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An Overview Of The Indian Fast Moving Consumer Goods Industry: Trends, Challenges, And Opportunities

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Abstract: The Indian Fast Moving Consumer Goods (FMCG) industry has emerged as one of the fastest-growing sectors in the country, driven by increasing demand for packaged consumer goods, rising incomes, and changing lifestyles. This paper provides an overview of the Indian FMCG industry, highlighting its current trends, challenges, and opportunities. The industry has witnessed significant growth in recent years, with the rural market emerging as a key driver of growth. The paper analyzes the key segments within the industry, including food and beverages, personal care, and household care. It also examines the competitive landscape of the industry, including the key players and their market share. Despite the growth prospects, the industry faces several challenges, including intense competition, regulatory challenges, and supply chain disruptions. The paper discusses these challenges and highlights the opportunities for growth and innovation within the industry.

The study is based on a comprehensive review of existing literature, industry reports, and data from reputable sources. The findings of the study provide valuable insights for businesses, policymakers, and researchers interested in the Indian FMCG industry.

Keywords: FMCG; Challenges and Opportunities, Supply Chain Management, Regulatory Framework, Policymakers

I. Introduction

Neil H. Borden introduced the term "FMCG" in his seminal work "The Concept of the Marketing Mix" in 1965. Another name for consumer-packaged goods (CPG) is fast-moving consumer goods (FMCG). For the simple reason that they are the first products to disappear from store shelves, FMCG products are referred to as "fast moving." Several commonly purchased consumer goods, such as soap, cosmetics, shaving products, detergents, packaged food items, beverages, dairy products, and baked goods, are examples of fast-moving consumer goods (FMCG). These goods are all rapidly sold for a reasonable price. Despite the fact that FMCG products have a lower profit margin than producers or suppliers (especially for retailers), they are typically sold in huge quantities, which allows for a considerable cumulative profit. Probably the most well-known example of a business with a large sales volume but a low profit margin is FMCG. India has consistently had a major share of the global population, whether we are talking about the 1950s or the twenty-first century. In this regard, India has always had a huge potential for the FMCG business. However, due to low purchasing power and the government's emphasis on the small-scale sector, investments in the FMCG industry were extremely limited between the 1950s and the 1980s. The only Multi National Company (MNC) that remained in business and had its manufacturing base in India was likely Hindustan Unilever Limited (HUL). However, as government regulations eased, more businesses entered the market and pursued economies of scale to lower the cost of FMCG goods. After liberalization, there were more options available domestically as well as through imports. MNCs were urged to invest in India as a result of the trade barriers being lowered in order to meet the requirements of the billions of Indians. Companies were driven to launch anything from cheap detergent to expensive sanitary napkins due to the rising living standards of India's rural population and the country's rural consumers' increased purchasing power. The Indian FMCG business saw a dramatic transformation around the turn of the 20th century as a result of post-liberalization. Producing FMCG organizations have been compelled to establish customer-centric strategies as a result of realizing that consumers have evolving interests and that they must adapt to changing lifestyles. People usually expect common things to be updated as modern life quickens and technology advances. For this reason, FMCG companies are constantly looking for innovations of the next generation. The industry is characterized by the daily introduction of new products, schemes, brands, brand expansions, and marketing initiatives. Nevertheless, this does not guarantee that they will all make it. The FMCG industry is going to flourish because to creative ideas and astute operation. Because of this, FMCG's survival strategy now has two sides. To facilitate the growth of FMCG items in the Indian market, distribution networks are being extended farther and wider. Additionally, current customers are being upgraded to higher-end products and are being offered a wider selection of products. In addition to this, these FMCG businesses work in a highly competitive and dynamic environment. To remain competitive, they must constantly update their product line to meet the ever-evolving demands and tastes of their customers.

Rural marketing has become the hottest marketing arena for most of the FMCG companies. The rural India market is huge and the opportunities are unlimited. After saturation and cutthroat competition in urban areas, now many FMCG companies are moving towards the rural market and are making new strategies for targeting the rural consumer. Therefore, a comparative study is made on growth, opportunity, and challenges of FMCG companies in rural market. One of the most attractive reasons for companies to tap rural consumers is that an individual’s income is rising in rural areas and purchasing power of lower- and middle-income groups is also rising and they are eager to spend money to improve their lifestyle.

Table 1 Evolution of Indian FMCG Market

1950-1980	1980-1990	1990-2022
• Limited Investment • Low Purchasing Power • Government Favouring of the Small-Scale Sector	• Increase Product Availability • Increase Competition • Increase Media Penetration and Improved Advertisement	• Interest of foreign company in India • Major factor in Indian Economy • Expected Growth rate 24.7%

Source: Indian Consumer Products Industry Report (FMCG)

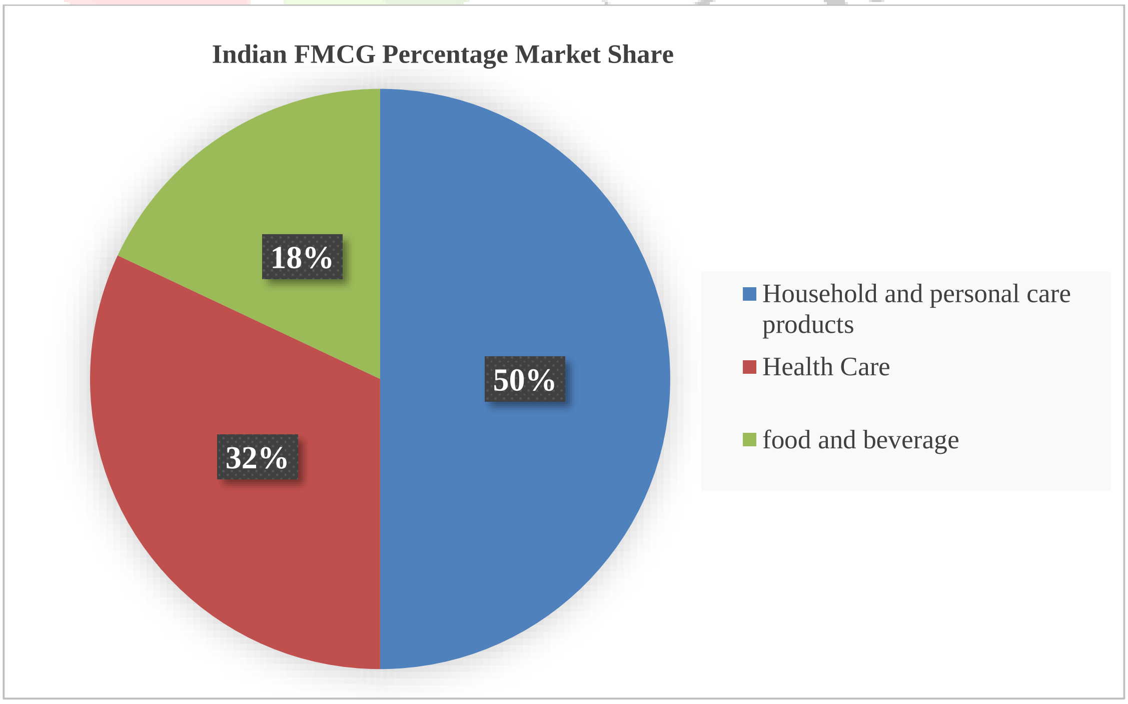
1.2 Current Scenario of FMCG industry in India

In the current situation, it is anticipated that the slowdown in India's economy and high inflation would reduce consumer demand. In addition, the falling value of the rupee has raised the cost of raw commodities. Consumer confidence will continue to decline if these cost hikes are passed on to consumers. The introduction of new competitors into the market has forced FMCG companies to increase their advertising expenditures, which is further straining their profit margins. Leading FMCG companies are investigating new product categories in an effort to expand their customer base as a result of the economic downturn and declining consumer confidence. The FMCG industry in India faces difficulties due to a combination of factors including declining brand loyalty, persistently negative customer sentiments, growing digital influence on the path to buy, and cross-channel conflict. As far as the Indian economy is concerned, the FMCG industry ranks fourth. Within this industry, there are three primary segments. Specifically, these are:

(1) Food and Beverage, which makes up 18% of the industry;

(2) Healthcare, which makes up 32%; and

(3) Personal Care, which makes up the remaining 50%.



Source: India Brand Equity Foundation

Food and Beverages: It consists of health beverages; soft drinks; staples/cereals; bakery products (biscuits, bread, cakes); snack food; chocolates; ice cream; tea; coffee; processed fruits, vegetables and meat; dairy products; bottled water; branded flour; branded rice; branded sugar; juices etc.

Healthcare: Over-the-counter Drugs, Vitamins & Dietary Supplements, Oral Care, Feminine Care, Others.

Personal Care: It consists of oral care; hair care; skin care; personal wash (soaps); cosmetics and toiletries; deodorants; perfumes; paper products (tissues, diapers, sanitary); shoe care etc.

The FMCG sector is more profitable due to its low penetration rates, well-established distribution network, cheap operational costs, low per capita consumption, huge customer base, and generally easy manufacturing processes that require relatively small capital investments for the majority of items. The existence of both domestic and multinational corporations as well as the unorganized sector makes the industry extremely competitive. Unorganized players that sell unbranded and unpackaged goods take up a significant share of the market. Products costing Rs 10 or less account for more than 50% of FMCG firms' overall sales. Due to limited brand awareness, this has led to the rise of localized brands that are sold in informal packaging in small towns and rural areas. The FMCG industry in India has witnessed revenue growth of 21.4% throughout the past ten years. Revenues in the FMCG sector saw a sharp shift, rising from US$ 31.6 billion to US$ 52.8 billion between 2011 and 2018, respectively. The FMCG sector in India is projected to expand at a compound annual growth rate (CAGR) of 27.9%, reaching a total value of US$ 103.7 billion by 2020. In addition, it is anticipated that the rural FMCG industry will expand at a 14.6% compound annual growth rate (CAGR) to reach US$ 100 billion by 2020 and US$ 220 billion by 2025. Of the overall revenue generated by the FMCG industry, the rural environment contributes 45% and the urban setting 55%. Over 65% of India's population lives in rural areas.

2. Objectives

- To present an overview Indian FMCG sector
- To study the growth of Indian FMCG sector
- To critically analyse Indian FMCG sector

3. Methodology

This study aims to critically assess and give a quick outline of the FMCG companies. The secondary data used in the study was gathered from companies' financial statements, India Brand Equity Foundation (IBEF) and reports.

3.1 An Overview of Indian FMCG sector

Rising consumer demand and the cost of goods, particularly necessities, led to the expansion of the FMCG sector in India. Three million people work in the FMCG sector in India, which makes up around 5% of all factory jobs in the country. In 2022–2023, the country's FMCG sales were projected to increase by 7-9% in revenue. An increasing rural market and youth population, new branded items, the expansion of e-commerce platforms, and favourable government initiatives and legislation are the main growth factors for the industry. The production process, day-to-day operations, retail and logistical channels, consumer insights, and communication all need to prioritize resilience if FMCG companies are to endure over the long term and provide greater value for their customers. With a boost from contemporary trade and a resurgence in rural India, India's fast-moving consumer goods (FMCG) sector increased 7.5% by volumes in the April-June 2023 quarter—the fastest rise in the previous eight quarters. The main factors driving expansion in this industry have been shifting lifestyles, simpler access, and growing awareness. By far the biggest contributor to the total revenue earned by the FMCG sector in India is the urban segment, which makes up roughly 65% of the total. The FMCG market in rural India has, nevertheless, expanded more quickly in recent years than in urban India. Half of all rural spending is on FMCG products, and the semi-urban and rural segments are rising at a very quick speed.

Table 2 A Brief Profile of the Selected FMCG Companies

Sr. No.	Sampled FMCG Companies	Sampled FMCG Companies as per their market capitalization (INR Lakh Crore) on March 2024
1	Hindustan Unilever Limited (HUL)	5,32,276.40
2	Imperial Tobacco Company (ITC)	5,10,679.35
3	Nestle	2,40,856.10
4	Godrej Consumer Products Limited	1,23,362.36
5	Britannia	1,16,099.72
6	Dabur India	91,853.65
7	Colgate Palmolive	71,122.88
8	Marico	62,404
9	Procter & Gamble(P&G)	47,848
10	Glaxo Smith Kline (GSK)	31699.26

Source: Forbes India as Per on 29/04/2024

❖ **Hindustan Unilever Limited (HUL):**

Hindustan Unilever Limited British-owned Indian final good company headquartered in Mumbai founded on October 17, 1933 with its extensive product portfolio spanning personal care, home care, and food, one does not have to wonder why HUL is still one of the top FMCG companies in India. In 20 different categories, including soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged meals, ice cream, and water purifiers, the company counts over 35 brands. The market capitalization and return on capital utilized by the company INR 5,32,276.40 lakh crores and RoCE (Return on Capital Employed) 102.4% respectively on March 2024. HUL's success may be ascribed to both its creative marketing approaches and its unwavering concentration on producing high-quality products.

❖ **Imperial Tobacco Company (ITC):**

ITC Limited is an Indian conglomerate company, headquartered in Kolkata. Company was founded on August 24, 1910. ITC Limited operates in a number of different industries, including FMCG, hotels, packaging, specialty paper and paperboard, and agribusiness. ITC is the only firm of its scale and diversity in the world that is carbon, water, and solid waste recycling positive, proving its aim to be a model for sustainability practices. Furthermore, over 6 million individuals, the bulk of whom are among the poorest in rural India, are provided with sustainable livelihoods through ITC's enterprises and value chains. The company’s market capitalization and return on capital employed (ROCE) were Rs. 5,10,679.35 crores and 25.18% respectively on March 2024.

❖ **Nestle:**

Swiss multinational food and drink processing conglomerate corporation headquartered in Vevey, Switzerland. It was founded on March 28, 1959. Nestle S.A., a Swiss company, has a subsidiary called Nestle India. Nestle India produces goods of genuinely global quality under well-known brand names including Nescafe, Maggi, Milky bar, Kit Kat, Bar-One, Milkmaid, and Nestea. In recent years, the company has also launched goods for everyday use and consumption like Nestle Milk, Nestle Slim Milk, Nestle Dahi, and Nestle Jeera Raita. The return on capital employed (ROCE) and market capitalization of the company were 161.6% and Rs. 2,40,856.10 crores, respectively, on March 2024.

❖ **Godrej Consumer Products Limited:**

Godrej Consumer Products Limited (GCPL) is an Indian Multinational consumer goods company. It was founded in April 2001. Godrej has significantly increased consumer trust and brand equity over time. Reliability and quality are linked to the Godrej brand. GCPL has been able to build loyal customers because to this trust element. Godrej has greatly aided in its growth by increasing its footprint abroad. By using a worldwide expansion strategy, Godrej has also been able to apply successful techniques across geographies and learn from various markets. The market value of the company was Rs. 1,23,362.36 crores, and its return on capital employed (ROCE) was 17.34% on March 2024.

❖ **Britannia:**

India's Britannia Industries Limited is a multinational manufacturer of food items.
Company was founded in 1892. Britannia Industries is a prominent food product company in India. Biscuits, bread, cakes, rusks, and dairy products like cheese, drinks, milk, and yoghurt are among its product categories. The market value of the company was Rs. 1,16,099.72 crores, and its return on capital employed (ROCE) was 39.83% on March 2024.

❖ **Dabur India:**

Dabur Ltd is an Indian multinational consumer goods company. The company was founded in 1884. Among the top FMCG companies in India is Dabur India Ltd., with a line of more than 250 herbal and Ayurvedic products, it is also a global pioneer in Ayurvedic medicine. It is active in important consumer product categories such as foods, home care, skin care, hair care, and dental care. Market capitalization and return on capital employed (ROCE) for the company was Rs. 91,853.65 crores and 24.63%, respectively, on March 2024.

❖ **Colgate Palmolive:**

Colgate-Palmolive Company is an American multinational consumer products company headquartered on Park Avenue in Midtown Manhattan, New York City. It was founded in 1937. Colgate-Palmolive is a multinational corporation with operations in more than 200 nations. It produces and sells goods for home care, pet nutrition, oral care, and personal hygiene. The market capitalization and return on capital employed (ROCE) of the company were Rs. 71,122.88 crores and 44.79% respectively on March 2024.

❖ **Marico:**

Marico Limited is an Indian multinational Consumer goods Company. The company was founded in 1988. One of the top manufacturers of consumer goods in the beauty and wellness sectors in India are Marico Limited. In the areas of edible oils, health foods, male grooming, fabric care, hair care, and skin care, Marico offers a number of brands. Market capitalization and return on capital employed (ROCE) for the company was Rs. 62,404 crores and 42.06% respectively, on March 2024.

❖ **Procter & Gamble(P&G)**

The Procter & Gamble Company (P&G) is an American multinational consumer goods corporation headquartered in Cincinnati. It was founded in 1967. Feminine care, baby care, and healthcare items are among the products that Procter & Gamble Hygiene and Health Care Limited, an Indian consumer goods firm, manufactures and distributes. The market capitalization and return on capital employed (ROCE) of the company were Rs. 47,848 crores and 95.84% respectively on March 2024.

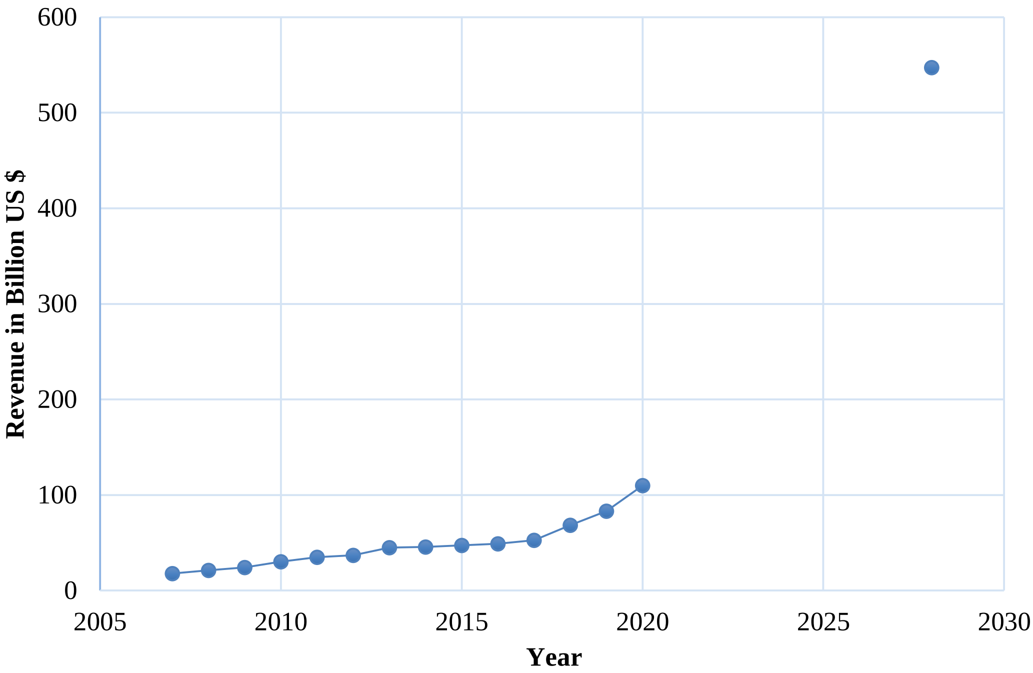
❖ **Glaxo Smith Kline (GSK)**

GSK is a British multinational pharmaceutical and biotechnology company. It was founded in November 1924. Immunizations and prescription drugs are among the company's offerings for customers. Anti-infective, dermatology, gynecology, diabetes, cancer, cardiovascular disease, and respiratory disorders are just a few of the therapeutic areas covered by its prescription medication line. Along with these, it provides a variety of vaccines to protect against invasive diseases caused by H, influenza, rotavirus, chickenpox, diphtheria, pertussis, tetanus, and hepatitis A and B. The market capitalization and return on capital employed (ROCE) of the company was Rs. 31699.26 crores and 22.21% respectively on March 2024.

Market Size and Growth of FMCG Sector over the Years

In 2023, the FMCG market had a valuation of US$167 billion. It is anticipated that the FMCG market will generate roughly US$ 615.87 billion in revenue by 2021–2027, growing at a compound annual growth rate of 27.9%. Rural India provided more than 35% of the total annual FMCG sales in 2022, while the urban segment contributed 65%. Government spending and a good harvest are anticipated to support the revival of rural demand in FY24. In the previous fiscal year, the industry saw growth in both sales and volumes of 8.5% and 2.5%, respectively. The industry saw value growth of roughly 8.4% from January to June of 2022 as a result of price increases brought on by inflationary pressures. The FMCG industry recorded a 10.9% year-over-year increase in value in Q2, 2022, which was greater than the 6% growth in value observed in Q1. The Indian food processing industry is projected to develop at a compound annual growth rate (CAGR) of 9.5% from 2023 to 2028, from a size of US$ 307.2 billion in 2022 to US$ 547.3 billion.

Fig. 1 Market size of fast moving consumer goods in India from Financial Year 2007 to 2020, with forecast until 2027



Source: Consumer Goods and FMCG Statista report

Analysis of FMCG Sector "PEST" Analysis

i) Political

❖ **Tax Structure:** Complex tax structure, a high level of direct tax, and shifting tax laws are hurdles facing this sector.

❖ **Infrastructure Challenges:** Government spending on transportation, electricity, and agricultural infrastructure has a significant impact on the FMCG sector's performance.

❖ **Regulatory Limits:** Obtaining many state permissions and licenses, adhering to antiquated labour regulations, and arduous and protracted export procedures are some of the main restrictions.

❖ **Policy framework:** License rules for industry establishment, changes to the statutory minimum price of commodities, and foreign direct investment (FDI) in the retail sector (single- and multi-brand retail) are impediments to the sector's expansion.

ii) Economical

❖ **GDP Growth:** The FMCG industry's growth is in line with the expansion of the Indian economy. Its growth over the last five years has been CAGR of 14.9%. It indicates a bright future for this industry.

❖ **Inflation:** Although the Indian FMCG sector has not been significantly impacted, inflationary pressures have changed the purchasing power of consumers, a problem that the country's economy has been facing recently.

❖ **Consumer Income:** India's economy has grown more rapidly in recent years. From 1,438.06 US dollars in 2013 to 2610 US dollars in 2023, India's GDP per capita income grew. As a result, consumer spending increased.

❖ **Private Consumption:** Compared to other economies, India's private consumption rate is exceptionally high at 57% of GDP in 2023-24.

iii) Social

❖ **Shift in Consumer Profile:** Rising per capita income, rapid urbanization, rising literacy rates, and an increase in nuclear families have all contributed to rapid development and a shift in demand patterns, which has created a wealth of new options. In India as per census 2011, almost 45% of the population is under 20 years old, and this percentage is expected to continue rising.

❖ **Change in Lifestyle:** Over the past ten years, Indian consumers' consumption patterns have changed, with 52% of their expenditure going toward discretionary items rather than essentials (such as food and clothing). Over the past ten years, the industries with the greatest growth have been clothes, footwear, and healthcare; in contrast, necessities like cereals, edible oil, fruits, and vegetables have exhibited decline.

❖ **Concentration on rural areas:** Company penetration in rural areas is being targeted by offering small-sized or single-use packs, like packets, to consumers as the market becomes more saturated.

iv) Technology

❖ Leading companies such as HUL, ITC, and others are the only ones that effectively utilize technology.

❖ E- Commerce will boost FMCG sales in future. A new PLI scheme for the food processing industry was approved by the Union government, requiring an expenditure of Rs. 109 billion (US$ 1.46 billion) in financing. The program's incentives will be paid out over a six-year period, ending in 2026-2027. By 2023, digital advertising is expected to generate US$ 9.92 billion, with the FMCG sector accounting for 42% of all digital spending.

Analysis of FMCG Sector "SWOT" Analysis

i) Strengths

- **Low operating expenses:** This sector's low operating costs are one of its main advantages.
- **Presence of established distribution networks in both urban and rural areas:** Existing distribution networks in both rural and urban settings. Customers have easier access because to the well-established and extensive distribution networks of both MNC and Indian FMCG companies.
- **Popular FMCG brands:** The Indian FMCG industry benefits from the presence of strong brands not just from higher sales but also from potential future growth.

ii) Weakness

- Limited opportunities for obtaining economies of scale and investing in innovations, particularly in smaller industries.
- "Me-too items, which imitate the labels of well-known companies. These goods reduce the variety of FMCG goods available in marketplaces that are semi-urban and rural.
- Less inventive systems and abilities: Small businesses in the Indian FMCG sector, in particular, are falling behind in implementing creative strategies to meet customer expectations.

iii) Opportunities

- **Undiscovered rural market and evolving lifestyle:** FMCG companies have a chance to capitalize on a vast, fragmented, and unexplored rural market. Particularly in rural areas, the penetration level for several FMCG product categories is extremely low.
- **An increase in customers' purchasing power due to rising income levels:** The McKinsey Global Institute analysis predicts that over the next 20 years, Indian consumers' income levels would nearly triple, making them the world's fifth-largest consumer market by 2025.There will be 583 million middle class people in India, or 41% of the total population. The percentage of extremely rural poverty is expected to decrease to 26% by 2025, from 94% in 1985 to 61% in 2005. The Indian consumer will thus have more purchasing power as a result.
- **Significant domestic market with a higher percentage of people under 25:** With 54% of its population under 25, India has a comparatively young population. Population growth and rising productivity drive economic expansion as well as individual consumption.

iv) Threats

- MNC entry after liberalization: The Indian market has grown extremely competitive in the years after liberalization. Numerous multinational companies have joined the Indian market.
- When import restrictions were lifted, home-grown brands were replaced.
- Demand in rural areas is cyclical in nature and heavily dependent on the monsoon.
- One of the main dangers facing the FMCG industry is the complex, shifting, and inconsistent tax system.

❖ All businesses are now required by new packaging regulations to sell their goods in packets of uniform size.

4. Current Scenario of FMCG Sector with digital platform

An average Indian spends over 7.3 hours a day on their smartphone, making them one of the world's most active internet users with 780 million users. From 759 million in 2022 to 900 million in 2025, India will have more people using the internet regularly. In 2021, India’s consumer spending was $1,891.90 billion. Indian villages are essential to the sector's overall recovery because they account for more than 35% of yearly FMCG sales. Among educated consumers, who are well-off and spend an average of roughly Rs. 5,620 (US$ 68), e-commerce currently makes up 17% of all FMCG consumption. It is projected that the Indian e-commerce sector will reach US$ 185 billion by 2026, up from US$ 83 billion in 2022. It is anticipated to reach a gross merchandise value of US$ 350 billion annually by 2030. India is predicted to have over 907 million internet users by 2023, or almost 64% of the country's entire population, which will drive the expansion of e-commerce. Over the last five years, the market has expanded rapidly because of the rise in internet and smartphone users, better regulatory reforms, and rising disposable income. Customers are increasingly using debit/credit cards, mobile wallets, and Internet banking to make purchases on e-commerce platforms. There were 1.2 million e-commerce transactions each day as of 2021. By 2026, it is expected that the entire value of digital transactions would have increased to US$ 1 trillion from US$ 300 billion in 2021. The size of the online grocery market in India is expected to increase at a compound annual growth rate (CAGR) of 32.7% from US$ 4,540 million in 2022 to US$ 76,761.0 million by 2032. India's FMCG market is projected to grow at a 14.9% compound annual growth rate (CAGR) from US$ 110 billion in 2020 to US$ 220 billion by 2025. Despite statewide lockdowns, the Indian FMCG business grew by 16% in CY21, reaching a 9-year high. This growth was driven by increased prices for commodities and consumption-led growth. The processed food market in India is expected to grow from US$ 263 billion in 2019–20 to US$ 470 billion by 2025.

Some of The Recent Developments and Investments in The FMCG Sector are as Follows:

- ITC stated in January 2023 that it will buy all of Sprout life Foods (SFPL), a direct-to-consumer (D2C) start up and the parent company of the health food brand "Yoga Bar," for a total of three to four years.
- ITC launched a 59-acre food processing facility in Telangana in January 2023. The facility will produce Atta, chips, cookies, and noodles in stages, all of which the company would sell under well-known brands like Sunfeast and Aashirvaad.
- Announcing its entry into the "Health & Wellbeing" category in December 2022, Hindustan Unilever Limited (HUL) said it would make strategic investments in Zywie Ventures Private Limited ("OZiva") and Nutrition lab Private Limited ("Wellbeing Nutrition").
- In order to grow into new related categories and grow its food business to Rs. 500 Crore (US$ 60.3 million) in 3 years, Dabur India Limited purchased a 51% share in Badshah Masala Private Limited in October 2022.

- In the food processing and single-brand retail sectors, the government has approved 100% Foreign Direct Investment (FDI), while 51% has been permitted in the multi-brand retail industry. Increased employment, a stronger supply chain, and increased visibility for FMCG brands in organized retail markets would result from this, which would increase consumer spending and drive the introduction of new products. Food processing got US$ 12,354 million in foreign direct investment (FDI) between April 2000 and September 2023.
- The "Inclusive Circular Economy" project, which aims to manage plastic trash end-to-end by encouraging garbage segregation at the source and collection of the separated waste, was announced in January 2023 by Hindustan Unilever Limited and UNDP.
- In order to improve crop residue management programs in northern India and create a Geographic Information Systems (GIS) tool that tracks, monitors, and identifies locations where stubble-burning is practiced and those where it is not, ITC and IIT Delhi will collaborate in November 2022.
- By 2030, Amazon hopes to have 50% of its shipments be carbon-neutral.
- Following the collection, processing, and recycling of almost 27,000 metric tons of post-consumer plastic waste, Dabur India achieved 100% plastic waste neutrality in 2021–2022.
- In a joint analysis, property consultancy firm Anarock and industry association FICCI predicted that the Indian e-commerce market will grow from US$ 38 billion in 2021 to US$ 120 billion by 2026.
- Dabur India declared in April 2022 that it would integrate a hundred electric vehicles into its supply chain for the purpose of distributing products over the last mile.
- Over 140 million Indane LPG user households in India will have direct access to Dabur's products according to an exclusive relationship between Dabur India and energy provider Indian Oil that was signed in February 2022.
- Marico Ltd. declared in February 2022 that its global activities would strive to achieve net-zero emissions by 2040.

Government Initiatives: The following are a few of the significant steps the government has made to support the FMCG Industry in India:

- The Union Budget 2023–2024 provides incentives for innovations and advancements in food infrastructure R&D, which is very positive for the FMCG sector's modest growth.
- With a budgetary expenditure of Rs. 109 billion (US$ 1.46 billion), the Union government approved a new PLI scheme for the food processing industry. The scheme's incentives will be paid out over a six-year period, ending in 2026–2027.
- Using a private investment of Rs. 706.04 crore (US$ 85.4 million), a total of 112 food processing projects were completed and put into service in 2022, creating 25,293 jobs both directly and indirectly.
- The Income Tax Act has allowed the Center to deduct 100% of profits for the first five years and 25% of profits for the subsequent five years for newly established ago-processing businesses that package and preserve fruits and vegetables, in an effort to stimulate the food processing industry.

- To support the establishment of incubation centres and improve skill development to support the nation's start-up ecosystem while easing the process of conducting business, NITI Aayog is to establish an initial allocation of Rs. 1,000 crore (US$ 120.7 million) for SETU.
- The FMCG industry has benefited from government incentives and foreign direct investment (FDI) funds by creating a more stable supply chain, increasing employment, and giving FMCG brands substantial exposure in established retail markets.
- PLI programs, which are intended to lower import costs, boost local capacity, improve the cost competitiveness of items produced domestically, and encourage exports, have been allotted US$ 976 million in the Union Budget 2023–2024.
- Since many FMCG products, such soap, toothpaste, and hair oil, are now subject to the 18% tax bracket rather than the previous 23-24% tax rate, the Goods and Services Tax (GST) is advantageous for the FMCG sector. Additionally, the GST on hygiene goods and food products has been lowered to 0-5% and 12-18%, respectively.

5. Summary Concluding Remarks and Suggestions

The fast-moving consumer goods (FMCG) sector contributes significantly to global economic growth by generating income and job possibilities. FMCG companies need to constantly innovate and adapt in order to maintain a competitive edge, given the constantly changing market trends and consumer preferences. Businesses can better position themselves for success in this quick-paced and highly volatile area by knowing the essential elements, trends, and players in the FMCG industry. Millions of jobs in the manufacturing, distribution, retail, and marketing sectors of the supply chain are generated by the FMCG industry, which is a major employer being a labour-intensive industry. By generating both direct and indirect job possibilities, this industry helps to lower unemployment rates and increase overall productivity, both of which contribute to economic growth. FMCG create a consistent demand for a range of goods, which is vital to the expansion of the retail and distribution industries. Retailers and distributors are encouraged to invest in infrastructure, technology, and personnel development as a result of the high volume and quick turnover, which further supports economic growth. Value-added, corporation, and sales taxes are major sources of revenue for the government from the FMCG industry. In order to support social programs, infrastructure improvements, and public services, these revenues are necessary. They also promote stability and economic growth. Strong connections exist between the FMCG sector and a number of ancillary industries, including packaging, advertising, logistics, and transportation. These industries have a multiplier effect on the economy because their expansion and prosperity are frequently reliant on the FMCG sector's performance. Global giants including HUL, ITC, Himalaya, Britannia, Marico, and Dabur are competing for market dominance in this field. Businesses such as this have to focus their marketing efforts on fast-moving consumer goods in order to draw in customers and convince them to buy their products. Packing is therefore an essential step in the production process. Logistics and distribution systems often need secondary and tertiary packing in order to increase efficiency. In addition to offering clients information and incentives, the unit pack, sometimes referred to as the primary packaging, is crucial for maintaining the shelf life and protection of the product.

Thus, we can say that these days, fast-moving consumer goods are essential to everyday life. This industry has become a major pillar of the Indian economy since it is recession-proof and has produced a great deal of employment opportunities in India. By using its advantages, FMCG companies can profit from prospects such as rising consumer income, shifting consumer lifestyles, aspirational rural consumers, and steady economic growth. By raising brand recognition and cutting costs by pooling resources like distribution networks, one can defeat competition from the unorganized sector. The supply side, demand side, and systematic drivers are all showing positive developments, indicating a very promising future for this industry.

Given its potential to extend beyond its present boundaries, FMCG should be treated as a distinct industry and subject to different rules. Since these economies will be the ones to drive the global FMCG industry's growth, Indian FMCG companies should concentrate on establishing their bases in underdeveloped or developing nations.

6. References

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