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Resilience And Growth Of Fmcg Industry Through Atmanirbhar Bharat Mission

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Abstract

Atmanirbhar Bharat Abhiyaan, or the Self-Reliant India Campaign, is a vision for a new and empowered India as articulated by Prime Minister Shri Narendra Modi. In support of this initiative, the central government announced a special economic and comprehensive package worth ₹20 lakh crore, which is approximately 10% of India's GDP. The core objective of this campaign is to make India and its citizens self-sufficient and resilient in all aspects.To realize this vision, the government has introduced several bold reforms, including agricultural supply chain improvements, a rationalized tax structure, simplified and transparent legal frameworks, development of skilled human resources, and a robust financial system. The Prime Minister's call to be "vocal for local" has provided a significant boost to domestic industries.

The fast-moving consumer goods (FMCG) sector plays a vital role in driving India's GDP. Characterized by the strong presence of multinational corporations, intense competition between organized and unorganized players, an extensive distribution network, and low operating costs, the FMCG sector holds considerable potential to support the goals of the Atmanirbhar Bharat initiative. This paper explores how the Atmanirbhar Bharat Mission has acted as a catalyst in strengthening the domestic FMCG ecosystem—driving employment, fostering innovation, and positioning India as a key player in the global consumer goods market.

Keywords: FMCG, Atmanirbhar Bharat, Self-reliant India, Local Manufacturing, Supply Chain Transformation, Rural Market Penetration

Introduction-

India, renowned for its rich heritage and cultural diversity, is on a transformative path with the ambitious goal of achieving developed nation status by 2047. A key initiative driving this vision is Atmanirbhar Bharat, which translates to 'Self-Reliant India.' Launched in 2020, this initiative reflects a strategic shift toward fostering economic independence through indigenous innovation, technological advancement, and sustainable growth. Atmanirbhar Bharat is more than a policy—it is a comprehensive framework aiming to strengthen India's economy from the grassroots level. It emphasizes reducing external dependencies, boosting local manufacturing, and enabling Indian products to compete globally. The initiative resonates with the philosophy of vocal for local, encouraging the use and promotion of locally made goods and services.

The idea gained momentum during the economic disruption caused by the COVID-19 pandemic. On May 12, 2020, Prime Minister Narendra Modi introduced a ₹20 trillion economic package under the Atmanirbhar Bharat Abhiyan, aimed at revitalizing the economy while promoting self-sufficiency. This mission draws parallels with the historic Swadeshi Movement of 1905, encouraging national resilience and unity during times of crisis.

The campaign is built on five foundational pillars: Economy – Focused on bold, transformative changes rather than gradual progress Infrastructure – Creating a modern, forward-looking India.

Technology-driven Systems – Encouraging policies supported by modern technology rather than outdated models. Demography – Harnessing India's youthful and vibrant population as a force for growth. Demand – Strengthening the demand-supply chain within the country to optimize domestic capabilities.

As one of the fastest-growing economies and now the fifth-largest globally by nominal GDP, India's push for self-reliance through initiatives like Atmanirbhar Bharat is crucial for its development narrative. It is not just about economic recovery, but about laying the foundation for long-term, inclusive, and resilient growth.

Review of Literature

The Atmanirbhar Bharat initiative, introduced by the Government of India, has sparked significant academic discourse concerning its capacity to transform India into a developed nation by 2047. The initiative has been explored from various angles, including historical, economic, technological, and social perspectives.

Naidu (2004) evaluates consumer awareness in rural India. His research concludes that awareness is qualitative and cannot be precisely measured through quantitative metrics, yet it plays a pivotal role in shaping rural consumer behavior. He emphasizes the need for improved education and outreach to expand market penetration.

Oza (2004), in "Where the FMCG Market is Sizzling – A Study of Rural Markets," investigates the consumer mindset in small towns and villages. He concludes that regional FMCG brands, through their use of localized strategies, cost-efficient technology, and strong community ties, are effectively challenging larger national brands, particularly through events like fairs and local exhibitions.

Kumar and Madhavi (2006), in their study titled "Rural Marketing for FMCG," find that marketers have yet to fully explore the rural landscape. They reveal that rural consumers are strongly influenced by product quality, and that attention to this aspect, combined with effective advertising, could lead to substantial market growth.
Mohan (2010) investigates India's positioning in the international economic context. He discusses the interplay between global collaborations and domestic interests, suggesting a balanced approach where India maintains strategic partnerships while securing its national autonomy in key sectors.
Das (2019) explores the historical context, asserting that Atmanirbhar Bharat draws inspiration from India's legacy of self-sufficiency, particularly the Swadeshi movement during the freedom struggle. He highlights that the initiative represents a continuation of India's pursuit of economic independence, reinforcing long-standing ideological and policy traditions.
Massand, Sharma, and Singh (2020) evaluate the social dimensions of Atmanirbhar Bharat, arguing that inclusive growth and social equity are critical for the initiative's holistic success. They highlight the importance of equitable development policies that reach marginalized populations and ensure broad-based benefits.

Sharma (2020) emphasizes similar themes in exploring the necessity of inclusive development as part of the Atmanirbhar Bharat framework, with a focus on achieving social equity and reaching underserved communities.
Mishra and Gupta (2021) provide an analysis of the policy framework, emphasizing the five pillars of self-reliance, with a strong focus on reducing external dependency, fostering domestic production, and promoting economic diversification. They argue that the success of the initiative depends heavily on enhancing indigenous manufacturing and strategic investments in national infrastructure.
Mannan and Pek (2021) examine the role of technology and innovation, positing that the development of innovation ecosystems is crucial for achieving technological self-reliance. They stress the necessity of increasing investments in research and development, as well as cultivating a culture of innovation that supports long-term economic growth.
Aggarwal and Arora (2021) analyze the initiative's potential benefits and challenges. Their study underlines the importance of addressing structural inefficiencies, simplifying regulations, and enhancing skill development to unlock the full potential of self-reliance.
Anis and French (2022) also analyze the potential benefits and challenges of the Atmanirbhar Bharat initiative, focusing on its economic implications and the need for comprehensive policy reforms to ensure its success.
Anis and French (2022) provide further insights into the benefits and challenges surrounding the Atmanirbhar Bharat initiative, highlighting the economic and infrastructural challenges that need to be addressed for the initiative to fully succeed.
The existing literature offers a multifaceted understanding of Atmanirbhar Bharat. It connects the initiative with India's historical aspirations, assesses its economic and policy framework, highlights the importance of

technological innovation, and stresses the need for inclusive, rural-centered development. These scholarly insights contribute to a nuanced dialogue on India's envisioned path to becoming a developed economy by 2047.

Objectives:

1. 1. To understand the status of Indian FMCG sector
2. 2. To analyse the factors that have impact on FMCG sector to become Aatmanirbhar
3. 3. To suggest measures for the FMCG sector to support the call for Aatmanirbhar Bharat

Measures Provided Under Aatmanirbhar Bharat

1. **Economy**

Among the five pillars of AtmaNirbhar Bharat Abhiyaan, the economy stands at the core. For any government, economic growth is often the key driver behind the launch of ambitious schemes. The trajectory of a nation's economy not only reflects the success of its policies but also significantly impacts the public perception of its leadership. As Prime Minister Narendra Modi rightly emphasized, we need "an economy that takes quantum jumps and not incremental change. The AtmaNirbhar Bharat initiative is central to India's mission of economic self-reliance and resilience. It is closely aligned with the government's $5 trillion GDP target. The COVID-19 pandemic, despite its global disruption, presented India with a unique opportunity to rebuild and reinforce its economic foundations. The vision of self-sufficiency is about not only manufacturing domestically but also strengthening our economic structure to withstand global uncertainties. Since the economic liberalization of the 1990s, India has seen tremendous growth, largely propelled by privatization and market competition. However, the overdependence on foreign products—even in sectors where domestic alternatives exist—has hindered the rise of Indian industries. The absence of robust research and development and quality assurance has made it difficult for local manufacturers to compete globally.The lesson from pre-1991 protectionist policies is clear: innovation and efficiency thrive in competitive environments. Opening up to global markets improved resource allocation and spurred technological advancement. Today, we must blend self-reliance with competitiveness. Balancing imports and exports, encouraging domestic production, and investing in human capital are essential to this economic transformation. A self-reliant India requires a globally competitive economy, not a closed one.

2. **Infrastructure**

Infrastructure that should be world-class and becomes the identity of modern India — this vision is integral to the AtmaNirbhar Bharat initiative. In recent years, India has witnessed remarkable developments in highways, railways, airports, and smart cities. These improvements are not merely structural—they are transformational, directly contributing to economic growth and improving quality of life. The rapid urbanization and increasing foreign investment in infrastructure have catalyzed the development of transportation networks, power plants, urban utilities, and agricultural systems. Quality infrastructure reduces travel time, enhances logistics, boosts tourism, and facilitates seamless living in urban centers—all essential ingredients for a self-reliant economy. However, to meet global benchmarks, infrastructure development must be research-driven, cost-effective, and environmentally sustainable. This means involving skilled professionals, adopting modern technology, and ensuring optimal utilization of resources. With infrastructure being a labor-intensive sector, its growth directly creates large-scale employment, particularly for rural populations. It also fosters skill development, formalizes the labor force, and contributes to inclusive growth.

Furthermore, when private investment, exports, and consumption are under strain, public spending on infrastructure becomes a key lever for economic revival. It boosts capital goods production, renews business confidence, and strengthens the rural economy by improving access to markets and services. Infrastructure is not just about building roads or bridges—it's about building the nation.

3. **System**

We need a system that is not bound by old customs and rituals, but one that realizes the dreams of the 21st century. It must be technology-based. This pillar reflects India's transition toward a modern, digital ecosystem. As a developing nation, India has consistently progressed despite various challenges. From eradicating polio to launching successful space missions like the Mars Orbiter Mission, India's achievements highlight its potential. But to fully harness this potential, systemic transformation is crucial—especially through the adoption of digital technologies. This transformation began with the Digital India initiative in 2015 and has been further reinforced by the AtmaNirbhar Bharat mission. A paperless, tech-driven system enhances transparency, efficiency, and access. It enables faster delivery of services across sectors—from healthcare and education to transportation and governance.

India must invest in digital infrastructure to attract foreign direct investments, expand its IT services, and compete globally. With the world advancing towards technologies like 5G, India has a real opportunity to become a global tech leader. Companies like TCS surpassing global giants in market value shows that Indian firms have the capability—they just need robust support and a conducive ecosystem. Technology can revolutionize sectors like education with 24/7 access, interactive platforms, and wider reach. In healthcare, a unified digital database can connect hospitals across the nation, improving treatment accessibility. Transportation can be streamlined through real-time systems. The vision is to create a connected India where services are just a click away.

4. **Demography**

   We are the world's biggest democracy. A vibrant demography is our strength. Demography is not just a statistic for India—it is a defining asset. With more than 600 million people under the age of 25, India has the world's largest youth population. This youthful energy, if effectively channelized, can power the country toward self-reliance. India's demographic diversity is unmatched—spanning over 2,000 ethnic groups and 780 languages across diverse geographies. This diversity is not a challenge, but a strength. Like China once utilized its population for industrial transformation in the 1990s, India too must mobilize its demographic dividend to spur economic growth and innovation. But for this potential to translate into progress, policy implementation must be tailored to demographic realities. Often, excellent schemes fail due to poor execution. AtmaNirbhar Bharat provides an opportunity to design and implement policies that are data-driven, inclusive, and focused on empowering youth with skills, education, and entrepreneurship. By aligning policies with the needs of its people, India can achieve faster development, stronger governance, and ultimately, a self-reliant future. A billion brains, when nurtured with the right tools and platforms, can transform the nation.

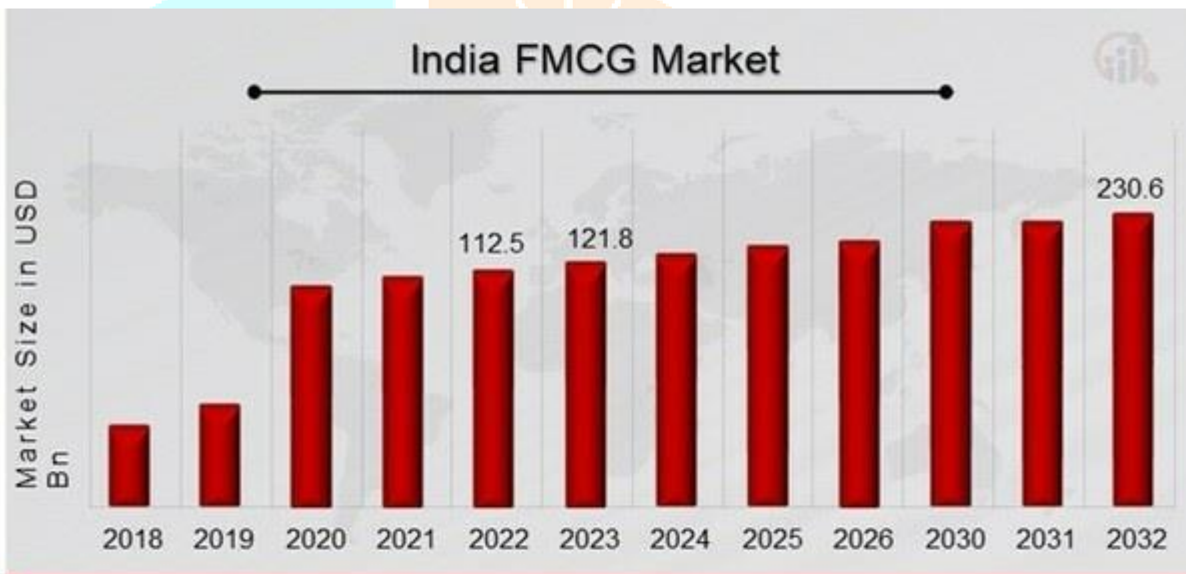
5. **Demand**

   The demand-supply cycle in our economy is an asset. We must harness it effectively." Demand is not just a market concept—it is the pulse of an economy. In the context of AtmaNirbhar Bharat, strengthening domestic demand and reducing dependency on imports are crucial steps toward self-reliance. India's high demand for even everyday items—like incense sticks (agarbatti)—is often met by imports from countries like China. Such dependence weakens domestic industries and affects economic sovereignty. To reverse this trend, we need to build strong, scalable, and competitive supply chains within India. Revitalizing small and medium enterprises (SMEs), enhancing manufacturing capabilities, and promoting local brands are essential. A robust internal market not only supports domestic industries but also creates jobs and drives innovation. Reducing imports, especially of non-essential goods, will also help address the trade deficit. The focus should be on creating quality Indian alternatives that meet global standards. Consumer awareness, government support, and strategic incentives are needed to promote "Vocal for Local" and shift the demand toward Indian-made products. Ultimately, a self-reliant India can only emerge when demand is matched by supply that is efficient, innovative, and Indian.

Role of Aatmanirbhar Mission in transforming FMCG Sector-

The Indian Prime Minister Shri Narendra Modi's call for "Atmanirbhar Bharat" has provided a significant boost to domestic industries, encouraging Indian businesses to grow and thrive. While promoting local products is a positive move, its true impact on the economy, particularly the FMCG sector, requires deeper understanding.

India's FMCG sector has grown steadily due to rising consumer demand and increased pricing, especially for essential items. It employs around 3 million people, contributing to nearly 5% of total factory employment. Revenue in this sector is projected to grow by 7-9% in 2024–25. Key growth drivers include supportive government policies, a growing rural and youth market, expanding e-commerce, and the introduction of new branded goods. For long-term success, FMCG companies must focus on resilience across manufacturing, retail, logistics, and consumer engagement. With the fifth-largest GDP and third-largest PPP globally, India is on a path to significant economic expansion. The country's PPP is expected to hit $16 trillion and GDP $5 trillion, driven by consumer spending forecasted to reach $6 trillion by 2030. These trends strongly favour the continued growth of the FMCG industry.



Indian FMCG Market Size, Share, Trend Analysis, Forecast, 2032

The Recent regulatory changes by the Indian government regarding investments in the FMCG sector and the allowance of Foreign Direct Investment (FDI) have led to a significant capital inflow. The sector witnessed an impressive FDI of US$18.19 billion in the last year. This investment boost, along with government incentives, has enhanced job creation, improved supply chains, and increased brand visibility across retail markets—leading to a rise in consumer spending and product innovation.

Key government programs such as 'Gati Shakti' and the Production-Linked Incentive (PLI) scheme have been launched to strengthen domestic manufacturing and attract more foreign investment. Initiatives like the Open Network for Digital Commerce (ONDC) and progressive FDI policies are expected to further enhance the competitiveness of FMCG firms. Factors such as rising brand awareness, better accessibility, and evolving consumer lifestyles are driving growth in the sector.

The Union Budget (2024–2030) has emphasized agriculture, MSMEs, education, healthcare, infrastructure, and tax benefits, which are likely to boost the disposable income of rural populations—indirectly benefiting FMCG companies. The sector has seen remarkable expansion in tier II and III cities, driven by lifestyle improvements. In the environment FMCG companies are transforming to make India Atmanirbhar

Digital Transformation and E-commerce Expansion

The digital revolution continues to transform the FMCG landscape in India. E-commerce platforms have become crucial channels for FMCG sales, with online grocery delivery services gaining substantial traction. Companies are investing heavily in digital infrastructure and leveraging data analytics to understand consumer behavior and preferences. The proliferation of smartphones and internet penetration in rural areas has further accelerated this shift, making it easier for consumers to access a wider range of products conveniently.

Innovation in Product Offerings

India's FMCG industry is undergoing a major transformation, driven by trends like premiumization, health and wellness, and convenience. Consumers are increasingly willing to pay more for products that offer higher quality, innovative features, or a better overall experience. Categories such as healthier snacks, cooking aids, and packaged foods are experiencing notable growth. The rise in income levels, coupled with social media exposure to others' lifestyles, has led to increased demand and purchasing power for branded FMCG products in rural areas.

The rapid rise of quick commerce platforms is further reshaping the industry by redefining traditional grocery shopping. Known for their speed and convenience, these platforms are especially favored by Gen Z and millennial consumers. By 2030, they are expected to account for 76% of total consumption. The FMCG sector is growing at a rate of 14.7% and is projected to reach nearly US$ 220 billion by 2025. Additionally, the shift in corporate work environments, with work-from-home becoming more common, is also impacting the FMCG sector, driving further change.

Sustainability and Eco-friendly Practices

Environmental sustainability has become a key concern for both consumers and FMCG companies. In 2024, there is a noticeable shift towards eco-friendly packaging and sustainable sourcing of raw materials. Companies are adopting green practices to reduce their carbon footprint, such as using biodegradable packaging, reducing plastic usage, and ensuring ethical supply chains. These initiatives not only appeal to environmentally conscious consumers but also align with global sustainability goals.

Regional and Local Brands Gaining Traction

While established national and multinational brands continue to dominate the FMCG sector, regional and local brands are gaining significant market share. These brands often offer products tailored to local tastes and preferences, which resonate well with consumers. Moreover, local brands benefit from strong distribution networks and community trust, making them formidable competitors in the market. The rise of these brands highlights the importance of regional diversity and cultural nuances in shaping consumer choices.

Smaller Brands are Evolving to Reach a Wider Audience

The FMCG sector is no longer dominated solely by long-established giants. Over the past year, there has been a noticeable rise in locally established brands as more people recognized the value and potential of entrepreneurship. This period witnessed a surge in homegrown labels offering natural, chemical-free FMCG products. A COVID-conscious and environmentally aware consumer base began shifting its preference from traditional big brands to smaller, emerging ones. The ability to market and sell through digital platforms and social media has enabled these private labels to secure a significant share of the market within a short span.

Selling Through Communities

Similar to other industries, the FMCG sector is undergoing transformation driven by recommendations and word-of-mouth marketing. Studies indicate that around 57% of consumers choose brands based on suggestions from trusted individuals. Creating a strong community through brand ambassadors and leveraging this trust-based network has significantly contributed to sales growth for both emerging and established FMCG brands over the past year The profit margin in direct selling to the end consumer has tempted even the big brands to set up a direct sales channel on multiple digital marketplaces and even set up stand-alone websites and stores. To add to the online marketplace, most brands have started delivering their products directly to consumers' doorstep. Brands with dedicated websites for consumer sales have reported an 88 percent rise in year-on-year consumer demand in the past year.

Rise of Upper Middle Class

India’s rising Middle-Class and Affluent Consumers (MAC) segment has emerged as a major catalyst for growth in the consumer sector. According to estimates by the Indian Institute of Population Sciences, this segment—referred to as the 'buying segment'—is projected to grow from the current 40 million to 70 million by the next decade, comprising around 6%-8% of the population. Even more promising is that this number could double by 2030. For the scope of this article, MAC households are defined as those with annual spending between INR 1 lakh and INR 25 lakh. This consumer shift is driving a “trading-up” trend that manifests in two key groups: the value-conscious middle-income segment (covering both ‘Emerging’ and ‘Established’ consumers) now exploring new product categories; and the 'Upper Middle Class,' or the 'Affluent' segment, which seeks more refined, experience-oriented consumption patterns, even in a tough economic climate.

This expanding MAC population will continue to power India's consumption story. With a rapidly growing economy and a broadening base of middle- and high-income earners, India is expected to become the world's third-largest consumer market by 2030. The FMCG sector is benefiting from this momentum, with consumer spending set to rise significantly. Retail activity in Tier II and III cities is accelerating faster than in metros, becoming new epicenters of consumption. Cities like Mumbai, Bangalore, Chennai, Delhi, and Hyderabad are leading the surge in FMCG hiring, especially in sales, marketing, and IT roles. Meanwhile, rural markets are also flourishing, thanks to growing disposable incomes and improved quality of life. The sector is divided into three primary segments: Household and Personal Care (50%), Food and Beverages (31%), and Healthcare (19%).

Indian Infrastructure

The core motivation behind participating in the "vocal for local" campaign is that it is driven by Indians, for Indians. The Indian Government is encouraging people to choose products made from Indian raw materials, produced in Indian-certified manufacturing facilities, and crafted by Indian skilled labor. The underlying philosophy is simple: Indian raw materials are of superior quality compared to inexpensive and outdated imports.

The Indian Government's commitment to promoting the consumption of domestic FMCG products is evident in its actions, such as questioning companies like Nestle India, a subsidiary of Nestle Switzerland, on whether their products are being made in India and whether the raw materials are sourced locally. The primary objective behind the government's strong push for "vocal for local" is to ensure that both domestic and international FMCG companies align with India's structural system. This approach will engage millions of Indian employees and farmers, encouraging the use of locally sourced raw materials such as milk, coffee, wheat, and spices, thereby contributing to the growth of the Indian FMCG industry, employment, and the overall economy.

Healthy Indian Grocery

Since the onset of the COVID-19 pandemic, there has been a significant shift in people's approach to hygiene, as they have come to understand that even a minor lapse in their hygiene routines can have severe consequences. The FMCG industry has witnessed a drastic change in consumer behavior, with a marked increase in demand for healthier products, whether for personal hygiene, home cleaning, or food consumption.

Market experts suggest that consumers are no longer willing to compromise on hygiene, as a notable 37.9% rise in the demand for Indian FMCG products has been observed during the pandemic. This surge reflects the growing belief that domestically produced products are purer and fresher compared to imports. Urban consumers, in particular, are becoming more health-conscious and are making informed choices about their diets and lifestyles. They increasingly seek organic, low-fat, low-sugar, low-salt products that are free from artificial additives. FMCG brands can tap into this trend by offering healthier options like whole grain snacks, natural sweeteners, and preservative-free items. Prominently displaying these health benefits on packaging can attract health-conscious urban buyers.

Online marketplaces have played a crucial role in helping companies expand within the FMCG sector. The internet has provided a more affordable and accessible way to broaden a company's market reach. By 2025, India is expected to have 1 billion internet users, and 40% of all FMCG spending is anticipated to occur online. The online FMCG market, which reached US$ 20 billion in 2017, is projected to grow to US$ 65 billion by 2022.

In response to the pandemic-driven shift in consumer behavior, Pansari Group has focused on ensuring that the public can access high-quality, safely produced products like rice, flour, and cooking oil. This commitment has resulted in a significant 35% increase in sales as consumers prioritized hygiene, safety, nutritional value, and an efficient supply chain. Most importantly, consumers chose Pansari Group products because they are premium-quality, locally produced FMCG items. Embracing the "customer is the boss" philosophy, Pansari Group has committed to contributing to India's health and economy by providing top-quality, local products that support the "vocal for local" movement.

Kirana's Durability

Kirana stores, long-established businesses providing essential goods in India, have been a part of the country's commercial landscape for centuries. However, with the advent of modern trade in both rural and urban areas, the prominence of kiranas witnessed a noticeable decline. Yet, the COVID-19 pandemic has brought these traditional kirana stores back into the spotlight, demonstrating that they truly understand the needs and challenges of their customers. Their importance was evident when e-commerce deliveries were restricted or unavailable in many containment zones during the pandemic, and it was the kiranas that continued to supply essential goods. While it is undeniable that e-commerce platforms now play a significant role in FMCG product distribution, with 79.7% of households relying on them, it is equally important to recognize that kiranas have embraced digitization. This shift has made their services more accessible within local communities, ensuring that they remain a crucial part of India's FMCG industry.

Revamp of Traditional Products

There is no doubt that India has large natural resources particularly when it comes to fruits and dry fruits but in the past, it has been observed that fruits which are exported from other countries such as strawberries, kiwi and plums have outshined homegrown traditional items like pears, apples, almonds, walnuts and other dry fruits. Therefore, experts believe that the call for vocal for local will let these traditional products to make a return into the market, if the Indian FMCG companies can make organic and healthy products from these products along with business models that are self-reliant with a robust value chain via branding, packaging, pricing and managing channels.

Consumer sentiment towards the 'Vocal for Local' movement continues to grow steadily, prompting major FMCG companies in India to explore the potential of local food preferences. This shift is driving hyper-localisation efforts, with brands experimenting with diverse regional cuisines, resulting in innovative product offerings. For instance, while poorie in Delhi is referred to as luchi in Kolkata, what is known as paanipuri in Mumbai is called golgappa in other parts of India. Tata Consumer Products (TCPL) recently launched a premium range of street 'chai' and introduced four regional tea variants from Kolkata, Mumbai, Delhi, and Hyderabad. Similarly, ITC has tailored its food products to meet local preferences, such as Aashirvaad's Meri Chakki in Delhi, which allows consumers to customise their atta to their liking.

Britannia has also ventured into hyper-localisation with its Missi bread range for Punjab and Delhi-NCR, while its Ramzani bread offering caters to Uttar Pradesh during Ramzan. Marico adopted a similar strategy for Saffola Oats. In India, to compete at scale, companies must align their offerings with the specific tastes of local populations, making them hyper-local players.

By 2025, HUL plans to invest Rs. 700 crore (US$ 88.07 million) in building a state-of-the-art factory in Sumerpur. In 2022, Emami acquired a 30% stake in Cannis Lupus to enter the Indian pet care market and purchased Dermicool from Reckitt for Rs. 432 crore (US$ 55.37 million). Godrej Consumer Products Limited (GCPL) is set to launch Godrej Magic Body Wash, India's first ready-to-use body wash, for just Rs. 45 (US$ 0.57). PepsiCo India announced an investment of Rs. 186 crore (US$ 23.84 million) to expand its largest greenfield food production facility in Kosi Kalan, Mathura, Uttar Pradesh, which manufactures Lay's potato chips. Dabur India plans to integrate 100 electric vehicles into its supply chain for last-mile product distribution and partnered with Indian Oil to reach 140 million households using Indane LPG. McDonald's India also teamed up with ITC to offer the B Natural fruit beverage as part of their Happy Meal in South and West India, catering to children aged 3-12 years. Additionally, Procter & Gamble announced an investment of Rs. 500 crore (US$ 66.8 million) in rural India in 2021.

Changes in pattern of urban and rural market

Urban and rural areas exhibit distinct consumption patterns. Recent data from NielsenIQ (NIQ) reveals a noteworthy shift in this trend. In CY24, the FMCG industry saw a 7.6% year-on-year growth in volume in rural markets, surpassing the 5.7% growth seen in urban markets. This shift, which contrasts with the past when urban centres led consumption growth, highlights the need for FMCG brands to tailor strategies for the rural market. By recognising these regional differences and adapting their products and marketing strategies, FMCG brands can more effectively cater to the diverse needs of both urban and rural consumers.

Urban consumers follow distinct behavioural trends. With fast-paced lives filled with work, family, and social commitments, they prioritise convenience. This preference for time-saving products has driven a rise in demand for ready-to-eat meals, quick snacks, and beverages suitable for on-the-go. FMCG brands can meet this demand by offering easy-to-prepare foods and packaging that fits urban consumers' busy schedules. Additionally, urban consumers are increasingly health-conscious, preferring products that are organic, low in fat, sugar, and salt, and free from artificial additives. FMCG brands can capitalise on this trend by offering

healthier options, such as whole-grain snacks and preservative-free products, while prominently highlighting these health benefits on packaging to attract health-conscious urban buyers.
Urban consumers are also more willing to experiment with new products. They enjoy trying new flavours, ingredients, and formats, which presents an opportunity for FMCG brands to introduce limited-edition products or trendy ingredients that appeal to the adventurous tastes of city dwellers. This strategy not only keeps the product lineup exciting but also fosters brand loyalty. Furthermore, urban consumers are highly digital-savvy, with 80% of urban internet users using e-commerce platforms to research products. A quarter of these consumers visit e-commerce websites for product information before making purchases in physical stores. Therefore, a strong digital presence is essential for brands, utilising social media, e-commerce platforms, influencer collaborations, and targeted online ads to engage with this audience. Providing seamless online shopping experiences and leveraging data analytics to understand consumer preferences can also enhance engagement with urban customers.

Tapping the rural demographic

Rural areas have distinctive customs that significantly impact consumer preferences. Rural consumers are generally more price-conscious than urban ones, preferring products that offer high quality at affordable prices. Value for money is a critical factor in their buying decisions, with larger packs being especially popular as they allow families to save. Brands can stand out by offering budget-friendly options without compromising on quality. In rural markets, brand loyalty is strong; consumers often stick to familiar, trusted products. Therefore, building and maintaining trust is key for success. Consistent quality, dependable performance, and positive word-of-mouth play vital roles in nurturing this loyalty. Community engagement and local influencer endorsements can help build trust and recognition. Cultural and traditional values significantly shape consumer preferences in rural areas. Products that align with local traditions and tastes are more likely to succeed. For example, in the food sector, incorporating regional flavors and ingredients can increase acceptance and sales. Understanding these cultural preferences is essential for brands looking to connect with rural consumers. Despite digital advancements, many rural shoppers continue to rely on traditional retail outlets. Brands should ensure strong distribution networks to make products readily available in local stores. Traditional advertising, such as radio, local newspapers, and community events, remains effective in reaching rural consumers, and tailoring marketing strategies to these channels can help brands communicate effectively.

FMCG brands must adopt strategies that cater to the unique needs of diverse markets. Comprehensive market research is necessary to understand regional preferences and behaviours, which can be gathered through surveys, focus groups, and data analysis. This information helps brands customize their products and marketing efforts. For instance, urban consumers may prefer compact, portable packaging for convenience, while rural consumers often opt for larger, cost-effective packs suitable for bigger families. Aligning FMCG brands with regional preferences requires addressing the distinct needs of urban and rural consumers. In cities, the focus should be on convenience, innovation, and health benefits, while in rural areas, the emphasis should be on quality, affordability, and tradition. Personalized marketing, strong distribution, and consistent quality are essential for building brand trust and appeal across both markets. Embracing the diversity of urban trends and rural values will help create a well-rounded and resilient brand presence.

Conclusion

The FMCG industry in India is undergoing a significant transformation, driven by trends like premiumization, health and wellness, and convenience. Consumers are increasingly willing to pay more for products offering better quality, innovative features, or superior experiences. Categories such as healthier snacks, cooking aids, and packaged foods are witnessing considerable growth. With rising income levels and the influence of social media showcasing other people's lifestyles, demand and purchasing power for branded FMCG products have increased in rural areas.

This transformation is further accelerated by the rapid adoption of quick commerce platforms, which have redefined traditional grocery shopping. Known for their speed and convenience, these platforms are particularly favored by Gen Z and millennial shoppers. They are expected to account for 76% of total consumption by 2030. With a growth rate of 14.7%, the FMCG sector is projected to reach nearly US$ 220 billion by 2025. Additionally, the shift to work-from-home arrangements has also influenced the FMCG sector, adding to its ongoing changes. Indian FMCG market is anticipated to show a positive growth trend in the coming years. Positive economic environment, low inflation rates and development initiatives led by the central government mainly are instrumental in the uptick of the market. Measures being carried out in these sectors will create a conducive atmosphere for fresh investments, which in turn will play a crucial role in kick-starting the economy of an Atmanirbhar Bharat.

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