

The Telegraph

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Mon, 26 Aug-19; Telegraph - Kolkata; Size : 250 sq.cm.; Circulation:448187;
Page : 7

Unilever upbeat on India

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Calcutta: Global FMCG major Unilever does not foresee changing its bet on the long-term potential of India despite murmurs of economic slowdown and deceleration in private consumption growing louder in the country.

The British-Dutch multinational believes India offers a massive opportunity for a company like Unilever as the country lags behind other developing economies in the region in FMCG consumption.

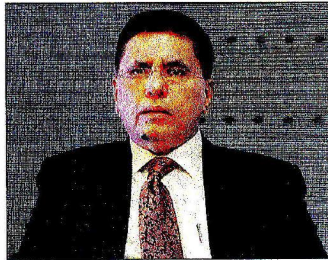
Accordingly, the company's existing strategy remains unchanged, and it does not anticipate pulling back on innovation or spending.

Indian subsidiary Hindustan Unilever Ltd is, in fact, looking to complete the acquisition of the consumer product business of GSK by the end of the year and capitalise on the purchase.

"From Unilever's point of view, our commitment to India has not changed at all. This is the second-biggest company (HUL) within the Unilever world and there is massive potential (in India)," Sanjiv Mehta, president of Unilever south Asia, said.

According to Mehta, who is also the chairman and managing director of HUL, there is enough headroom.

Per capita consumption of FMCG in India stands at \$35, whereas it is double of that in Indonesia and four times in China. Moreover, the consumption in rural India, where two-third of the 130-billion popula-



Sanjiv Mehta in Calcutta on Friday.

Picture by Sanat Kumar Sinha

tion live, is half of the urban centres.

Speaking on the sidelines of a marketing and brand conclave organised by Bengal Chamber of Commerce & Industry, in association with **The Telegraph**, Mehta said the performance of HUL remained robust.

Best of both worlds

HUL operates in three broad categories — home care, beauty and personal care, food and refreshment. There are multiple brands pegged at different price points to capture consumer spend, irrespective of the market condition.

"In most our big categories, we have a pretty wide portfolio, straddling both the price and the benefit pyramid. When economy is relatively soft, there are brands to capture if any downtrading is happening. Similarly, when the markets are good, we have brands to capture the

upper end," Mehta explained.

The April-June, 2019-20 quarter number appears to be backing the strategy.

HUL's underlying volume grew 5 per cent and sales rose 7 per cent. "From a strategy perspective, we are not pulling back innovation or spending. Our strategy remains unchanged," Mehta said.

Pills for rapid growth

The HUL boss suggested that India must focus on strengthening the rural economy and bolster the small- and medium-scale industry.

"You have to create opportunity for farmers to increase their income. One thing that stares at me is that a small country like the Netherlands is the world's largest exporter of agri products. Why can't a country like India be a granary to the world? For that we have to get technology in the agri sector and create an ecosystem of market access, provide credit access," Mehta explained.

According to him, the country needs as many good managers as entrepreneurs. "India needs managers as well as a massive pool of entrepreneurs, who in turn can create more livelihood. It becomes then a fulcrum of growth," he added.

No need to panic

A back-of-the hand calculation shows that India would conservatively add close to \$270 billion to its nominal GDP annually. "This is not a small sum of money. As a country, we should not panic," Mehta signed off.