 2020, major retailers would no longer be allowed to use single-use plastic bags nationwide.

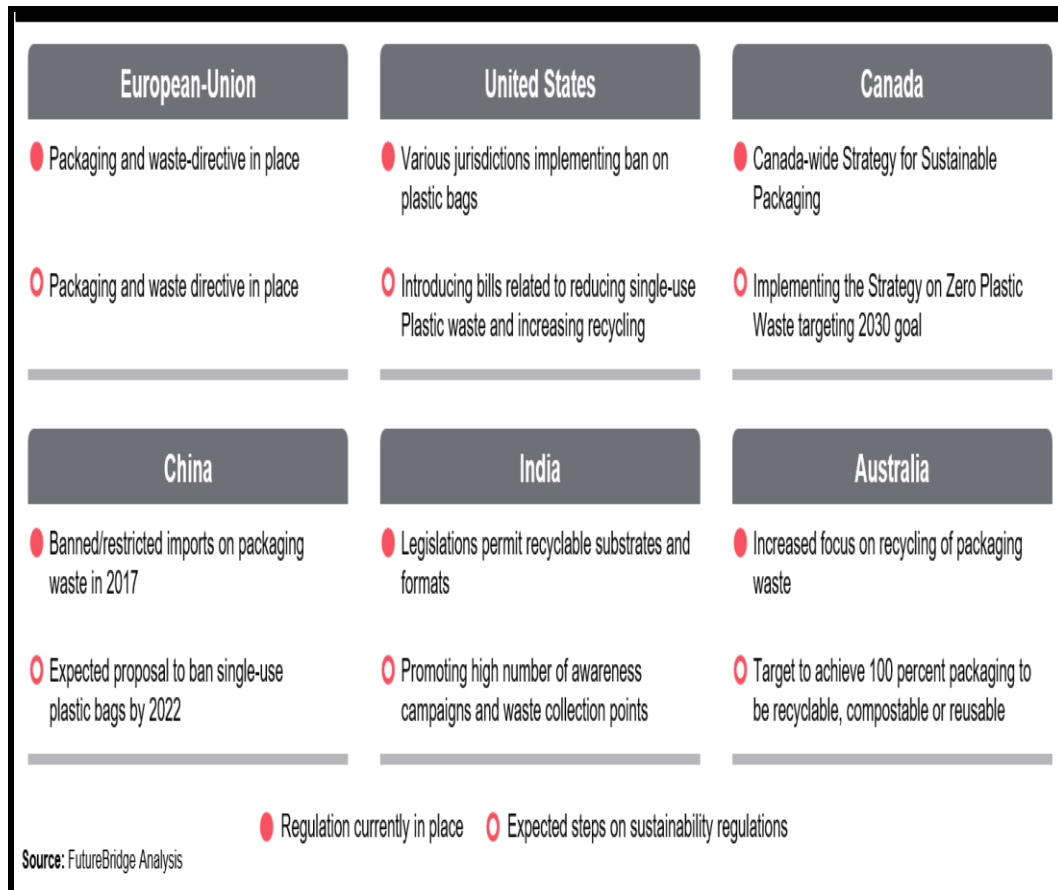


Fig 2

Sustainable packaging innovations: Sustainable practices are now a major focus for industries all over the world due to environmental concerns. The focus is currently on sustainable paper packaging, a ground-breaking development that is changing the packaging materials landscape among the many eco-friendly initiatives. The use of sustainable paper packaging has accelerated in India as businesses from a wide range of industries, including electronics and fast-moving consumer goods, have realized how important it is to protecting the environment. Sustainable packaging has become a focus for companies aiming to reduce environmental impact and meet consumer demand for eco-friendly products. Here are some notable innovations in sustainable packaging:

1. Biodegradable and Compostable Materials

- **Plant-Based Plastics:** Derived from renewable resources like corn, sugarcane, or algae, these materials can replace petroleum-based plastics.
- **Mushroom Packaging:** Made from agricultural waste and mycelium, this material is biodegradable and compostable.
- **Seaweed-Based Packaging:** Seaweed and algae are being used to create edible and compostable packaging solutions.

2. Recyclable Mono-Materials

- Packaging designed using a single type of material (e.g., 100% polyethylene or polypropylene) to simplify recycling processes.
- Example: Flexible pouches made from mono-materials for food products.

3. Reusable Packaging Systems

- **Loop Programs:** Brands like Nestlé and Unilever partner with TerraCycle's Loop program to offer durable, reusable packaging that can be returned, cleaned, and refilled.
- **Refill Stations:** Retailers and brands provide refill options for products like detergents, beverages, or beauty products.

4. Smart Packaging for Sustainability

- **QR Codes for Recycling Information:** Packaging with scannable codes provides information on how to recycle the product.
- **Sensors for Shelf Life Management:** Intelligent packaging that monitors freshness to reduce food waste.

5. Minimalist and Zero-Waste Designs

- Reducing material use by designing compact, lightweight, and functional packaging.
- **Water-Soluble Packaging:** Products like single-use detergent pods that dissolve in water.

6. Recycled and Upcycled Materials

- **Post-Consumer Recycled (PCR) Content:** Using recycled materials to create new packaging, reducing the need for virgin resources.
- **Upcycled Packaging:** Utilizing waste materials (e.g., food by-products) to create innovative packaging solutions.

7. Edible Packaging

- Products like edible straws, cups, and wrappers made from natural ingredients such as starch, gelatin, or agar-agar.

8. Paper-Based Innovations

- Paper bottles, molded pulp, and fiber-based packaging as alternatives to plastic.
- **Wax-Coated Paper:** Replacing plastic laminates with compostable coatings for paper-based packaging.

9. Carbon-Neutral Packaging

- Offsetting carbon emissions from the production and transportation of packaging by investing in renewable energy or reforestation projects.
- **Biochar Packaging:** Incorporates carbon-sequestering materials into packaging.

10. Digital Printing and Customization

- Reduces waste by producing only the required amount of packaging.
- Enables brands to use sustainable inks and print-on-demand solutions.

Efforts of organizations aiming to reach a sustainable goal: By 2025, PepsiCo hopes to have all of its packaging designed to be recyclable, compostable, or biodegradable. Since their main non-recyclable packaging is flexible, they are working on projects to design this packaging to use compostable or biodegradable films, plastic substitutes, and the existing recycling infrastructure. The Coca-Cola Company is experimenting with refillable cups and bottle models as part of its Coca-Cola Freestyle® technology to rethink the role of packaging in how they deliver goods to consumers. In some countries, like India, Unilever has started using mono-material sachets for pertinent applications. In the UK, the company introduced the Magnum recyclable crackpot innovation. The company is also investing in technology (e.g., Creasolv) to recycle currently non-recyclable materials (e.g., multi-layer sachets). Prominent brands like Amcor, Mondi Group, Alter Eco, Coca-Cola, Sealed Air Corporation, and Noissue are among the FMCG companies actively pursuing sustainable packaging; their main goals are to use recycled materials, reduce packaging weight, and create biodegradable or compostable alternatives in order to have as little of an impact as possible on the environment. PVH. By 2025, the massive apparel company PVH, which owns Tommy Hilfiger and Calvin Klein, plans to use only packaging that is ethically and sustainably sourced. The business is already making significant progress toward this goal: 74% of its packaging is now completely recyclable. The emphasis on sustainable packaging is a new vector of the ITC Next vision, which aims to replace single-use plastic with scalable, creative, and environmentally friendly solutions. With assistance from the cutting-edge ITC Life Sciences and Technology Centre (LSTC), ITC's Paperboards, Packaging, and Printing Businesses continue to develop innovative sustainable packaging solutions that satisfy both consumer demands and environmental regulations. To advance its sustainable packaging strategy, ITC makes use of the knowledge and experience of its Centre of Excellence in Material Sciences. Material sciences and sustainable packaging. To provide cutting-edge packaging solutions made from renewable natural fibers like wood, bamboo, bagasse, waste paper, etc., ITC has put into service a state-of-the-art manufacturing facility for moulded fibre products in Madhya Pradesh.

CONCLUSION

As businesses realize how important sustainability is to securing a better future, the FMCG sector is undergoing a significant transformation. Consumer engagement, supply chain transparency, circular economy models, sustainable packaging, and innovative product development are some of the emerging trends that are changing the industry landscape. FMCG companies can lessen their impact on the environment, increase brand loyalty, and help create a more sustainable world by implementing these practices. The move to more environmentally friendly packaging is one of the biggest developments in the FMCG industry. The use of conventional plastic packaging greatly increases pollution in the environment. Consequently, businesses are investigating substitute materials like plant-based materials, recycled paper, and biodegradable plastics. Sustainable packaging is not only changing industry norms, but it is also establishing a new standard for environmental responsibility. Beyond merely safeguarding goods, contemporary packaging must actively support environmental objectives. Due to this necessity, eco-friendly materials and designs are being developed at a rapid pace, which is radically changing the industry.

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