

[Home](#) [ETPrime](#) [Markets](#) [News](#) [Industry](#) **RISE** [Politics](#) [Wealth](#) [MF](#) [Tech](#) [Jobs](#) [Opinion](#) [NRI](#) [Panache](#) [ET NOW](#) [More ▾](#)[ET Rise Top MSMEs](#) **SME** [Policy](#) [Trade ▾](#) [Entrepreneurship](#) [Money](#) [IT ▾](#) [Legal](#) [GST](#) [Biz Listings](#) [Marketing ▾](#) [HR ▾](#)[Business News](#) ▾ [RISE](#) ▾ [SME Sector](#) ▾ [Pack it, ship it: Covid and surge of online shopping amps up an entire sector](#)

Pack it, ship it: Covid and surge of online shopping amps up an entire sector

Synopsis

Everything that we shopped for online needed to be packed before it is shipped. For India's packaging sector, this has meant exponential growth.

Amid the lockdown in May, I ordered a tube of toothpaste among other things from a popular ecommerce site. Next day they delivered a very large cardboard box with the toothpaste being its only

[BACK TO TOP](#)

occupant. Everything else that I ordered came in different boxes, leading to a small pile-up of these brown cardboard packaging materials.

As health concerns kept many away from stores, everything from grocery to buying clothes went online with ecommerce portals seeing record sales this year. Millions of online orders, however, meant a surge in deliveries, which led to a cascading demand on packaging material. As digital carts began to get filled, the brown cardboard boxes saw a surge.

Make hay while the sun shines

The **COVID-19** pandemic has ravaged sectors and only a handful remained unscathed. Ecommerce is one sector that has seen a boom, with Redseer consulting forecasting that the Indian **e-tailing industry**, in terms of Gross Merchandise Value (GMV) will reach \$50 billion in the current year itself. The packaging industry is now riding pillion on this wave.

Anand Ramanathan, Partner, Deloitte India is of the view that the Indian e-commerce market is on a high growth path and COVID-19 has further accelerated this trajectory. "As per the Deloitte State of the Consumer Tracker, over 40% of customers intend to shift their purchases online even for non-traditional categories such as groceries, household goods and medicines. As a direct outcome, there is a surge in demand for corrugated packing for grocery deliveries and disposable takeaway packaging for food deliveries," says Ramanathan.

Brands now rely on packaging to emphasise their priority for safety, hygiene and non-compromised product and service quality. "Thus, the pandemic has cemented the pivotal role of packaging in customers' buying experience in e-commerce," says Ramanathan.

Akash Hegde, Co-founder & MD of B2B procurement platform **ShakeDeal** says while the packaging industry has been growing steadily at around 15-20% YoY, there has been a tremendous surge in demand for secondary and tertiary packaging since the start of the pandemic.

It's not just the e-commerce brands that are witnessing

[BACK TO TOP](#)

a northwards trend for packaging requirements, but a host of supply chain players are also observing a similar uptick.

Sunny days ahead for the Packaging sector



\$81.07 bn
Incremental
Growth



18.09%
The YoY growth
rate for 2020 is
estimated at



64%
of the growth will
originate from
Rigid Packaging
segment

Source: Packaging market in India 2020-2024, a Technavio report.

 Rise

Illustration by Sadhana Saxena

Rahul Garg, CEO & Founder, Moglix says ever since the nationwide lockdown was enforced, there has been a sharp rise in the demand for packaging materials. Revealing that the firm has seen close to 2X growth in the demand for packaging materials compared to pre-Covid levels, Garg mentions that the platform has delivered 620 million packaging units, served 200 plus brands across 150 plus product categories and integrated 500 plus manufacturers across India into its packaging supply chain ecosystem.

He adds tertiary packaging materials like courier bags, paper bags, polyethylene bags, paper tapes, and hardbound paper have been the biggest gainers.

According to industry players, the rise in ecommerce-backed demand for packaging material has been multi-sectoral. Ecommerce major **Amazon** tells ET Digital that packaging players belonging to the nation's crucial **SMB segment** have also been key beneficiaries of the new trend.

“The rise in customer demand fuels the growth of ancillary businesses such as packaging, transportation and logistics. We work with many small businesses that support our packaging requirements. With increased adoption of online sales, they have also noted a business growth,” reveals an Amazon Indian representative.

BY

Shariq Khan

ET Online

10 MINS READ

Dec 22, 2020, 10:08 AM IST

Share This Article

[BACK TO TOP](#)

Big moves

The domestic packaging market was valued at \$50.5 billion in 2019, and is expected to reach \$204.81 billion by 2025, registering a CAGR of 26.7% during 2020-2025, states the Packaging Industry Association of India (PIA). The industry body, says the sector is currently the fifth largest sector of the Indian economy, forecasts a high potential for the sector's expansion, particularly in the export market.

“The world is in a unique situation today. People are more reluctant to touch each other, like shaking hands, and physically touching objects. Plagues come and go, but today, we have the technology that will help keep us safe while keeping commerce flowing through the use of drones for deliveries (e.g., Walmart, UPS and Amazon) and the use of other packaging innovations,” reasons Anantshree Chaturvedi, VC & CEO, FlexFilms International, which is the manufacturing arm of Uflex, the country's biggest flexible packaging company.

Echoing similar views, Pankaj Poddar, CEO of Cosmo Films, opines that the consumers are now looking for ease and better services and therefore, ecommerce is growing at a rapid pace. “The pandemic has put fuel to the fire, and therefore, packaged products shall have a faster growth curve,” argues the representative of the Delhi-based firm active in the packaging, lamination and synthetic paper segments.



Anantshree Chaturvedi, VC & CEO, FlexFilms International.

[BACK TO TOP](#)



To effectively capitalise on the opportunities in a post-Covid environment, Uflex's Chaturvedi asserts that it is high time the industry gets a Central government recognised executive authority to regulate the industry. This currently is not the case, and the segment is currently governed by various departments. "Reforms and incentives on waste management enforced by regulatory bodies are needed to balance the packaging movement and create a circular economy," he says.

On the same note, Cosmo Films' official emphasises that the government can help the sector by setting up recycling infrastructure, allowing **GST** credit on industrial fuel and a higher weighted deduction for R&D under Income Tax. A reduction of customs duty on Polypropylene, which is one of the most commercially important polymers used in a range of applications, could also greatly help the sector," stresses Poddar.

One pertinent concern facing the industry is the sector's high dependency on foreign raw materials. While packaging majors such as Uflex is a fully vertically integrated packaging company and remains self-sufficient, with very little need for outsourcing, its smaller counterparts are not that lucky. As for many of them, sourcing raw materials from foreign supplying markets is inevitable, at least for now.



Bigger firms like UFlex have benefited from operating on scale.



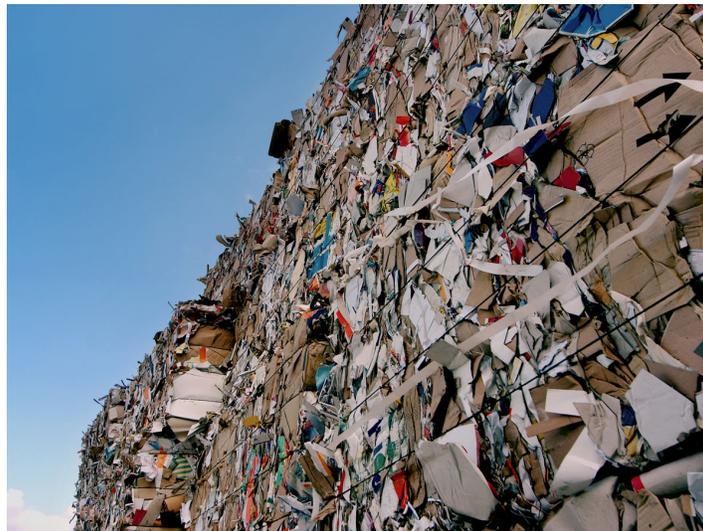
[BACK TO TOP](#)

Ramesh Prasad, Founder & Managing Director, Econovus Packaging Pvt Ltd says the need to depend on import of raw material is particularly pronounced for export packaging where one needs high technology virgin paper and pinewood.

What a waste

The surge in packaging has led to the obvious concerns about what this will do to our environment, as much of the packaging will end up in mounds of waste. There is also a concern about how these packaging materials are being manufactured. It is not just cardboard boxes, but tonnes of plastics, bubble wraps, aluminum, polyethylene, polypropylene, etc, make up the mountains of discarded packaging waste.

“For us, being green is a constant mindset, regardless of what may currently distract the industry. We see the future of plastics as being made from recycled material, and material that degrades over time into biomass,” he says, adding the firm has even started ‘Project Plastic Fix’ as a platform to show the world that plastic can be managed more sustainably. “I am sure that once we are past this pandemic, the industry and brands would like to make a bigger push for green formats of plastic packaging,” he maintains.



Waste from packaging material is an environmental concern.



Like Uflex, Amazon India is also very optimistic on the future of greener technologies in the country’s packaging sector. The firm states that it takes wide-

[BACK TO TOP](#)

ranging efforts towards achieving this objective.

“Amazon is committed to sustainability globally, and sustainable packaging is our top priority. We work closely with our global packaging team for various packaging projects and also pick up lessons that have led to innovations executed locally, including some India-first initiatives for Amazon. We have leveraged the local packaging supplier base to develop innovative packaging across the network,” says the Amazon representative quoted above.

Even as major players like Amazon and Uflex remain upbeat on the adoption of sustainability driven practices, Cosmo Films’ Poddar points at one addressable gap hurting the sector. This pertains to the recycling of packaging waste. “We see only a handful of FMCG brands working on recycling of packaging. The government may need to engage the industry continuously and provide proper infrastructure backed by the right laws to ensure that packaging is sustainable and recyclable. There is an ongoing need to resolve the sustainability concerns before the problem becomes bigger,” highlights Poddar.

Deloitte India’s Ramanathan, on a positive note, asserts that packaging-sustainability goals have not been abandoned by leading companies and retailers, which remain committed to achieving high recyclability across their packaging portfolio over the long term. “From now on, the key will be to deliver sustainable packaging that is both hygienic and cost friendly. While hygiene is a given, sustainability will be the differentiating criterion for consumers,” he says.

[ADD COMMENT](#)



Search News, Stock Quotes & NAV

BROWSE
COMPANIES:

(A) (B) (C) (D) (E) (F) (G) (H) (I) (J) (K) (L) (M) (N) (O) (P) (Q) (R) (S) (T) (U) (V) (W) (X) (Y) (Z) [BACK TO TOP](#)
(1) (2) (3) (4) (5) (6) (7) (8) (9)