

Beverage manufacturers wary of single-use plastic ban from 1 July

They have petitioned the central government to allow a gradual phasing out of plastic straws for small packs

Suneera Tandon
suneera.t@htlive.com
NEW DELHI

With the deadline for a nationwide ban on single-use plastic fast approaching, beverage manufacturers and industry associations have yet again petitioned the government to allow a gradual phasing out of plastic straws for small packs of juice, fizzy drink and milk-based beverage.

Companies said the imposition of the ban from 1 July would lead to several challenges such as supply constraints and making arrangements for alternative items, such as imported paper straws, as well as an increase in costs.

Action Alliance for Recycling Beverage Cartons (AARC), which represents Coca-Cola India, PepsiCo India, Parle Agro, Dabur, Diageo and Radico Khaitan, among others, said the transition could lead to losses of ₹3,000 crore in sales for the industry.

Beverage companies are looking to import paper straws, as India doesn't have enough capacity to manufacture them. Besides, the raw material for the paper straws must also be imported.

Parle Agro said it had placed orders



Companies said the imposition of the ban will lead to several challenges. ISTOCK

to import paper straws to meet the deadline but at an "exorbitant cost", considering that a plastic straw costs 15 paise, while a paper straw can cost up to 40 paise. "This is not sustainable due to the high lead time required by paper straw manufacturers. Besides, shipping disruption will lead to delay in delivery," said Schauna Chauhan, chief executive officer, Parle Agro, which makes Frooti and Appy Fizz.

Considering that the small packs account for 40% of its sales, Parle is

seeking a six-month extension of the deadline to build capacity to produce alternatives locally. "This extension will ensure all straw manufacturers in India can build capacity to supply to beverage companies," she added.

A Coca-Cola India spokesperson said it is working with all stakeholders. "As things progress and we have more clarity, we will be able to share more information."

Some manufacturers are even considering removing straws from small

packs, said people in the know, seeking anonymity.

Praveen Agarwal, chief executive officer, AARC, expects 10-15% of the stock to use non-plastic straws by the end of July. "In the first month of the ban, supplies will be minimal because of severe disruptions," he added.

"We're seeking gradual transition. We're asking for 18 months, during which we will see a gradual transition to plastic substitutes," Agarwal said.

According to C.K. Jai-puria, chairman of Pearl Beverages, it has placed orders for paper straws from China and Indonesia, but costs are high. "There remains very little scope to absorb prices; this has manufacturers worried. We are asking for time till we're able to build capacities in the country. It's not that we are not trying to build capacity, but it is going to take at least 16-18 months. Some capacity will come into place before the end of the year," he added.

Dabur India chief executive Mohit Malhotra said it is working on importing paper straws. "Since there is no sustainable alternative for integrated

plastic straws in India, we will import paper straws, which will have cost implications on companies and lead to loss of revenue to the government exchequer," he said.

"The transition will put the additional cost burden on companies during the inflationary times" However, Malhotra didn't say whether Dabur plans to take price hikes. "While some

state regulators have permitted the use of biodegradable plastic straws and paper straws, the infrastructure for producing these straws at scale is non-existent in India. So, we will urge the government to extend the implementation of the ban till proper infrastructure for producing paper straws is developed locally," he added.

In April, packaging firm

UFlex said it was setting up a paper straw manufacturing unit in Gujarat's Sanand. "Interest from the companies is very high. We are building the infrastructure and capacity for paper straws. The first lot will be ready by the first week of July," said Jeevaraj Pillai, joint president, packaging and new product development, UFlex.

THE LAST STRAW

COMPANIES said that making arrangements for alternative items will be difficult

FIRMS to import paper straws, as local production capacity not enough to meet demand