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NEW DELHI : Amid fears over small traders being hit hard by the ban on single-use plastic starting 1 July, the Union government is considering measures to ensure the least possible impact on these businesses.

Earlier this month, the ministry of micro, small and medium enterprises (MSMEs) held a meeting with industry participants on their concerns and sought recommendations on the issue, following which inter-ministerial meetings have been held, people in the know of the developments said. The Union ministry of environment, forest and climate change will implement the ban and consultations have been underway along with MSME ministry and policy thinktank NITI Aayog over its implementation and steps to minimize the impact on industry.

MSMEs' main demand was a postponement of the ban in order to give them time to be prepared. But stakeholders have also suggested a staggered ban along with financial support for small businesses to adopt alternatives such as biodegradable products which are usually more expensive.

Industry representatives have suggested a number of measures including viability gap funding for new machinery and lowering of customs duty in case raw materials for alternatives need to be imported. A major concern of the industry is the non-availability of domestic alternatives and raw materials. According to India SME Forum, the raw material needed to make paper sticks which will replace plastic sticks is not available in India. Though Indian paper companies are now making paper for hollow straw pipes, they have not been able to develop the right kind of paper for solid rolled, small-diameter sticks for cotton ear buds.

The matter has been in development for more than a year and the industry is looking at a solution in the coming months, according to the forum.

Vinod Kumar, president, India SME Forum said that at present, paper is being imported by a few MSMEs from Finland and Sweden to make sticks. But imported paper is expensive and increases product costs by 75%, which he said is not feasible.

Further, according to industry estimates, India's plastic exports have grown at a strong pace from \$5.08 billion in 2014-15 to \$ 9.5 billion in 2020-21 and is expected to reach \$12 billion in 2022-23. The export of single-use plastic items from India has grown by 53% to reach \$832.15 million in 2021-22 from \$542.49 million in 2020-21, with the US, Canada, the UK and UAE among the major buyers.

The ban would severely hit exporting businesses. "Post the ban, only the businesses in SEZs will be allowed to manufacture single use plastics, but these small businesses are not part SEZs. Hence, the government should allow a leeway for production for exports," said Kumar.

A total of 100,000 registered MSMEs will be impacted by the decision, he said. The industry for single-use plastics consists of about 89,000 small and medium businesses employing about 1 million people, and the ban would cast a shadow on their livelihood, according to Deepak Ballani, general secretary, All India Plastics Manufacturers Association (AIPMA). "We are not averse to environment-friendly alternatives. But the industry is not prepared yet and the government should give a time of one or one-and-a-half years to be prepared. If implemented, the Centre should take steps like lower customs duty on bio-degradable products for

manufacturing of alternatives," he said.

Queries sent to the ministries of MSME, environment and the NITI Aayog remained unanswered at press time.

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