FMCG sector volume growth slows to 3.8% in April-June

HEADWINDS. Dip in food sector consumption, macroeconomic factors lead to slowdown

Meenakshi Verma Ambwani
New Delhi

The volume growth of India's fast-moving consumer goods (FMCG) sector came down to 3.8 per cent year-on-year (y-o-y) in the June quarter compared with 6.5 per cent in the March quarter, as per the latest data released by NielsenIQ (NIQ).

The research and insights firm said this consumption slowdown was led by the food sector and also due to the impact of macro-economic factors. The drop in volume growth is not just sequentially. Even in 2023's June quarter, the industry had posted higher volume growth at 7.5 per cent.

RELAXED PATTERNS

Roosevelt Dsouza, Head of Customer Success, India, at NIQ, said, "The Indian FMCG industry growth has been steady, reflecting its resilience and adaptability. The sector experienced a 4 per cent value growth in Q2 CY24, attributed to relaxed consumption patterns. This deceleration in volumes is largely due to macroeconomic headwinds." Price growth stabilised at a modest 0.2 per cent, underscoring a stable market environment, the report said.

Urban volume growth dipped to 2.8 per cent in June quarter from 5.7 per cent in March, while rural volume growth was down to 5.2 per cent (7.6 per cent). However, both rural and urban regions reported softer consumption trends compared with the March quarter.

The slowdown in FMCG consumption was largely due to the dip seen in food segment volume growth to 2.4 per cent in June quarter (4.8 per cent). This moderation in volume growth is attributed to staple categories including packaged salt, packaged atta and palm oil, the report added.

DIVERGING TREND. Rural volume growth at 5.2 per cent continues to outpace urban growth at 2.8 per cent REUTERS

In non-food categories, the volume growth stood at 7.6 per cent (11.1 per cent). "This downtrend in consumer demand for personal care and home care categories is observed in both urban and rural markets. In urban markets, personal care category is witnessing a volume growth at 5.2 per cent in Q2 CY24 (9.7 per cent), while in rural it is resting at 8.3 per cent (10.6 per cent)," the report noted.

Meanwhile, summer-centric categories such as soft drinks, packaged drinking water, prickly heat powder and glucose powder saw an up-tick in June quarter from last year. Soft drinks grew two times the overall FMCG growth in April-June period but moderated sequentially.

Modern trade store channel continued to grow at double digits at 10.9 per although slower than March quarter. But general trade volume growth slowed down to 3.1 per cent in June quarter compared to the previous quarter, the report noted.

'80% of online shoppers are mass consumers'

Our Bureau
Bengaluru

Mass consumers, who drive low average selling price (ASP) purchases in Indian e-commerce, constitute about 80 per cent of the total online shopper population, Meesho said in a report.

Nearly 80 per cent of Meesho's 15 crore annual transacting customers are from tier 2 and beyond towns, across categories such as women's fashion, footwear, and baby care products. States such as Uttar Pradesh and Bihar are leading e-commerce growth in this segment, the 'Meesho Smart Shopper Report' noted.

Categories like beauty and personal care, electronics, home and kitchen, and health and fitness have performed strongly among these customers, the report added. For Meesho, books, office supplies and stationary, and home improvement saw sales more than double on a year-on-year basis, it said.

GEN Z DOMINATION

Nearly 1 in every 3 users is under the age of 25, making Gen Z the fastest-growing demographic to adopt e-commerce, the report stated.

From category choices, home and kitchen is capturing a growing share of customer budgets, with approximately 10 per cent of spending dedicated to this category, reflecting a 50 per cent year-on-year growth. Tier 2+ cities significantly outpaced Tier 1 cities in orders for electronic accessories, with more than double the number of purchases.

Govt to launch mission to boost carbon capture tech, local ecosystem

Rishi Ranjan Kala
New Delhi

The government is looking at introducing a mission that will not just promote Carbon Capture Utilisation and Storage (CCUS) technologies but will also work with the industry and academia to create a roadmap for developing an India-specific ecosystem.

It is expected to offer subsidies, incentives like the viability gap funding (VGF) and tax rebates to encourage companies to create India-specific technologies and develop an ecosystem for CCUS.

NITI Aayog, Power Ministry and Principal Scientific Adviser to the Government of India are chalking out a plan .

NITI Aayog Member VK Saraswat said, "Mission CCUS is very important and Government of India is looking into itso that we can replicate what we have done with (green) hydrogen, batteries (EV) and electrolysers."

CCUS is a critical push for decarbonisation process as industrial applications are hard to electrify and industrial CO_2 emissions are hard to abate due to the use of fossil fuels.

Speaking to reporters on the sidelines of an event organised by the American Chamber of Commerce in India (AMCHAM), Saraswat emphasised the need for India to have a mission mode approach to developCCUS.

ON MISSION MODE

"The Government of India and we (NITI Aayog) are proposing to launch a CCUS approach in which different VGF and carbon pricing mechanism, taxing mechanism, carbon trading and also subsidies in terms of Production Linked Incentive (PLI) can be provided by reducing the carbon footprint in every business. So both technology development, setting up pilot plants, and making the incentives are available for the emitters," he added.

Saraswat said that one of the key elements of the mission mode approach (or Mission CCUS) would be to support setting up of pilot plants the size of 500 tonnes per day.

Dastur Energy CEO and President Atanu Mukherjee highlighted the importance of India-US collaboration in achieving India's energy transition goals and highlighted the role CCUS can play.

"India's commitment to achieving net zero emissions by 2070 is a bold and ambitious goal that requires innovative solutions and international collaboration. Dastur Energy is proud to be part of this crucial discussion and believes that CCUS technologies can be a game-changer in India's journey towards a sustainable energy future," he added.

Saraswat stressed that carbon mitigation should not be viewed as a liability, but as a requirement which comes at a price.

"You cannot do the same (level of) mitigation, abatement without paying a price for it. So if a steel plant is going to do abatement, and if the cost of steel goes up by 1 or 2 or 3 per cent, I think it should be considered as a necessary evil. We have to accept it. There is no technology in the world, neither present or future, which will be able to achieve sustainable solutions without additional cost."

"In the same way, I think we all have to appreciate why there will be measures of carbon trading, carbon certificate, efficiency and improvement. What we just can't discuss will be there, which will reduce the cost considerably, but we will have to pay a small price . Industries and the world as a whole has to prepare itself," he emphasised.

Nearly 90% of women in tech see GenAI as key to career growth: Report

Our Bureau
Bengaluru

Nearly 90 per cent women in India's tech workforce see GenAI as a critical driver for career growth, according to a report by Nasscom and BCG. However, only one-third feel prepared to use it, even as women are willing to put in extra effort for success with AI and GenAI technology, the report by Nasscom and BCG showed.

Women workforce make up about 36 per cent of India's tech workforce, but remain underrepresented in executive roles. Nearly 95 per cent of junior, 96 per cent of mid-management and 100 per cent of the senior management women are ready to invest more time to achieve professional success in GenAI.

The advent of Gen AI is set to revolutionize the tech industry, offering a unique opportunity to foster gender diversity by enabling women to overcome traditional barriers and excel in their careers, the report titled 'GenAI: The Diversity Game Changer We Can't Ignore' noted. The report was launched on the sidelines of nasscom Global Inclusion Summit at Bengaluru.

EMBRACING AI. The report showed that one in five women use GenAI tools daily ISTOCK.COM

BREAKING BARRIERS

The report showed that one in five women use GenAI tools almost daily with about 35 per cent of senior management women reporting daily usage.

Further, women view GenAI tools as a significant boost to their perceived competence, with 45 per cent of the surveyed women in tech roles experiencing higher confidence compared to their non-tech peers.

As GenAI is projected to dominate 33 per cent of the global AI landscape by 2027, the AI market is expected to reach \$320-380 billion, growing at a CAGR of 25-35 per cent, according to the report.

Despite the progression, the lower adoption and usage of GenAI tools among some women at senior management levels can be attributed to several challenges, including limited knowledge, lack of trust, restricted access to these tools, and fear of competence scrutiny.