

APPENDIX – 5

ARTICLE OF FMCG GROWTH RATE IN INDIA

FMCG sector is expected to clock over 40% growth in the Semi-urban areas in the next 5 years in India. The volume is expected to grow from Rs 38500/- Crores to Rs 50000/- Crores by 2010. According to Assocham survey, the Semi-urban areas of the country will be drivers of growth in FMCG because of rising disposable income and aspirational levels with growing penchant for FMCG products among this segment of the consumers. For rural market, the potential is high because population in rural India is thrice as compared to that of urban areas. Some of the high demanded products in this sector are, Soaps, Detergents, Biscuits, Consumer durables, Toothpaste, Batteries, Namkeens, Cold beverages, Mosquito repellants, Refined oils and Hair oils. Major players aggressively targeting the market are, HLL, Dabur, ITC, Godrej Consumer, Britannia, Coca-cola and Pepsi. Companies like HLL and ITC have increased the penetration in the Semi-urban and rural markets with project Shakti and e-choupal. Further penetration in these areas is possible particularly in the Semi-urban areas with numbers of malls coming up in 3 years. The survey also revealed that the size of urban market for FMCG products currently estimated at Rs 16500/- Crores is also expected to grow to Rs 35000/- Crores in next 5 years. At present, the FMCG market in urban areas is annually growing at 20% rate, while for Semi-urban areas, the estimated rate of growth is 10%. The total market is witnessing a 16% year on year growth with the total size estimated at Rs 55000/- Crores at present. As against this, the industry was worth Rs 47500/- Crores in the Fiscal year 2003-04.¹

¹ FMCG Growth rate- Assocham survey, Economics Times, Delhi Bureau, December 26, 2005