

Rural markets to return to pre-GST level soon: HUL

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FMCG MAJOR HUL on Thursday said some pockets in wholesale trade and rural areas are yet to return to normal level after taking a hit from demonetisation and pre-GST destocking, and the sales in these areas are expected to pick up soon.

A good monsoon and government's increased spending on rural areas will be major contributing factors in the growth of FMCG sector, it added.

"As far as FMCG is concerned, there has been a bit of turbulence first with the demonetisation and then with run-up to GST," Hindustan Unilever CEO and MD Sanjiv Mehta told *PTI* on the sidelines of the Economist Summit.

He further said in the last two consecutive years, the sector has suffered due to drought and its impact. Rural markets, which have historically huge growth rates, had come down significantly due to the combined impact.

"We certainly believe that the markets would pick up...we are always optimistic about the medium to long-term FMCG prospects in the country," he said.

Mehta further said: "I think the kind of steps the government is taking and also with good monsoon, certainly not in a very distant future, we should start seeing a pick-up in rural India."

On the impact of GST implementation, he said: "What has gone disrupted is the supply

chain because there were lot of wholesalers who had stopped buying before the GST came in."

Similarly, he said some big customers have stopped buying and it had an adverse impact.

"But I believe that it should start easing up and it has eased up in many parts of the country, however there are still some pockets where things are a bit tough where the wholesale trade has still not gone back to the earlier rhythm of the buying patterns. It should be coming back,"

Mehta said.

The company, which manufactures almost 97-98% of its products in India, has almost completed its new unit in Assam and would be inaugurated soon.

Besides, HUL's export figure stands at Rs 1,000 crore annually, he added.

When asked if the company was looking to enhance its exports he said: "We are certainly looking at the options as how we could become a bigger manufacturing base for Unilever."