

FMCG industry to clock 7-9% revenue growth this fiscal: Crisil Ratings

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The fast-moving consumer goods (FMCG) sector is expected to see 7-9 per cent revenue growth this fiscal on the back of anticipated volume growth, supported by revived rural demand and steady urban demand, a report by Crisil Ratings stated. This follows an estimated 5-7 per cent growth in fiscal 2024.

Aditya Jhaver, Director, Crisil Ratings, said, "We expect volume growth of 6-7 per cent in fiscal 2025 from rural consumers (about 40 per cent of overall revenue), supported by expectation of better monsoon benefiting agricultural production and hike in minimum support price supporting farm incomes. Higher government spending on rural infrastructure, primarily through Pradhan Mantri

The ratings agency expect volume growth, supported by revived rural demand and steady urban demand

Awaas Yojana-Grameen (PMAY-G) for affordable houses, will aid higher savings and spending in rural India."

PREMIUMISATION

On the other hand, the ratings agency expects volume growth from urban regions to remain steady at 7-8 per cent during FY 2025, supported by rising disposable incomes and continued focus on premium offerings by players, especially in the personal care and home care segments.

Revenue growth for the sector will also be supported

by a modest realisation growth (1-2 per cent), primarily due to a marginal rise in the prices of some key F&B raw materials in the food and beverages segment.

The industry is also witnessing an increase in premiumisation trends and this, along with volume growth, will expand operating margins by 50-75 basis points to 20-21 per cent, the ratings agency stated.

Rabindra Verma, Associate Director, Crisil Ratings, added, "Revenue growth will vary across product segments and firms. The F&B segment is expected to grow 8-9 per cent this fiscal, aided by improving rural demand, while the personal care segment will grow 6-7 per cent. The home care segment is expected to grow 8-9 per cent, led by continued premiumisation push and steady urban demand."