

# Govt should closely monitor the demand situation: HUL chief

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HUL chairman and managing director Sajiv Mehta. **MINT**



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The government must closely monitor the demand situation, and step in if consumer demand does not pick up in the next few months, said Sanjiv Mehta, chairman and managing director, Hindustan Unilever Ltd. HUL, which dominates India's packaged consumer goods market, and sells soaps, shampoos, detergents and packaged soup, is intrinsically linked to the domestic consumption story with millions of urban and rural households buying its popular Lux, Dove and Kissan brands.

While demand for some essential goods remains intact, a weak economy is bound to impact the growth prospects of some of the world's largest companies invested in India.

Steps taken by the government to cushion the economy—such as providing collateral-free automatic loans to MSMEs and the introduction of the long-awaited reforms in agriculture—are steps in the “right direction”, Mehta said.

“The Indian government took a series of steps to provide relief to the most vulnerable sections of the population by providing foodgrain, support in terms of increased allocation under MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme), direct transfer of cash and increasing the minimum support price of foodgrain from

farmers,” he said at the company's annual general meeting on Tuesday.

However, it remains to be seen whether these steps will help kick-start growth. “While the above steps were necessary, and they will have a trickle-down effect on demand, the debate remains whether these were sufficient to kick-start a virtuous spiral of growth, or would it require a substantive demand-side stimulus,” Mehta added.

From a demand perspective, the fear of job losses, dwindling

**He said govt steps taken to cushion the economy are welcome, but it remains to be seen if they can kick-start growth**

earnings and eroding investments have made people circumspect about spending, he said. As a result, “the government should keep a close watch on the demand situation

and step in unhesitatingly, if demand does not pick up in the next few months.”

Earlier this month, the company had informed stock exchanges that it has ramped up production to 80-90% of normative levels and majority of its suppliers in India have resumed business.