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Printing & Packaging Industry Report

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1. Indian Macro Economy an overview

The Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges. The Indian economy has consolidated its post-Covid recovery with policymakers – fiscal and monetary – ensuring economic and financial stability. Nonetheless, change is the only constant for a country with high growth aspirations. For the recovery to be sustained, there has to be heavy lifting on the domestic front because the environment has become extraordinarily difficult to reach agreements on key global issues such as trade, investment and climate.

High economic growth in FY24 came on the heels of growth rates of 9.7% and 7.0%, respectively, in the previous two financial years. The headline inflation rate is largely under control, although the inflation rate of some specific food items is elevated. The trade deficit was lower in FY24 than in FY23, and the current account deficit for the year is around 0.7% of GDP. In fact, the current account registered a surplus in the last quarter of the financial year. Foreign exchange reserves are ample. Public investment has sustained capital formation in the last several years even as the private sector shed its balance sheet blues and began investing in FY22. Now, it has to receive the baton from the public sector and sustain the investment momentum in the economy. The signs are encouraging.

National income data show that non-financial private-sector capital formation, measured in current prices, expanded vigorously in FY22 and FY23 after a decline in FY21. However, investment in machinery and equipment declined for two consecutive years, FY20 and FY21, before rebounding strongly. Early corporate sector data for FY24 suggest that capital formation in the private sector continued to expand but at a slower rate.

RBI data on India's Balance of Payments shows us that the investment interest of external investors, measured in terms of dollar inflows of new capital, was USD45.8 billion in FY24 compared to USD47.6 billion in FY23. This slight decline is in line with global trends. Reinvestment of earnings remained the same. Repatriation of investment was USD29.3 billion in FY23 and USD44.5 billion in FY24. Many private equity investors took advantage of buoyant equity markets in India and exited profitably. It is a sign of a healthy market environment that offers profitable exits to investors, which will bring newer investments in the years to come. That said, the environment for foreign direct investment to grow in the coming years is not highly favourable for many reasons.

Interest rates in developed countries are much higher than they were during and before Covid years. This not only means a higher cost of funding but also a higher opportunity cost to invest abroad. Second, emerging economies have to compete with active industrial policies in developed economies involving considerable subsidies that encourage domestic investment. Third, notwithstanding the impressive strides made

in the last decade, uncertainties and interpretations related to transfer pricing, taxes, import duties and non-tax policies remain to be addressed. Lastly, geopolitical uncertainties, which are on the rise, will likely exert a bigger influence on capital flows, notwithstanding other reasons for preferring to invest in India.

On employment generation, the Periodic Labour Force Survey provides quarterly data on urban employment indicators and annually for the entire country, including rural India. A surge in agriculture employment is partly explained by reverse migration and the entry of women into the labour force in rural India. The Annual Survey of Industries has data on workers in nearly 2.0 lakh Indian factories. The total number of factory jobs grew annually by 3.6% between 2013-14 and 2021-22. Somewhat more satisfyingly, they grew faster at 4.0% in factories employing more than a hundred workers than in smaller factories (those with less than a hundred workers). The annual growth rate was 1.2% in the latter set of factories. In absolute numbers, employment in Indian factories has grown from 1.04 crore to 1.36 crore in this period.

Between the last Economic survey published in January 2023 and this one, big changes are afoot in the geopolitical environment. The global backdrop for India's march towards Viksit Bharat in 2047 could not be more different from what it was during the rise of China between 1980 and 2015. Then, globalisation was at the cusp of its long expansion. Geopolitics was largely calm with the end of the Cold War, and Western powers welcomed and even encouraged the rise of China and its integration into the world economy. Concerns over climate change and global warming were not so pervasive or grave then as they are now. Fourth, the advent of Artificial Intelligence casts a huge pall of uncertainty as to its impact on workers across all skill levels – low, semi and high. These will create barriers and hurdles to sustained high growth rates for India in the coming years and decades. Overcoming these requires a grand alliance of union and state governments and the private sector.

Employment generation is the real bottom line for the private sector

It is worth reiterating that job creation happens mainly in the private sector. Second, many (not all) of the issues that influence economic growth, job creation and productivity and the actions to be taken therein are in the domain of state governments. So, in other words, India needs a tripartite compact, more than ever before, to deliver on the higher and rising aspirations of Indians and complete the journey to Viksit Bharat by 2047. In more than one respect, the action lies with the private sector. In terms of financial performance, the corporate sector has never had it so good. Results of a sample of over 33,000 companies show that, in the three years between FY20 and FY23, the profit before taxes of the Indian corporate sector nearly quadrupled. Further, newspaper headlines told us that the corporate profits-to-GDP ratio rose to a 15-year high in FY24. Business Line reported, “The corporate profit for the Nifty-500 universe

was up 30 per cent last fiscal to ₹14.11-lakh crore against ₹10.88 lakh crore in FY23. The nominal GDP grew 9.6 per cent y-o-y to ₹295-lakh crore (₹269-lakh crore). Hiring and compensation growth hardly kept up with it. But, it is in the interest of the companies to step up hiring and worker compensation.

The Union government cut taxes in September 2019 to facilitate capital formation. Between FY19 and FY23, the cumulative growth in private sector non-financial Gross Fixed Capital Formation (GFCF) is 52% in current prices. During the same period, the cumulative growth in general government (which includes states) is 64%. The gap does not appear to be too wide.

Future ahead:-

While contemplating the challenges that lie ahead, one should not be daunted because the social and economic transformation of democratic India is a remarkable success story. We have come a long way. The economy has grown from around USD288 billion in FY93 to USD3.6 trillion in FY23. India has generated more growth per dollar of debt than other comparable nations. Abject poverty has all but been eliminated. Human development indicators have improved, and more Indians, especially women, are getting educated. For all its flaws and warts, the system has delivered accountability through the democratic process and public discourse, where the occasional and rarer mature commentary proves effective. We should not lose sight of that.

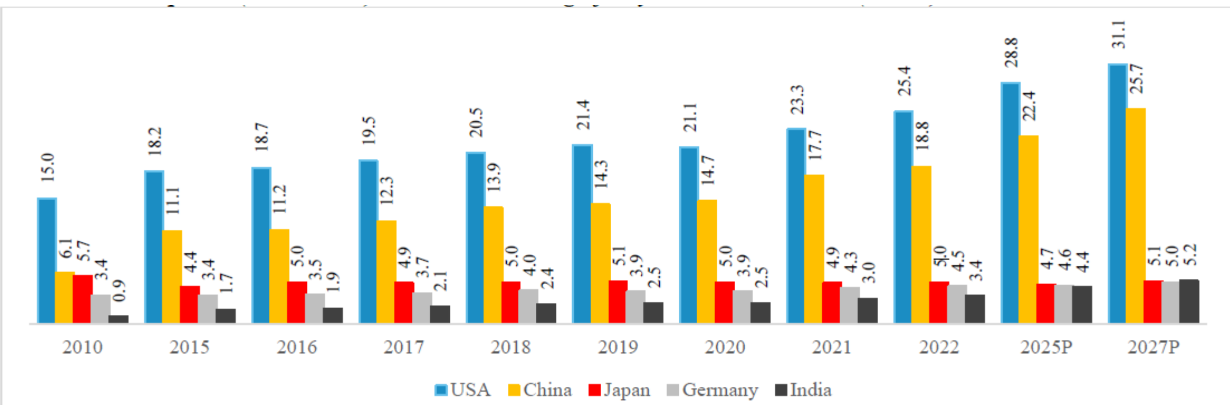
Global Economy:-

Following the onset of the Covid-19 pandemic crisis, the global economy has experienced a combination of both risks and opportunities. Progressing toward recovery, the global economy started returning to normalcy after a prolonged struggle; the governments worldwide have taken swift and appropriate measures, including widespread vaccination efforts and the consistent implementation of fiscal and monetary support strategies. Right when the economic situation seemed to be improving after the Covid-19, the Russia-Ukraine geopolitical conflict unfolded, contributing to global inflationary pressures and resulting in record-high levels not witnessed in the past four decades. Moreover, the impact of the conflict between Israel and Hamas on global financial markets will be contingent on the involvement of major regional powers. If the conflict remains localized between Israel and

Hamas, its effects are likely to be limited, primarily affecting countries directly engaged in trade with Israel or Palestine. However, should the conflict extend to major oil-producing nations in the region, such as Iran, the global economy may experience significant consequences. Interruptions in the oil supply could lead to a sharp increase in energy costs for businesses and households, posing a potential threat to the overall stability of the global economy. To tackle this, Central Banks are adopting a hawkish approach and implementing interest rate hikes.

On the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries, the GDP of the World grew by 13.2% CY 21 against a contraction of 3.0 % in CY 20. The positive trend continued into CY 22, with a growth rate of 4.7%. The global GDP is forecasted to grow from USD 101.0 trillion in CY 22

to 128.5 in CY 27, thus growing at a CAGR of 4.9% during the forecasted period. The GDP (at current price) of the major economies in the world is presented in the table below



Source: World Bank Data, IMF, RBI; CY 2022 for India refers to FY 2023 data and so on.

Country	Rank in GDP (CY 22)	Rank in GDP (PPP)	CY 10	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P	CAGR (2016-21	CAGR (2022-27)
USA	1	2	15.1	18.2	18.7	19.5	20.5	21.4	21.1	23.3	25.4	28.8	31.1	4.5%	4.1%
China	2	1	6.1	11.1	11.2	12.3	13.9	14.3	14.7	17.7	18.8	22.4	25.7	9.6%	6.5%
Japan	3	4	5.8	4.4	5.0	4.9	5.0	5.1	5.0	4.9	5.0	4.7	5.1	-0.4%	0.4%
Germany	4	5	3.4	3.4	3.5	3.7	4	3.9	3.9	4.3	4.5	4.6	5.0	4.2%	2.1%
India	5	3	0.9	1.7	1.9	2.1	2.4	2.5	2.5	3.0	3.4	4.4	5.2	9.6%	8.9%
UK	6	10	2.5	2.9	2.7	2.6	2.9	2.8	2.7	2.9	3.2	3.6	4.0	1.4%	4.6%
Brazil	12	8	2.2	1.8	1.8	2.1	1.9	1.9	1.5	1.6	1.8	2.3	2.6	-2.3%	7.6%
Russia	11	6	1.6	1.4	1.3	1.6	1.7	1.7	1.5	1.8	1.9	2.2	2.3	6.7%	3.9%
World	-	-	66.6	75.2	76.5	81.4	86.5	87.7	85.0	96.5	101.0	116.5	128.5	4.8%	4.9%

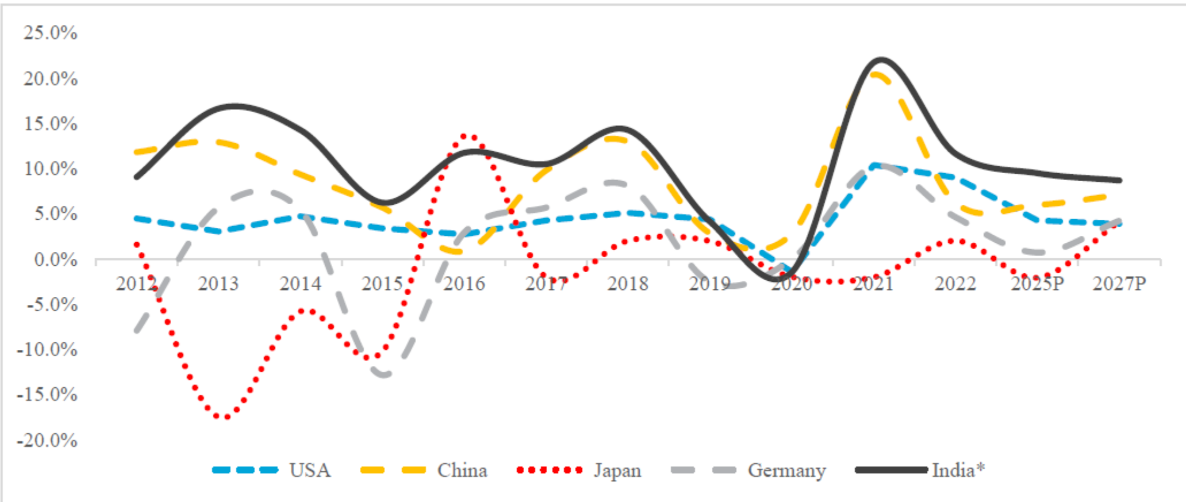
The world economy has experienced a contraction in GDP growth during the pandemic i.e. in CY 20. However, the governments and central banks globally have taken decisive actions by implementing fiscal and monetary stimulus measures to bolster the process of economic recovery. Further, the gradual recovery of global supply chains and increased international trade have contributed to the positive growth trajectory. These well-calibrated initiatives and the recovery to global supply-chain have been directed towards reinstating consumer and business confidence, stimulating demand, and achieving stability in financial markets. As a result of these concerted efforts, multiple countries and regions have demonstrated encouraging signs of economic revival and notable growth

Source: Economy survey

2. Indian Macro Economy Parameters

India's economy carried forward the momentum it built in FY23 into FY24 despite a gamut of global and external challenges. The focus on maintaining macroeconomic stability ensured that these challenges had minimal impact on India's economy. As a result, India's real GDP grew by 8.2 per cent in FY24, posting growth of over 7 per cent for a third consecutive year, driven by stable consumption demand and steadily improving investment demand.

The economies of India and China witnessed remarkable growth in nominal GDP during the calendar year 2021 and 2022, following the COVID-19 pandemic. India demonstrated a substantial year-on-year nominal GDP growth rate of 21.8% in CY 21 followed by a growth of 11.7% in CY 22. Meanwhile China experienced a notable growth rate of 20.4% in CY 21 and 6.2% growth in CY 22. On the other hand, major economies like the United States and Germany reported GDP growth rates of 10.4% and 10.3% respectively during CY 21 followed by 9% and 4.7% GDP growths in CY 22. Japan, however, experienced a negative growth in GDP (-2.0%) during CY 21. Nevertheless, in CY 22, Japan's GDP rebounded with a growth rate of 2%.



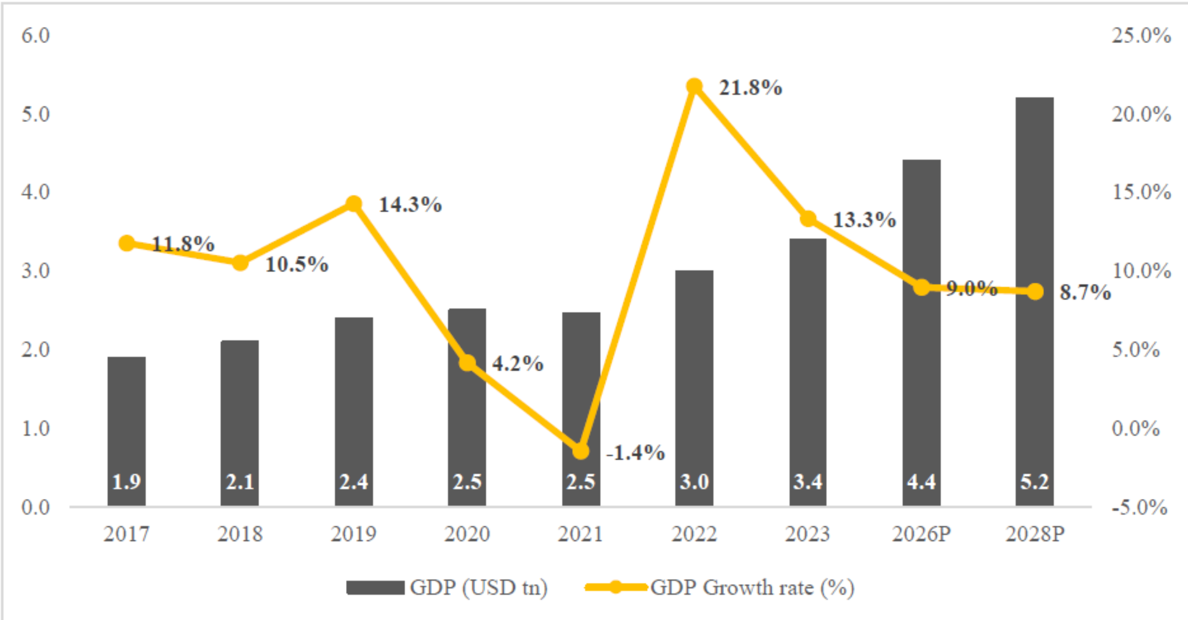
Source: India Data from RBI, Future growth rate from OECD Data, Technopak Analysis
1USD = INR 80
**For India, CY 11 represents FY 12 and so on.*

	CY 12	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P
USA	4.5%	3.1%	4.8%	3.4%	2.7%	4.3%	5.1%	4.4%	-1.4%	10.4%	9.0%	4.3%	3.9%
China	11.8%	12.9%	9.4%	5.7%	0.9%	9.8%	13.0%	2.9%	2.8%	20.4%	6.2%	6.0%	7.1%
Japan	1.6%	-17.5%	-5.8%	-10.2%	13.6%	-2.0%	2.0%	2.0%	-2.0%	-2.0%	2.0%	-2.0%	4.2%
Germany	-7.9%	5.7%	5.4%	-12.8%	2.9%	5.7%	8.1%	-2.5%	0.0%	10.3%	4.7%	0.7%	4.3%
India*	**9.1%**	**16.7%**	**14.3%**	**6.2%**	**11.8%**	**10.5%**	**14.3%**	**4.2%**	**-1.4%**	**20.0%**	**11.7%**	**9.5%**	**8.7%**

India is the world's 5th largest economy and expected to be in the top 3 by FY 28

India ranked fifth in the world in terms of nominal gross domestic product ("GDP") for FY 22 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is expected to be USD ~5.2 trillion economy by FY 28 and is estimated to be the third largest economy surpassing Germany and Japan

India's nominal GDP at current prices (In USD Tn) and GDP Growth rate (%) (FY).



India's nominal GDP has grown at a CAGR of 9.6% between FY 17 and FY 22 and is expected to continue the trend by registering an expected CAGR of 8.9% for 5-year time period from FY 23 to FY 28.

Since FY 05, the Indian economy's growth rate had been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. From FY 23 to FY 28, India's nominal GDP is expected to grow at a CAGR of 8.9%, which compares favorably to the world average (4.9%) and with other major economies,

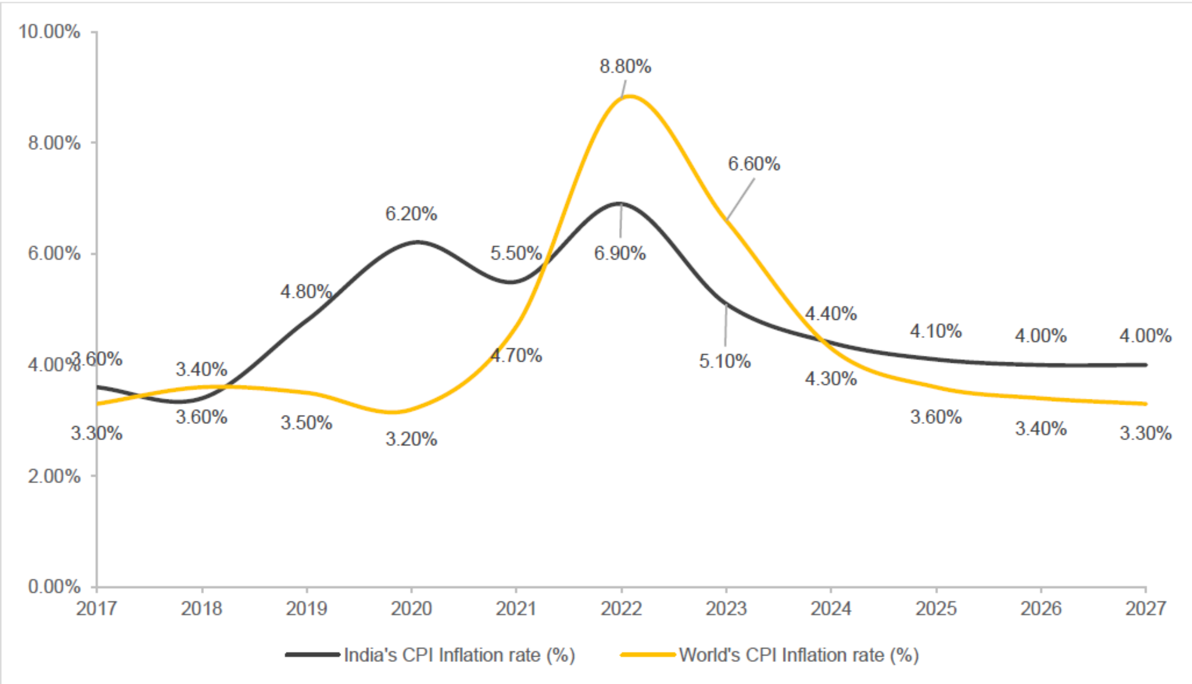
including China (6.5%), UK (4.6%), Japan (0.4%), Germany (2.1%) and the USA (4.1%) for the similar period of CY 22 to CY 27. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 28. Several factors are likely to contribute to economic growth in the long run.

These include favourable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, government policies, increasing aspirations and affordability etc.

Macro-Economic and Overview – Inflation

Inflation is measured by the consumer price index (CPI), is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. The world has witnessed a significant rise in inflation during the year 2022 where the average global inflation was recorded at 8.8%. As per the IMF report, the global inflation rate is expected to drop to 6.6% in CY 23 and 4.3% to CY 24 as compared to a pre-pandemic level of 3.5% during CY 17 to CY 19.

Comparison of India's inflation rate (%) to the World's – average consumer price (CY)



Source: IMF projection

The economies of both India and the world are undergoing a recovery process following the impact of the COVID-19 pandemic. However, the speed of their recovery is influenced not only by the severity of the COVID-19 impact but also by their ability to handle the challenges arising from the economic consequences of the ongoing geopolitical conflict between Russia and Ukraine.

Due to a substantial increase in global crude oil and commodity prices, India along with other developed countries are faced significant challenges related to high levels of inflation in recent years. Further, the pandemic has led to disruptions in global supply chains, affecting the availability of goods and raw materials. In response to this

inflationary pressure, these countries are compelled to raise their domestic interest rates. RBI has been working towards reducing inflation by increasing the Repo rate to control the supply and demand of goods and services.

The RBI has increased repo rate by a cumulative 250 basis points, from 4% in April 2022 to 6.50% in April 2023, with an aim to tackle the current inflation scenario in India. The CPI inflation rate in India has been above the Reserve Bank of India (RBI) medium-term target of 6%. The country's retail inflation slipped to 4.25% in May 2023, from 6.44% in January 2023. The CPI inflation in India is expected to fall from 6.9% in FY 22 to 5.1% in FY 23 and further dropping to 4.4% during the year 2024.

Global Inflation rate, average CPI (%) – U.S., U.K, China, Japan, India, Germany (CY)

Inflation rate (CPI%)	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P
China	1.6%	2.1%	2.9%	2.4%	0.9%	2.2%	2.2%	1.9%	2.0%	2.0%	2.0%
India	3.6%	3.4%	4.8%	6.2%	5.5%	6.9%	5.1%	4.4%	4.1%	4.0%	4.0%
Japan	0.5%	1.0%	0.5%	0.0%	-0.2%	2.0%	1.4%	1.0%	1.0%	1.0%	1.0%
Germany	1.7%	1.9%	1.4%	0.4%	3.2%	8.5%	7.2%	3.5%	2.6%	2.0%	2.0%
UK	2.7%	2.5%	1.8%	0.9%	2.6%	9.1%	9.0%	3.7%	1.8%	2.0%	2.0%
USA	2.1%	2.4%	1.8%	1.2%	4.7%	8.1%	3.5%	2.2%	2.0%	2.0%	2.0%
World	3.3%	3.6%	3.5%	3.2%	4.7%	8.8%	6.6%	4.3%	3.6%	3.4%	3.3%

Source: IMF projections

Private Final consumption: -

GDP growth in India is expected to be driven by rising private final consumption expenditure. India is a private consumption driven economy where the share of domestic consumption is measured as private final consumption expenditure (PFCE). This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 10.4% between FY 17 and FY 23, compared to 5.5% and 12.7% in the USA and China, respectively during the similar period of CY 16 and CY 22. Further, Indian total PFCE is expected to grow at same pace during the next 5 years at a CAGR of 10.8% and projected reach to USD 3 trillion by FY 27.

In FY 22, PFCE accounted for ~60% of India's GDP. This is much higher than that in China (~39%), Germany (~50%) and comparable to that of the US (~68%) and the UK (~61%) for similar time of CY 21. With the rapidly growing GDP and PFCE, India is expected to be one of the top consumer markets in the world. It is estimated that the Private Final Consumption expenditure contribution to India's GDP will be 60.55% for FY 23.

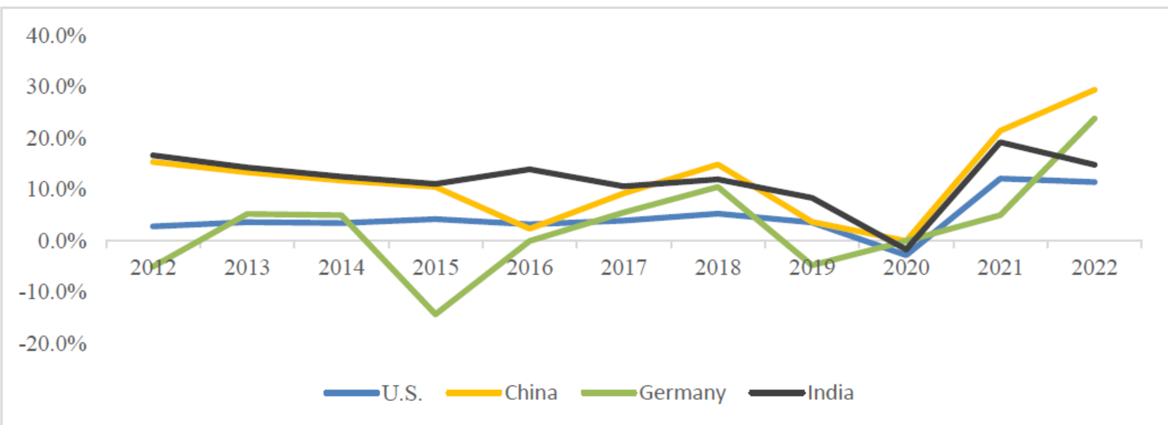
Total Private Final Consumption Expenditure in CY (Current Prices USD Tn)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2026P	Contribution to GDP			CAGR	
														2019	2021	2022	2016-22	2022-26
U.S.	10.7	11	11.4	11.8	12.3	12.7	13.2	13.9	14.4	14	15.7	17.5	NA	67.4%	68.3%	NA	5.5%	NA
China	2.6	3	3.4	3.8	4.2	4.3	4.7	5.4	5.6	5.6	6.8	8.8	NA	39.2%	38.9%	NA	12.7%	NA
Germany	2	1.9	2	2.1	1.8	1.8	1.9	2.1	2	2	2.1	2.6	NA	51.7%	49.6%	73.1%	6.3%	NA
India*	0.6	0.7	0.8	0.9	1.0	1.1	1.3	1.4	1.5	1.5	1.8	2.1	3.0	61.0%	59.6%	60.1%	10.4%	10.8%
Italy	1.4	1.3	1.3	1.3	1.1	1.1	1.2	1.3	1.2	1.1	1.1	1.5	NA	59.8%	57.8%	79.8%	5.3%	NA
U.K.	1.7	1.8	1.8	2	1.9	1.8	1.7	1.9	1.8	1.7	2	2.6	NA	66.0%	61.1%	83.9%	6.3%	NA
World	41.7	42.6	43.8	45	42.6	43.6	46	48.5	49.3	46.9	50.2	NA	NA	56.2%	55.7%	NA	NA	NA

Source: World Bank, RBI, Technopak Research & Analysis
** For India, CY 2011 refers to FY 2012 and so on, India Data in FY*
1USD = INR 80

Total Private Final Consumption Expenditure growth (%) (CY)

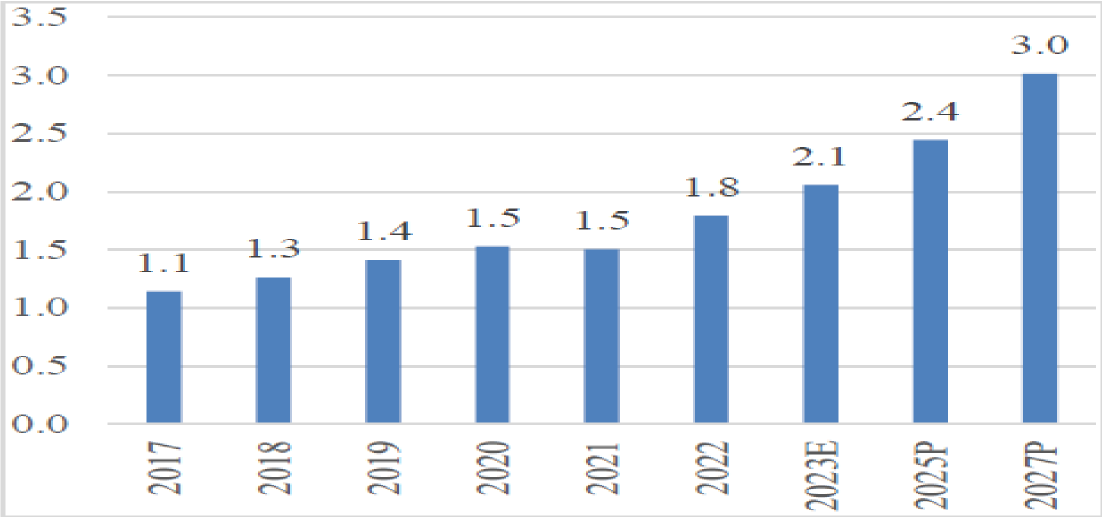
Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
U.S.	2.8%	3.6%	3.5%	4.2%	3.3%	3.9%	5.3%	3.6%	-2.8%	12.1%	11.5%
China	15.4%	13.3%	11.8%	10.5%	2.4%	9.3%	14.9%	3.7%	0.0%	21.4%	29.4%
Germany	-5.0%	5.3%	5.0%	-14.3%	0.0%	5.6%	10.5%	-4.8%	0.0%	5.0%	23.8%
India	16.7%	14.3%	12.5%	11.1%	13.9%	10.6%	12.0%	8.4%	-1.7%	17.1%	16.3%



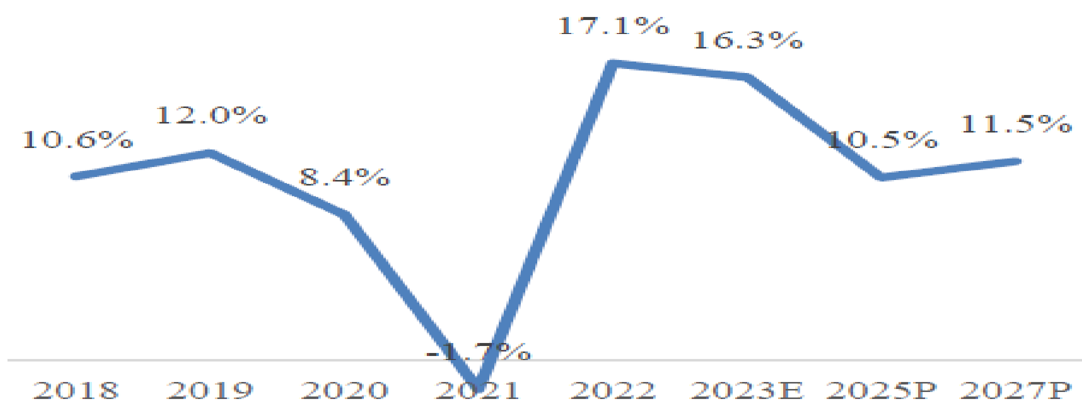
Source: World Bank, RBI, Technopak Research & Analysis
** For India, CY 12 refers to FY 13 and so on, India Data in FY. 1USD = INR 80*

Over the years, the growth rate of Total Private Final Consumption of India has always been the highest as compared to the other top economies in the world.

Total Private Final Consumption Expenditure of India (Current Prices USD Tn) FY:-

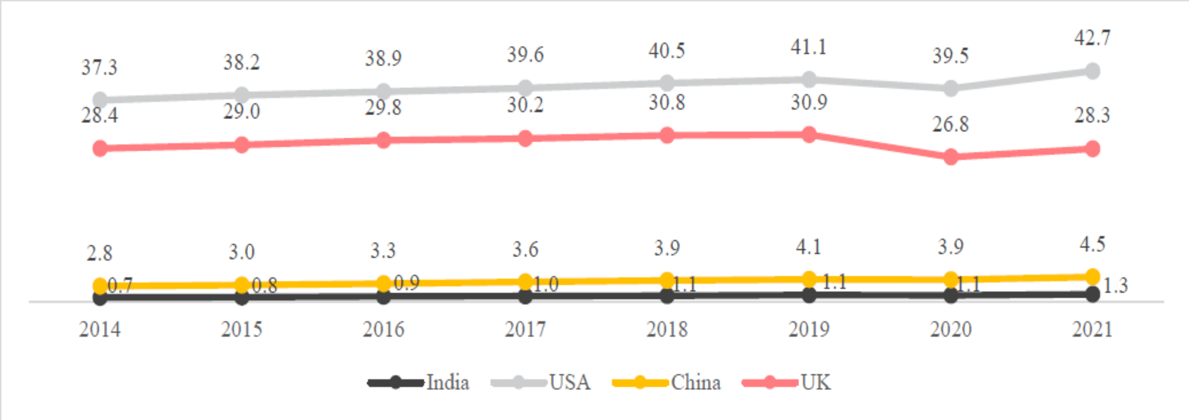


Private Final Consumption Expenditure y-o-y growth rate of India (%)



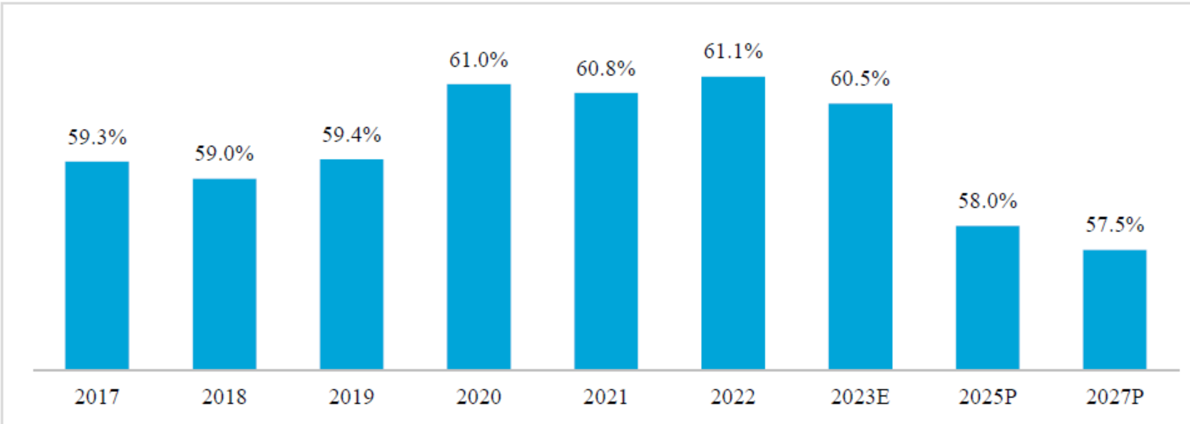
PFCE in India has exhibited varying y-o-y growth rates over the past few years. During FY 18 and FY 19, the PFCE grew by 10.6% and 12.0% respectively, indicating a robust expansion in consumer spending and a sustained momentum in private consumption. However, FY 21 witnessed a significant contraction in PFCE growth, with a y-o-y rate of -1.7% caused by the COVID-19 pandemic. Data for FY 22 estimate a substantial rebound with a growth rate of 17.1%, reflecting the anticipated revival in consumer demand as the economy recovers from the pandemic-induced downturn. With a projected growth rates of 10.5% in FY 25 and 11.5% in FY 27, it is forecasted to have a sustained positive trajectory for PFCE growth rate in India.

Per Capita Final Consumption Expenditure:-



Source: RBI, World Bank, Note: Per capita consumption for countries other than India include per capita final consumption expenditure for NPISHs and households
Note: India's per capita consumption is at current prices while for other countries, it is at constant 2015 USD prices.
Note: CY 2014 represents FY 2015 and so on for India.
1USD = INR 80

Private Final Consumption Expenditure to India's GDP:-



Source: Ministry of Statistics and Program Implementation

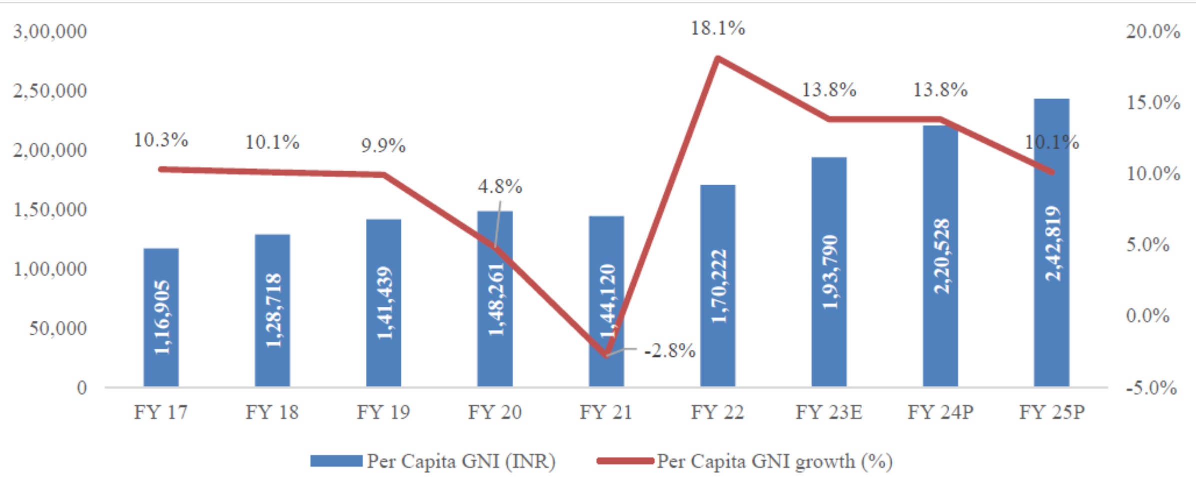
A high share of private final consumption expenditure to GDP indicates that the economy is driven by consumer spending, which can be a positive sign for economic growth. However, if the share of private consumption expenditure is too high, it can lead to inflationary pressures and an unsustainable economy. India's share of private

final consumption expenditure to GDP has increased over the years and has recorded 61.12% in FY 22 from 59.34% in FY 17. As per Ministry of Statistics and Program Implementation report, the share of India's PFCE to GDP will account for approximately 60.55% in FY 23.

Per Capita Income Growth:-

Income growth, presented by the GNI (Gross National Income) which is defined as the total amount of money earned by a country's businesses and individuals. India's gross national income growth with a CAGR of ~8% for the period FY 17 to FY 22 and is expected to continue the growth momentum with a CAGR of 12.6% from FY 22 to FY 25. Growing GNI is one of the strongest drivers for higher private consumption trends. The GNI per capita for the top five economies of the world such as the USA (USD 76,370), China (USD 12,850), Japan (USD 42,440), Germany (USD 53,390) and the UK (USD 48,890) is higher for CY 22 than that of India's GNI of USD 2,422 (INR 1,93,790) for a similar period of FY 23.

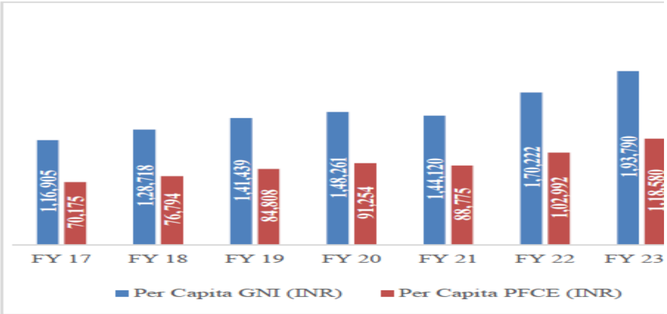
India's GNI Per Capita (INR) (Current Prices) and Y-o-Y growth trend (FY):-

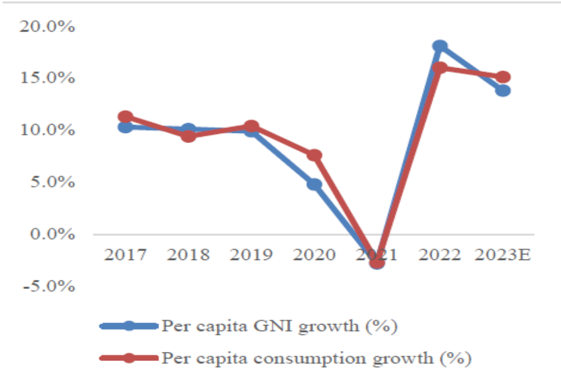


Correlation between India's Per Capita income growth to per capita consumption growth:-

In recent years, India has experienced a significant economic growth, with per capita income increasing from INR 1.16 lakhs in FY 17 to INR 1.70 lakhs in FY 22 and is expected to have reached INR 1.93 lakhs during FY 23. During this period, there has also been a corresponding increase in per capita consumption, as people have more money to spend on a variety of goods and services. The per capita PFCE of India increased from INR 0.70 lakhs in FY 17 to INR 1.02 lakhs in FY 22 and INR 1.18 lakhs in FY23. There is generally a positive correlation between a country's per capita income growth and per capita consumption growth.

Correlation between India's per capita income growth and per capita PFCE growth (%) (FY)

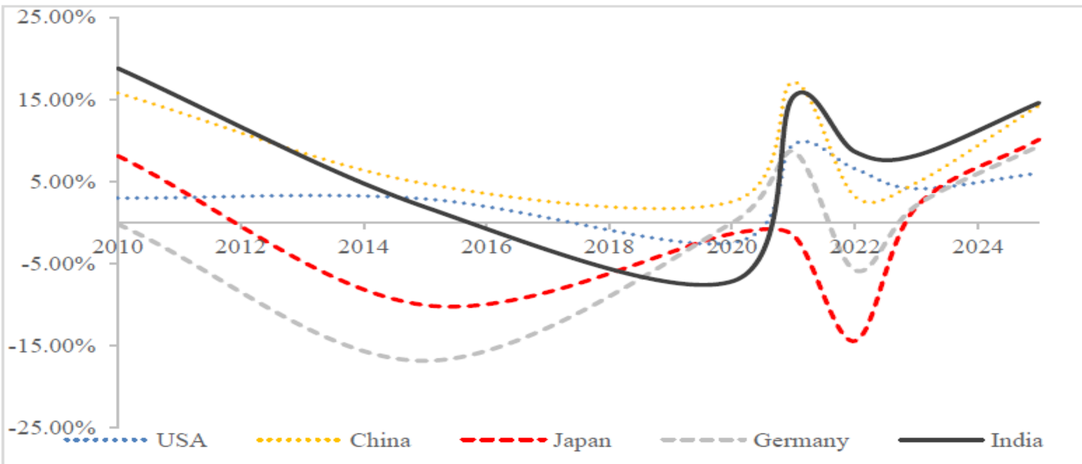




ource: Ministry of Statistics and Program Implementation

India's Per Capita GDP has almost doubled from year 2010 to 2023. India's per capita income has grown at a CAGR of 6.50% from the period of CY 15 to CY 22 while the per capita GDP for other developed and developing countries such as US, China, Japan and Germany grew at the CAGR of 4.10%, 7.12%, -0.25% and 2.36% respectively over a similar time period of CY 15 to CY 22.

Per Capita GDP growth rate of top 5 economy in the world (US$)



	2010	2015	2020	2021	2022	2023P	2025P
USA	3.0%	2.9%	-2.5%	9.5%	6.6%	4.1%	6.0%
China	15.8%	4.7%	2.6%	17.1%	3.2%	4.8%	14.3%
Japan	8.1%	-10.1%	-1.4%	-1.5%	-14.4%	1.9%	10.1%
Germany	-0.2%	-16.8%	0.0%	8.7%	-5.8%	2.1%	9.4%
India	**18.8%**	**1.9%**	**-7.2%**	**15.3%**	**8.6%**	**8.2%**	**14.6%**

Source: IMF Projection

Sectorial share of Gross value added (GVA)

The shares of the agriculture, industry and services sector in overall GVA (Gross value added) at current prices were 17.7 per cent, 27.6 per cent and 54.7 per cent respectively in FY24. GVA in the agriculture sector continued to grow, albeit at a slower pace. Erratic weather patterns during the year and an uneven spatial distribution of the monsoon in 2023 impacted overall output. This is reflected in the marginal decline in total foodgrain output for FY24 of 0.3 per cent as per the third advanced estimate of foodgrain production released by the Ministry of Agriculture and Farmers' Welfare (MoAFW).

Within the industrial sector, manufacturing GVA shrugged off a disappointing FY23 and grew by 9.9 per cent in FY24. Manufacturing activities benefitted from reduced input prices while catering to stable domestic demand. The input price advantage was reflected in the subdued growth in the Wholesale Price Index (WPI) inflation, which led to a deflator of (-)1.7 per cent for the manufacturing sector during FY24. Manufacturers also passed on the reduction in input prices to consumers, reflected in the sustained decline in the core consumer price inflation. The strength of manufacturing is further corroborated by the strong performance of the HSBC India PMI for manufacturing, which consistently remained well above the threshold value of 50, indicating sustained expansion and stability in India's manufacturing sector. Construction activities displayed increased momentum and registered a growth of 9.9 per cent in FY24 due to the infrastructure buildout and buoyant commercial and residential real estate demand.

Outlook of the Indian Economy: -

The Indian economy recovered swiftly from the pandemic, with its real GDP in FY24 being 20 per cent higher than the pre-COVID, FY20 levels. This meant a CAGR of 4.6 per cent from FY20, despite a 5.8 per cent decline in FY21 inflicted by the pandemic. During the decade ending FY20, India grew at an average annual rate of 6.6 per cent, more or less reflecting the long-run growth prospects of the economy. This is the background against which we can see the prospects for FY25.

IMF projects the global economy to grow at 3.2 per cent in 2024, with risks being broadly balanced. The average annual global growth was 3.7 per cent during the decade ending FY20. Inflationary pressures have moderated in most economies with declining global commodity prices and easing of supply chain pressures. However, core inflation remains sticky and driven by high service inflation. Many central banks have hinted at the peaking of the interest rate hike cycle. The ECB has already cut the policy rate, while the Fed has hinted at reducing the rate in 2024. If the services inflation across economies moderates faster, that may allow central banks to bring forward the monetary policy easing cycle earlier than currently anticipated. A likely reduction in policy rates by central banks of AEs, especially the Fed, will open the space for central banks of EMEs to follow the lead, bringing down the cost of capital.

On the downside, any escalation of geopolitical conflicts in 2024 may lead to supply dislocations, higher commodity prices, reviving inflationary pressures and stalling monetary policy easing with potential repercussions for capital flows. This can also influence RBI's monetary policy stance. The global trade outlook for 2024 remains positive, with merchandise trade expected to pick up after registering a contraction in volumes in 2023. Conversely, increased fragmentation along geopolitical lines and renewed thrust on protectionism may distort merchandise trade growth, impacting India's external sector. Global financial markets have scaled new heights, with investors betting on global economic expansion. However, any corrections in the elevated financial market valuations may have ramifications for household finances and corporate valuation, negatively impacting growth prospects. Hiring in the information technology sector had slowed down considerably in FY24, and even if hiring does not decline further, it is unlikely to pick up significantly. However, leveraging the initiatives taken by the government and capturing the untapped potential in emerging markets, exports of business, consultancy and IT-enabled services can expand. Despite the core inflation rate being around 3 per cent, the RBI, with one eye on the withdrawal of accommodation and another on the US Fed, has kept interest rates unchanged for quite some time, and the anticipated easing has been delayed.

Domestic growth drivers have supported economic growth in FY24 despite uncertain global economic performance. Improved balance sheets will help the private sector cater to strong investment demand. A note of caution is warranted here. Private capital formation after good growth in the last three years may turn slightly more cautious because of fears of cheaper imports from countries that have excess capacity. While merchandise exports are likely to increase with improving growth prospects in AEs, services exports are also likely to witness a further uptick. A normal rainfall forecast by the India Meteorological Department and the satisfactory spread of the southwest monsoon thus far are likely to improve agriculture sector performance and support the revival of rural demand. However, the monsoon season still has some ways to go. Structural reforms such as the GST and the IBC have also matured and are delivering envisaged results.

3. Overview of Printing & Stationery Industry

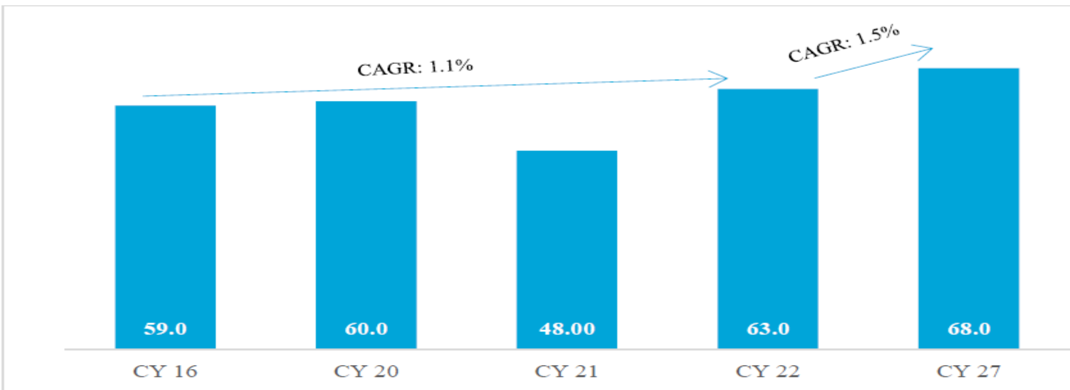
Printing paper industry cover a wide range of product area such printing and writing paper, art and craft paper etc.

The global printing and writing paper market size was valued at USD 63 billion in CY22 and projected to reach at USD 68 billion by CY27, expecting a CAGR of 1.5% between CY22 and CY27.

China and the U.S. are the world's two major paper producing countries. While paper production in the U.S has decreased over the last decade, it has increased dramatically in China. The countries with the highest volumes of printing and writing paper consumption in 2021 were China (~23M tonnes), the United States (~12M tonnes) and Japan (~6.5M tonnes), with a combined 47% share of global consumption.

The Indian paper market accounts for approximately 5% to 6% of the world's paper production and the per capita consumption of paper in India is around 15 kg, as compared to that of the global average of 57 kg.

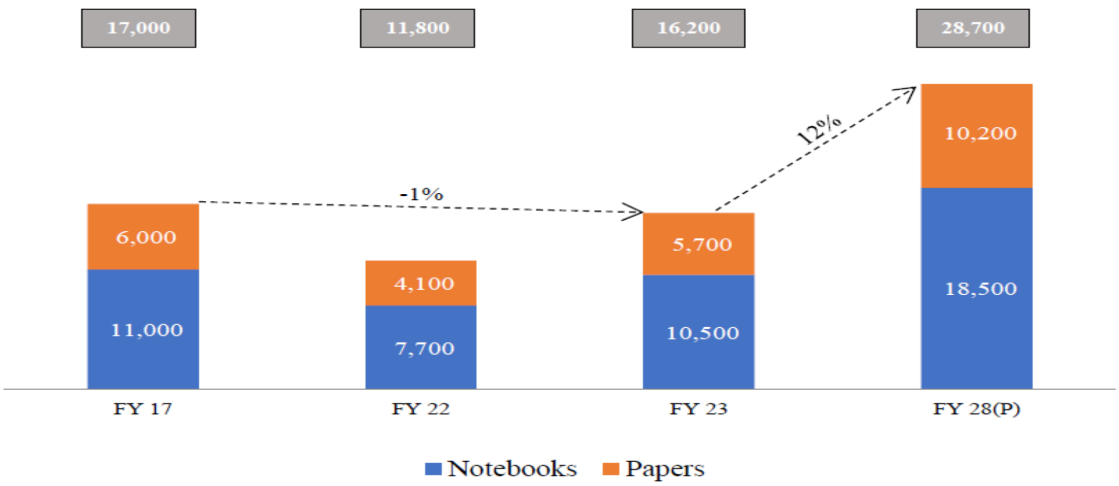
Market size for the global printing and writing paper market (USD bn)



Indian Paper Stationery Market:-

Paper stationery market in India comprises of notebooks and papers. As of FY 23, the Indian domestic paper stationery market is INR 16,200 crore by value and is expected to grow at a CAGR of ~12% till FY 28 to reach a market value of Rs.28,700 crore. In FY 23, notebooks formed the major share within the paper stationery market, constituting ~65% (Rs.10,500 crore) by value and papers constituted ~35% (Rs. 5,700 crore) by value. In terms of volume, market size of notebooks is ~Rs.350 crore as of FY 23.

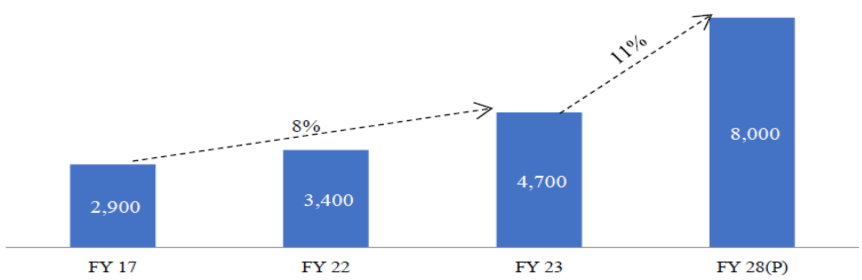
Indian Paper Stationery Market – By Value (Rs.in Crore) in FY:-



Indian Office Supplies Market:-

Office supplies market in India comprises of files and folders, staplers, paper punches etc. As of FY 23, the Indian office supplies market is INR 4,700 crore by value and is expected to grow at a CAGR of ~11% till FY 28 to reach a market value of INR 8,000 crore.

Indian Office Supplies Market – By Value (INR Crore) in FY:-

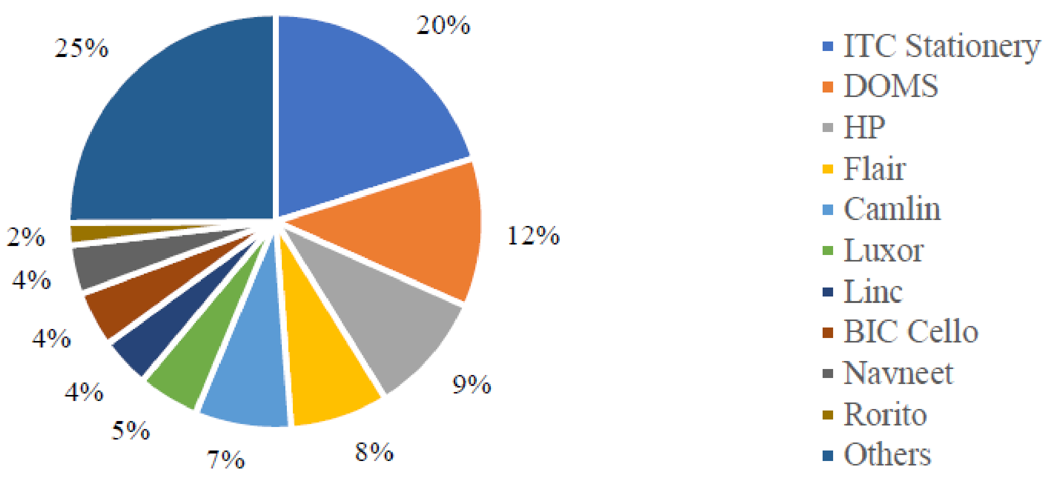


Key Players in the Stationery and Art Materials Industry:-

Nearly 36% (~INR 13,850 crores) of the stationery and art materials market in India is controlled by branded peers in FY 23. Within the domestic market, ten players namely ITC, Hindustan Pencils, DOMS, Camlin, Flair, Luxor, Linc, BIC Cello, Navneet, Rorito garner ~ 75% market share. Basis revenue from operations in FY 23,

ITC is the market leader having ~ 20% market share by value, followed by companies like DOMS (~ 12% market share), Hindustan Pencils (~ 9% market share), Flair (~ 8% market share) and Camlin (~ 7% market share).

Market share of players in Domestic Branded market in India – By Value (in FY 23):-



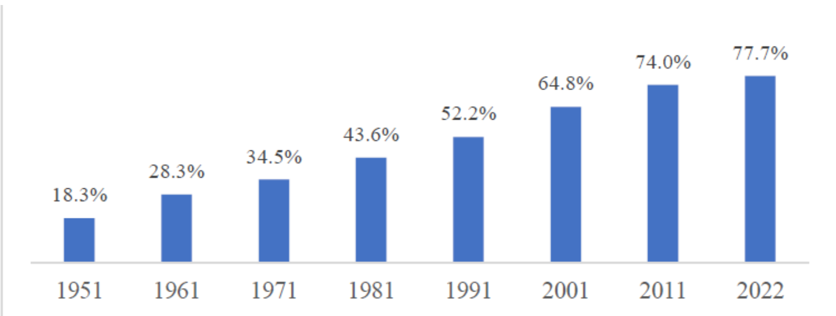
Role of MSME – Indian Printing & Stationery Industry: -

The MSME (Micro, Small, and Medium Enterprises) market within India's printing sector is expected to show notable growth in FY2024. The commercial printing market in India, which includes MSMEs, was valued at approximately USD 34.5 billion in 2023. It is anticipated to grow at a compound annual growth rate (CAGR) of about 3% from 2024 to 2032, driven by increasing demand for packaging, advertising, and publishing applications across various industries. The Indian printing sector is broad, encompassing several technologies such as lithographic, digital, flexographic, and screen printing. The MSME segment plays a significant role in this sector, especially in digital and screen printing, where lower capital investment and flexibility provide competitive advantages. Overall, the market size and growth potential for MSMEs in the printing sector in FY2024 appear promising, with advancements in printing technology and rising demand for high-quality print products further supporting this growth

Key growth drivers: -

Rising Literacy rate of India: -

India's literacy rate in CY 22 was 77.7%, which was ~65% in CY 01. Various government initiatives for improving literacy such as New India Literacy Programme (NILP), Right to Education Act (RTE) 2009, Sarva Siksha Abhiyan, NIPUN Bharat Scheme etc. along with increasing investments by Central and State governments on education sector, have contributed immensely towards the growth in literacy rate. Therefore, this rising literacy rate along with high population growth rate is going to provide a huge customer base for Indian stationery and art materials market in future, there by serving as a key growth driver.

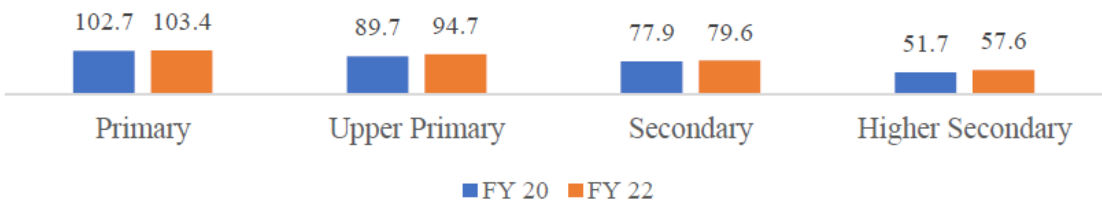


Source – (1951-2011): Census Documents, 2022: National Survey of India
Note: According to Census 2011, a person aged seven and above, who can both read and write with understanding in any language, is treated as literate.

Improvement in Gross Enrolment Ratio (GER) and increase in number of schools and institutions: -

As of FY 22, ~1 crore children were enrolled in pre-primary (<Class 1), ~12.2 crore in Primary (Class 1 to 5), ~6.7 crore in Upper Primary (Class 6 to 8), ~3.9 crore in Secondary (Class 9 to 10) and 2.9 crore in Higher Secondary (Class 11 to 12). GER is defined as total enrolment in a particular level of school education, regardless of age, expressed as a percentage of the population of the official age-group which corresponds to the given level of school education in a given school year. GER has increased from 102.7 in FY 20 to 103.4 in FY 22. Similarly, for Upper primary, GER has increased from 89.7 in FY 20 to 94.7 in FY 22 and for secondary, it has increased from 77.9 in FY 20 to 79.6 in FY 22. Higher secondary saw the highest increase in GER of ~11% from 51.7 in FY 20 to 57.6 in FY 22. As of FY 22, there are 26.5 crore student studying across 14.9 lakh schools in India. As of FY 21, ~4.1 crore students are studying in higher education across 56,200 higher education institutes in India. Such larger number of schools and institutions along with improvement in GER is going to immensely increase the consumer base for stationery products, there by driving its demand.

School Gross Enrolment Ratios in FY:-



Integration of arts and crafts in school curriculums:-

Continuous emphasis is being given to arts and crafts education in school curriculums as it helps in developing basic skills including creativity and thinking from a young age. Parents are also realising the importance of overall personality development from a young age and hence are encouraging their children to undertake extracurricular activities such as art and craft projects.

Increasing private coaching segment:-

In India, many students opt for private tuition and coaching at school and university level for preparation of school exams, board exams, competitive exams etc. As a result of which many private coaching institutions and ed-tech companies are opening now a days. This had led to increase in per person spending on stationery items as additional notebooks, pens, pencils etc. are required for coaching. Additionally, such institutes and ed-tech companies give branded kits to their students including notepads, pens, highlighters etc. As of CY 22, the market size of Indian coaching industry is ~INR 58,100 crores by value, which is projected to reach ~INR 1,34,000 crores by CY 28. This is going to drive the demand for stationery products in India.

Impulse Purchase:-

Impulsive purchase is high in the stationery category. People tend to purchase pens, pencils, notebooks etc. at retail store without any prior planning. Macro factors such as increasing disposable income, increase in per capita income, improvement in living standards etc. are further increasing the impulse purchase in this category. Such consumer behaviour is likely to drive the Indian stationery and art materials market by volume, thereby increasing its size by value.

Policy Reforms:-

Various policy reforms have been incorporated by Government of India (GOI) to develop education infrastructure and improve teaching and learning accessibility. Such interventions are going to contribute towards the growth of education industry in India. As of FY 22, the Indian educational industry is valued at INR 10,55,340 crores, which is expected to grow at a CAGR of 14% to reach INR 20,29,500 crores by FY 27. Such growth in educational industry is going to boost the demand for stationery products in India.

New India Literacy Programme: This is a centrally sponsored scheme, which aims to support the States and Union Territories in promoting literacy among non-literates in the age group of 15 and above. The scheme has been approved with a financial outlay of ~Rs 1,038 crores including Central share of Rs 700 crores and State share of Rs 336 crores. The scheme will cover 5 crore non-literates during the implementation period from CY 22 to CY 27.

National Education Policy 2020: This policy aims at reforming Indian education system by ensuring universal access of world-class education at all levels of schooling from pre-primary school to Grade 12, by ensuring quality early childhood care and education for all children between 3-6 years etc.

Samagra Shiksha Scheme: The scheme is an overarching programme for the school education sector extending from pre-school to class 12. It has been prepared with the broader goal of improving school effectiveness measured in terms of equal opportunities for schooling and equitable learning outcomes. Under this scheme, GOI has approved a financial outlay of Rs 2,94,283 crores from CY 21 to CY 26.

NIPUN Bharat Programme: The main objective of the programme is to ensure that every child in the country attains foundational literacy and numeracy by the end of Grade 3, by CY 27.

SWAYAM (Study Webs of Active Learning for Young Aspiring Minds): SWAYAM is an Indian Massive Open Online Course (MOOC) platform, offering free access to quality online courses from Class 9 till postgraduation to all, especially the underprivileged section in the country.

PM POSHAN: Earlier known as the Mid-day Meal Scheme, PM POSHAN is an initiative designed to enhance the enrolment, retention and attendance and simultaneously improve nutritional levels among school going children studying in Classes I to VIII. The PM POSHAN scheme covers 12 crore children in India and is considered to be one of the world's largest school meal programmes.

CSR Initiatives by different companies with focus on education:-

Many companies are making substantial investments to improve the quality of education in India, as a part of their mandatory CSR activities, which includes conducting school enrolment awareness programs/events, giving scholarships (merit and need based assistance), improving the infrastructure of schools, and providing a pleasant learning environment to children etc. For example, the CSR initiative named "School and Teacher Education Reform Programme" by ICICI Bank has covered 3 million+ students and ~3 lakhs teachers have benefitted out of it. Through "Project Nanhi Kali", which is a CSR initiative by Mahindra group to support education for underprivileged girls in India, ~5,50,000+ girls have benefitted since 1996. Such activities are going to boost the institutional / B2B demand for stationery products in India.

Key Challenges:-

Volatility in prices of raw materials:-

These volatility in prices poses key challenge to stationery manufacturers as increase in price of paper plup leads to increase in raw material costs. This increase can either be passed on to the consumer or absorbed by the manufacturer or a combination of both. In volume driven category, where price point becomes critical, the corresponding increase in raw material costs is primarily absorbed by the manufacturers, thereby impacting the overall margin structure of the players. However, in high margin products, the corresponding increase in raw material cost is also passed on to the consumers. Therefore, the industry follows a combination of both absorption of costs and passing on the increase in cost to consumers.

Intense Competition:-

Several companies have entered the stationery market with attractive and differentiated offerings at similar / lower price points, thereby, compelling existing players to come up with continuous innovation in order to maintain and grow their market share. Many companies are also diversifying into new stationery categories in order to increase their market share. Additionally, branded players through above the line (ATL) focussed brand building are concentrating on further increasing their market share in stationery market. All these have given rise to intense competition in stationery market in India.

Digitalisation:-

Digitalisation is transforming the education ecosystem works, with increased adoption of digital technologies in corporates, schools, and colleges. The degree of digitalisation is higher in case of corporates, because of which there has been some impact on paper stationery products, office supplies etc. While in education sector, digitalisation is happening at a faster rate, which was clearly visible during Covid, but after reopening of schools, colleges, and offline coaching post covid, the usage of digital technologies has been limited. Therefore, in future both conventional stationery and digital technologies will go hand in hand in Indian education sector with conventional stationery being prevalent.

Competitive Landscape:-

There are many fundamental and long-term macro drivers and opportunities such as increase in gross enrolment ratio, increase in number of schools and institutions, various policy reforms by Government of India to develop education infrastructure in the country etc. that are going to drive the growth of stationery market in India. Various branded players like DOMS, JK paper, ITC paper & note book, etc. are focusing on brand building and are positioning themselves as reliable brands delivering products which are aesthetically designed and have good functionalities, as well as coming up with innovative and creative stationery products at similar price points.

Presence of MSME in value chain:-

The presence of MSMEs (Micro, Small, and Medium Enterprises) in the value chain of the printing industry in India is significant and spans across various stages, from raw material procurement to final product distribution. MSMEs play a crucial role in the overall efficiency, innovation, and competitiveness of the printing industry. Here's a breakdown of their involvement:

Raw Material Supply

Paper and Inks Suppliers: Many MSMEs operate as suppliers of raw materials such as paper, inks, and other consumables used in the printing process. These suppliers often cater to local and regional printers, providing materials in smaller quantities compared to large-scale suppliers.

Recycling and Eco-Friendly Materials: Some MSMEs focus on supplying recycled or eco-friendly raw materials, contributing to the industry's shift towards sustainable practices.

Pre-Press Services

Design and Typesetting: MSMEs are heavily involved in pre-press services, offering design, typesetting, and layout services. These services are essential for creating the final print-ready files and often require specialized skills in graphic design and software like Adobe InDesign or CorelDRAW.

Proofing and Prototyping: MSMEs also provide proofing and prototyping services, where they produce sample prints for clients to review before the final print run. This stage is critical for quality control and ensuring that the client's requirements are met.

Printing Process

Digital Printing: A large number of MSMEs specialize in digital printing, which is ideal for short-run, quick-turnaround jobs. Digital printing is more accessible for MSMEs due to lower initial investment compared to traditional offset printing.

Offset Printing: While more capital-intensive, some MSMEs have invested in offset printing presses, catering to larger print runs. They often serve niche markets or specific geographical areas where competition from larger players is less intense.

Specialized Printing Services: MSMEs are also active in providing specialized printing services, such as screen printing, flexographic printing, and gravure printing, often for specific applications like textiles, packaging, or labels.

Post-Press and Finishing

Binding and Finishing Services: MSMEs provide a range of post-press services, including binding, laminating, die-cutting, embossing, and other finishing techniques that add value to the printed product. These services are crucial for products like books, brochures, and packaging materials.

Customization and Personalization: MSMEs are often involved in the customization and personalization of printed products, such as personalized stationery, custom packaging, and promotional materials. This is a growing segment, driven by the increasing demand for unique and tailored products.

Distribution and Logistics

Regional and Local Distribution: MSMEs play a key role in the distribution and logistics of printed products, particularly within regional and local markets. They often work closely with clients to ensure timely delivery and may offer additional services such as warehousing and inventory management.

Export and Niche Markets: Some MSMEs have tapped into export markets, particularly for high-quality, specialized printing products. This includes niche segments like luxury packaging, art prints, and bespoke publishing, where Indian MSMEs have carved out a reputation for craftsmanship and quality.

Innovation and Technology Adoption

Adoption of New Technologies: MSMEs in the printing sector are increasingly adopting new technologies, such as digital printing, 3D printing, and eco-friendly printing methods. This adoption helps them remain competitive, particularly in niche markets where customization and flexibility are valued.

Research and Development: Although limited by resources, some MSMEs invest in R&D to develop new printing techniques, materials, or services that can set them apart from larger competitors. This can include innovations in sustainable printing or the integration of digital technologies with traditional printing methods.

Market and Customer Relationship

Customer-Centric Services: MSMEs often have closer relationships with their clients compared to larger firms. This allows them to offer more personalized services, understand specific customer needs, and provide flexible solutions. Their ability to quickly adapt to changing client demands is a significant competitive advantage.

Small-Scale and Niche Market Focus: Many MSMEs focus on serving small-scale businesses or niche markets that may be underserved by larger players. This includes local businesses, regional publications, and customized printing needs for events or small batches.

Major end -user of the printing:-

The major end-user segments of the MSME printing sector in India are diverse, reflecting the broad applicability of printing services across various industries. Each segment has its own unique demands, trends, and growth prospects. Below is an overview of the key end-user segments and their outlook:

Outlook:-

From FY20 to FY24, the MSME printing sector in India has navigated through significant challenges, including the pandemic-induced downturn, but has shown resilience and adaptability. The sector is now on a growth trajectory, supported by technological advancements and a recovery in key demand areas like packaging and advertising.

The future of the printing & stationery industries in India is promising, driven by factors such as the growing education sector, advancements in technology, and the increasing demand for sustainable and personalized solutions. By embracing innovation, adopting eco-friendly practices, and leveraging technological advancements, businesses in these industries can thrive and meet the evolving needs of consumers. As India continues to experience economic growth and a rising middle class, the printing sectors are poised for continued success and expansion.

Commercial Printing Division:-

Commercial Print Products

Commercial printing handles business cards, postcards, banners, posters, maps, flyers, training materials, catalogs, and much more. Printing possibilities are constantly changing as technology advances and as companies have new ideas for communicating with consumers. Every industry has varying print products – each piece of printed material creates opportunities for branding, messaging, and sales.

Medical Industry

- Instruction Manuals
- Educational Brochures
- Business Cards
- Statement Envelopes
- Appointment Cards

Publishing Industry

- Journals
- Magazines
- Manuals
- Business Cards
- Catalogs
- Flyers

Food & Beverage Industry

- Menus
- Table Tents
- Direct Mail
- Restaurant Placemats
- Posters
- Banners

Hospitality Industry

- Key Card Holders
- Local Maps
- Travel Brochures
- Invitations
- Door Hangers

Real Estate Industry

- Flyers
- Floor Plans
- Notepads
- Brochures
- Business Cards
- Newsletters & Announcements

Types of Commercial Print

Offset Printing

Offset printing is a popular printing process for commercial printers because it can produce a large volume of high quality vibrant prints. Offset printing, also known as offset lithography printing, gives printing technicians significant control over colors. While this printing process offers a large selection of final printing materials, it can be expensive and time-consuming. Offset lithography is commonly used to print books, newspapers, posters, magazines, and brochures.

Offset printing is a process that uses image transfer to create the final product. First, a metal printing plate containing the images is inked then that inked metal plate transfers the image onto a rubber blanket or roller. Finally, the image is transferred to the final printing surface.

Digital Printing

Digital printing has recently become very popular because this process is cost-effective and faster than lithography printing. Instead of using printing plates, digital printers print directly onto the final printing product using lasers and toners. This allows for personalization, short runs, and the ability to personalize prints. Digital printing is used to print a variety of items like posters, newsletters, menus, labels, letters, booklets, and business cards.

LED UV Printing

LED UV printing is an advanced printing technology. It uses LED lights to print on special paper in an extremely timely manner with quick printing and drying abilities. This printing method is popular in the printing industry because it's quality is nearly unmatched. The sharp and vivid prints produced by a LED UV printer also use less power than other printing processes making it an eco-friendly choice for businesses. Items LED UV printers produce are higher-end items such as catalogs, magazines, leaflets, and more.

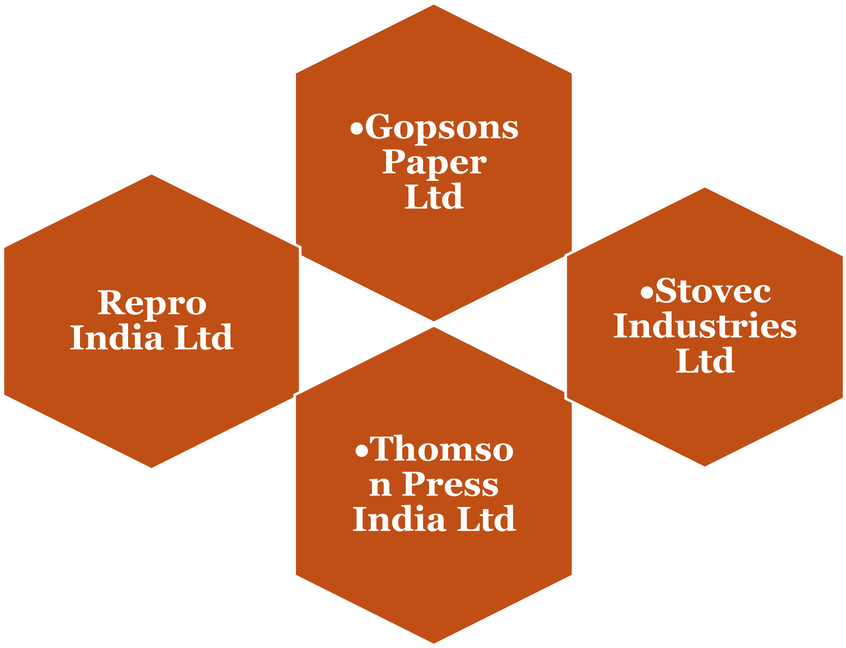
Flexographic Printing

Flexographic printing is a fast process that uses a series of rollers and plates to transfer inks onto the final substrate. The flexographic printing process, also known as flexo printing, can be used to print onto labels cartons, plastic, cardboard, fabric, metal, and laminates. See our flexo printing blog to get a deeper understanding of the flexo printing process.

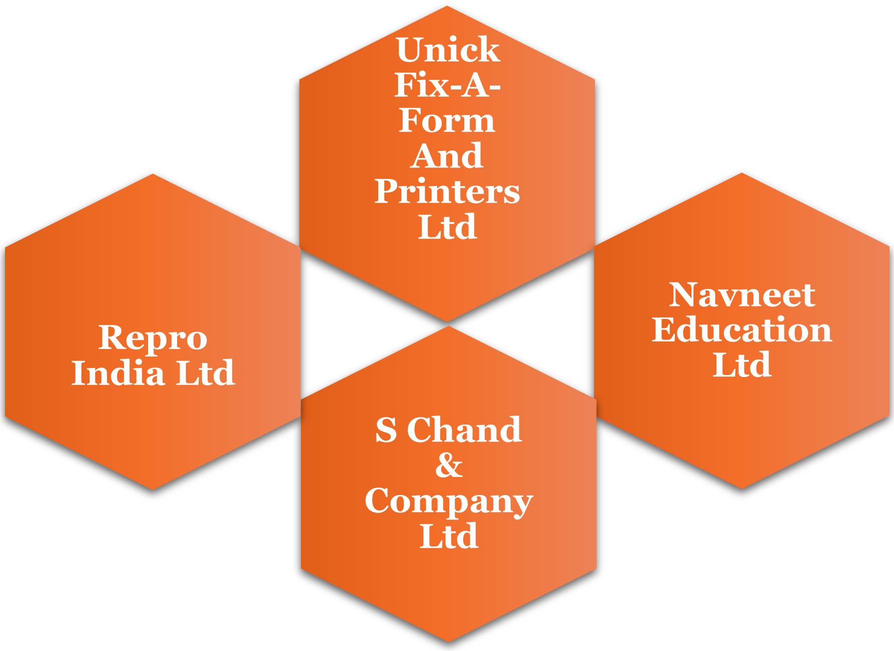
Large Format Printing

Large format printers can be offset, digital, LED UV, or flexographic. What makes this commercial printing process worth mentioning is the fact that there is specialized equipment required for large-format printing. When businesses are looking to print large banners, signage, wallpaper, floor stickers, trade show displays, and billboards they have to order these prints through a commercial printer that has large format printing capabilities. Large format print is also referred to as wide format print.

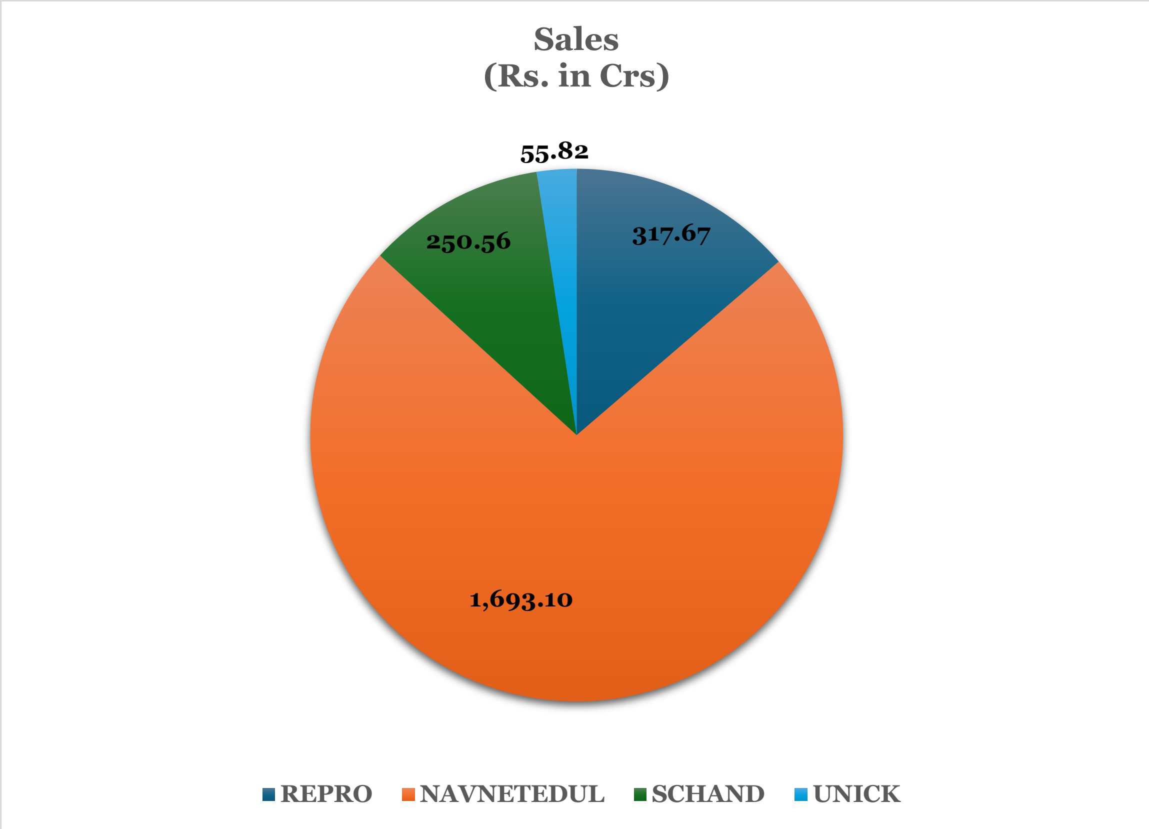
Major Player in Commercial Printing Industry (including listed and unlisted):-



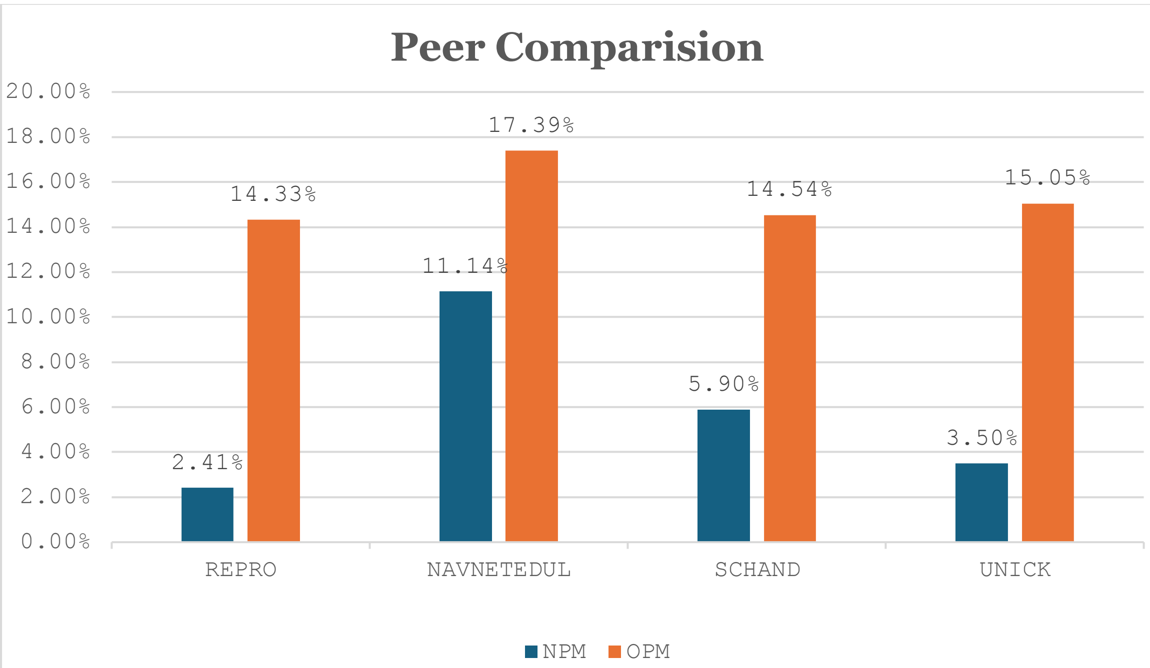
Listed Major Companies in Commercial Printing:-



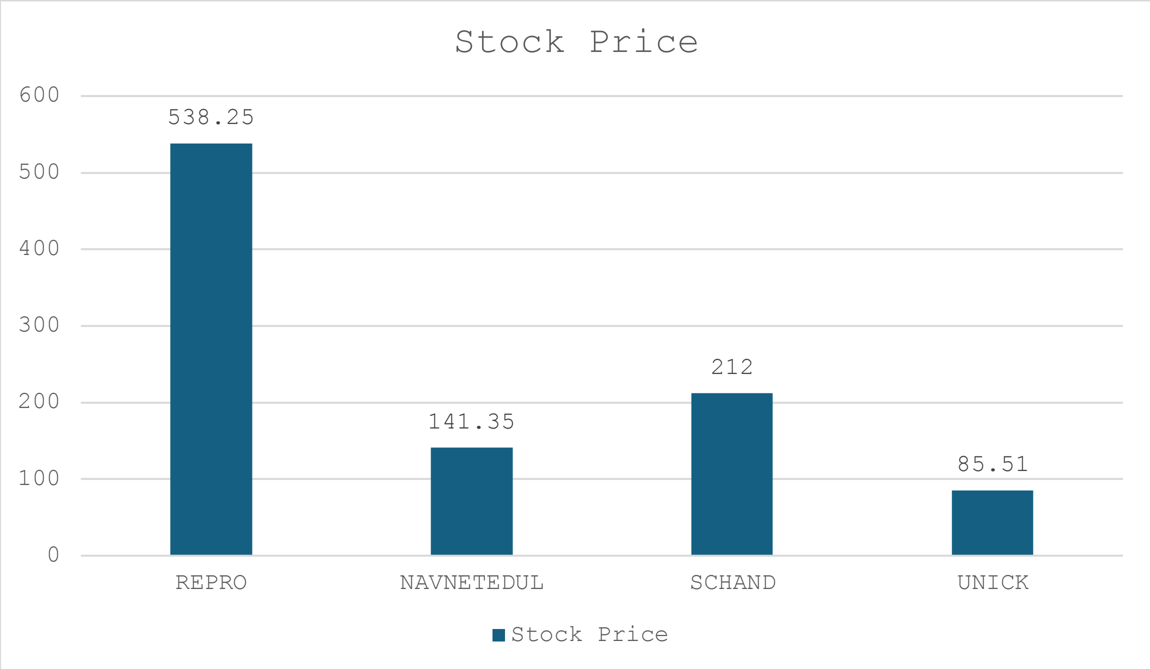
Latest Sale Volumes of Listed Companies in Commercial Printing:-



Peer Group Comparison Analysis in Commercial Printing Industry:-



Current stock price comparison:-



Latest Industry Scenario: -

The global stationery and art materials market, valued at USD 192 billion in 2022, is projected to reach USD 220 billion by 2027, at a CAGR of 2.8%. The Asia-Pacific region leads this market, followed by North America, with a significant shift towards Asian countries in recent years. By 2027, Asia is expected to contribute over 50% of the global market, driven by key players like China, Japan, India, and South Korea. India, boasting a flourishing stationery industry and abundant raw materials, has emerged as a key export hub. This segment is further buoyed by Government initiatives such as the 'Make in India' programme. Indian manufacturers prioritise detail, craftsmanship, and quality, appealing to discerning customers worldwide. India has also made significant strides in offering eco-friendly and sustainable stationery products which aligns with the growing demand for environmentally conscious stationery products worldwide

India's latest stand in the Commercial printing & Stationery Business : -

The Indian stationery industry reached a valuation of USD 4 billion in 2022 and is projected to expand at over 10% yearly to surpass USD 6 billion by 2025. The demand for stationery products is growing rapidly in developing countries like India, with an increase in the number of educational institutes, corporates, and offices. There is a significant increase in disposable incomes with the expansion of the Indian economy, leading to a shift in consumer preference towards higher quality, premium and branded stationery options. Moreover, leading organised players are developing and introducing innovative products including sustainable and eco-friendly variants to retain their competitive edge. The rise of e-commerce platforms like Amazon and Flipkart has transformed consumer behaviour, offering a wide range of products at competitive prices with doorstep delivery. Government initiatives for improving literacy, such as the New India Literacy Programme (NILP) and the Right to Education Act (RTE) 2009, along with schemes like Sarva Siksha Abhiyan and NIPUN Bharat Scheme, are making significant contributions. Increasing investments in education by the Central and State Governments are further bolstering the growing literacy rate. With an increasing literacy rate and population growth, the Indian stationery and art materials market is poised for substantial expansion in the future.

Outlook:-

India's stationery exports have been growing steadily in recent years. This can be attributed to several Government initiatives to promote exports, the China +1 strategy, favourable market trends, and the industry's commitment to innovation and quality.

With the global stationery market projected to grow steadily, India's strategic position as a key export hub is set to strengthen further. The Indian stationery market is projected to achieve a CAGR of 8.2% during 2023-2029. Key factors that will continue to drive demand in India are increased urbanisation, increasing penetration of e-commerce, a young population, growing literacy rates, and rise in disposable income. All these factors have created a conducive environment for the growth of the stationery market. This growth has resulted in companies in the stationery sector experiencing overwhelming over subscription rates, reaching up to 93 times.

Note: The industry is fragmented and unorganised, so no Company specific data has been included.

Sources: *https://greenportfolio.co/newsletters/Stationeryand- Printing-Sector-in-India-The-Pen-Mightier-Than-The Sword/#:~:text=The%20stationery%20and%20printing%20ector,educational%20institutions%20and%20various%20 offices, https://www.imarcgroup.com/india-school-stationerysupplies- market, https://www.prnewswire.com/news-releases/ india-stationery-market-2023-2029-market-forecast-by-typespaper- stationery-non-paper-stationery-and-applicationseducational-stationery-office-stationery-others-301999712. html)*

4. Indian Packaging Industry

The scope of the packaging market in India is promising, presenting lucrative opportunities for businesses across various sectors.

In India, this sector has witnessed significant growth in recent years, driven by factors such as rising consumerism, urbanization, e-commerce boom, and a growing middle class. In this blog we, you will get understand what growth potential, the packing industry holds, what is sustainable packaging along with various options available under sustainable packaging and some data points related to sustainable packaging on a global scale.

Packaging is the fifth largest sector in India and is one of the highest growth sectors in the country. According to the Packaging Industry Association of India (PIAI), the sector is growing at CAGR 22% to 25%.

According to the Indian Institute of Packaging (IIP), the packaging consumption in India has increased 200% in the past decade, rising from 4.3 kg per person per annum (pppa) to 8.6 kg pppa as on FY20.

MSMEs in the packaging industry often drive innovation and the adoption of sustainable practices. They are more agile and responsive to market demands, making it easier for them to experiment with new materials, designs, and eco-friendly packaging options. Many MSMEs lead the way in developing biodegradable, compostable, or recyclable packaging alternatives.

This industry is focusing on packaging that not only protects the product but also enhances its visual appeal to capture consumer attention. This trend is expected to drive the growth of SMEs in packaging industry.

Globally, the packaging industry sector has positioned itself as one of the fastest growing industry across all countries. The industry is worth over $ 917 billion (in 2019), growing at CAGR 2.8% to reach to $ 1.05 trillion by 2024.

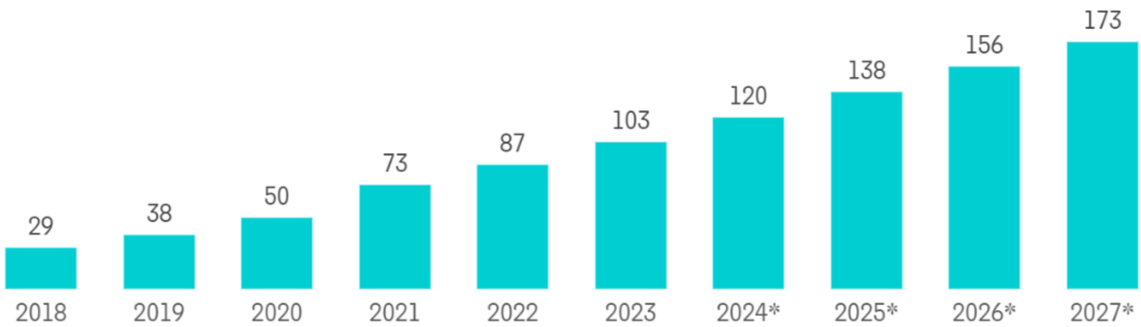
Scope of MSME in Packaging Industry: -

Rapidly Expanding Consumer Goods Sector: -India's consumer goods sector has been expanding at an impressive rate, fueled by increasing disposable incomes and changing lifestyles. This growth has created a significant demand for innovative and attractive packaging solutions.

E-commerce Revolution: The rapid growth of e-commerce has revolutionized the way goods are packaged and delivered. With more consumers embracing online shopping, the need for secure and efficient packaging solutions has soared. As e-commerce continues to expand, the packaging market will witness a substantial boost. The growth of individual end user segments of food, beverages, FMCG and pharmaceuticals will trickle down into rising demand of packaging solutions.

Online retail sales in India generated USD 103 billion in 2023. As the country's e-commerce industry grows rapidly, corrugated boxes have adapted to meet the increasing demand for efficient and reliable packaging solutions.

Market size of Online Retail Industry, in USD Billion, India, 2018-2027:-



Growing Food and Beverage Sector: India's food and beverage industry is experiencing remarkable growth, driven by factors such as changing dietary patterns, urbanization, and a rise in the number of quick-service restaurants.

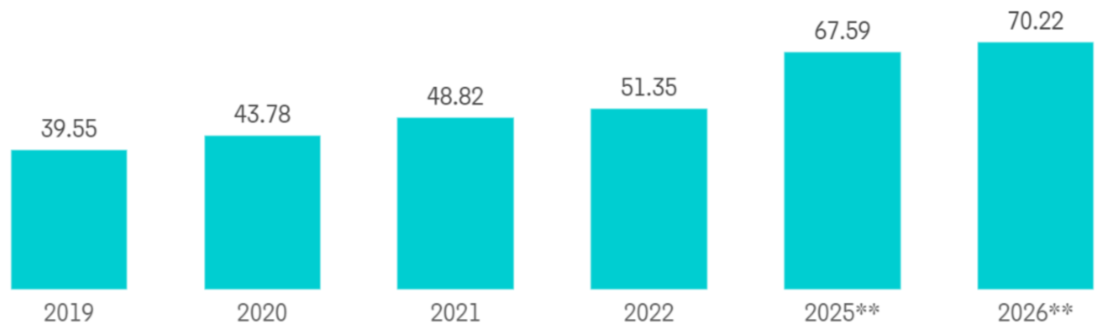
As a result, there is a rising demand for packaging solutions that extend the shelf life of food products, maintain their quality, and provide convenient options for on-the-go consumption. The packaging market stands to benefit significantly from this flourishing sector.

Paper based packaging has become crucial in various sectors of India's food industry, including bakeries and snacks. Paperboard tubes offer several advantages, particularly in packaging dry goods such as spices, tea, and snacks. Their cylindrical shape provides efficient storage and transportation, maximizing shelf space and minimizing.

Food producers, especially prominent FMCG brands, have set ambitious targets to reduce the use of plastics in food packaging and adopt new eco-friendly materials. Consequently, paper-based packaging materials are gaining popularity in India.

Paper based packaging aligns with the needs of food service outlets, such as restaurants and fast-food chains. The increasing demand for fast food among India's youth has driven a surge in demand for effective packaging solutions, especially for moist or greasy items like pizza and cakes.

Market value of Packaged Food, In USD Billion, India, 2019-2026



Note: The industry is fragmented and unorganised, so no Company specific data has been included.

Pharmaceutical Packaging: The pharmaceutical industry in India is expanding rapidly, driven by factors such as increasing healthcare awareness, a growing elderly population, and the rising prevalence of chronic diseases.

Effective packaging is critical in ensuring the safety, stability, and integrity of pharmaceutical products. As the healthcare sector continues to thrive, the demand for reliable and innovative packaging solutions will only increase.

Sustainable Packaging Solutions: In recent years, there has been a growing awareness of environmental issues and a shift towards sustainable practices.

Trend of Packaging Industry:-

Demand for consumer packaging in India grew at a CAGR of 3.2% from 2019 to 2023. Total valuation in the nation reached around US$ 53.5 billion in 2023.

The country's government's focus on diversifying its domestic production capabilities initially paved the way for noticeable growth in India's packaging industry.

Supportive government policies promoting local packaging innovation and exports further boosted the consumer packaging industry's growth.

The e-commerce boom enhanced accessibility and convenience for consumers to purchase products online. This consequently fueled the demand for consumer packaging solutions in India.

Increased sales of pharmaceutical packaging in India during the COVID-19 pandemic.

In the assessment period, India's consumer packaging industry is poised to exhibit a CAGR of 5.7%, totalling a valuation of US$ 92.8 billion by 2034. This growth is expected to be propelled by factors like:

- Growing demand for packaged food products
- Transition towards sustainable packaging in India
- Ongoing advancements in packaging technology
- Rising need for consumer goods packaging across India

India is emerging as a profitable pocket for consumer packaging solutions with convenient features like resealable zippers, easy-open tabs, resealable zippers, and portion control. This is due to the robust expansion of industries like food & beverages, consumer electronics, and booming e-commerce.

Succeeding in India's packaging industry is difficult, especially due to the enforcement of stringent regulations on plastic usage. As a result, top consumer packaging manufacturers in the nations are using recyclable and sustainable materials in packaging. This will bode well for the target industry during the forecast period.

End users of Packaging Industry and outlook:-

The food & beverage industry in India is experiencing steady growth, driven by factors like urbanization and supportive government policies. This is expected to propel sales of food packaging in India during the forecast period.

Consumer packaging for beverages is anticipated to remain a leading segment, expanding at a resounding CAGR of 7.8% during the forecast period. This growth is mainly influenced by the growing consumption of alcoholic and sports drinks by the nation's youth.

The homecare & toiletries segment is also forecast to grow at a significant CAGR of 7.6% during the next ten years. This is due to the increasing demand for aesthetic packaging from the thriving personal care industry in the country.

According to the India Brand Equity Foundation (IBEF), India will make up 5% of the overall cosmetic industry, securing a position among the top five global industries in terms of revenue. This will likely create growth prospects for consumer packaging manufacturers.

Growing demand for specialty packaging from manufacturers of organic, herbal, and ayurveda cosmetics is also expected to boost the growth of the consumer packaging industry in India. Similarly, increasing production and sales of pharmaceuticals and consumer electronics will benefit the industry.

Key Challenges:-

One of the hurdles in industrial packaging is the issue of cost. As businesses aim to reduce expenses and enhance efficiency, they frequently search for methods to decrease their packaging expenditures. However, this approach can potentially jeopardise the protection of products. Raise the likelihood of damage, during transportation and storage.

Designing packaging that fulfil both aesthetic needs poses another challenge. On one hand the package must be durable and offer protection. On the other hand, it should also be visually attractive and represent the brand effectively. Achieving this balance can prove to be a time-consuming task.

Regulations also pose a challenge in the field of industrial packaging. Each country has its set of regulations pertaining to packaging materials labeling obligations and environmental impact. Companies must navigate these regulations to ensure compliance while also striving to achieve their business objectives.

Conclusion: The SMEs in India are witnessing a bright future in packaging industry. Factors such as the expanding consumer goods sector, the e-commerce revolution, the emphasis on sustainable packaging, the booming food and beverage industry, and the rapid growth of the pharmaceutical sector are driving the demand for innovative packaging solutions.

To succeed in this market, SMEs need to stay ahead of trends, develop sustainable options, and deliver packaging solutions that meet the evolving needs of consumers. As India's economy continues to grow and consumer preferences evolve, the SMEs packaging market will continue to flourish, offering ample opportunities for businesses to thrive and contribute to the country's economic growth.

Best Regards,

T.G Uday Associate Director, Infomerics Analytics & Research Pvt Ltd

Date: 20-12-24

Place:-Bangalore