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Plan Closures, Track Rural Economy

ET INTERVIEW
SANJIV MEHTA CHAIRMAN, HUL

Hindustan Unilever honcho says supply smooth at present
Sagar Malviya & Chaitali Chakravarty

Mumbai | New Delhi: Hindustan Unilever (HUL) chairman Sanjiv Mehta said micro containment centres, rather than broad lockdowns, would be better at taming the surging pandemic and ensuring economic activity doesn't seize up.

The head of India's biggest consumer goods firm said there had been minimal disruption so far due to closures during the current Covid-19 wave and that supply of essentials has been smooth.

"Even localised lockdowns can prove effective and need to be implemented with huge discipline," Mehta told **ET** in an interview. "The challenge for us is that unlike rich countries, we cannot put trillions of dollars in stimulus. The need of the hour is to do lockdowns in a systematic fashion while bringing in massive focus on ramping up healthcare infrastructure, adopting Covid-appropriate behaviour at scale and taking vaccinations wherever accessible."

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Broader Consumer Sentiment

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HUL's performance is considered a proxy for broader consumer sentiment in India. It reported a 41% increase in net profit and 35% growth in sales in the March quarter, led by steady rural demand that recovered on the strength of a good monsoon and government-led initiatives.

Analysts said HUL's homecare and personal care growth was subdued — even when seen from a two-year compounded annual growth rate (CAGR) perspective — at 4.7% and 1.8%, respectively.

"The much-anticipated recovery in the laundry business could possibly get pushed out by another quarter or so again, given the new ro-

unds of lockdowns being imposed in pockets," said an investor note by JM Financial.

In the past few weeks, states such as Uttar Pradesh, Maharashtra, Haryana, New Delhi and Karnataka have announced lockdowns, curfews and other restrictions against Covid-19. While most companies, including HUL, saw operations come to a standstill after the nationwide lockdown was imposed at the end of March last year, the company said the situation will not be as bad this year.

'DIFFERENT THIS TIME'

"It is a fast-evolving situation. If tomorrow, the nature of the lockdown changes, the scenario will be different," Mehta said. "But if I we-

re to look at it today, compared to the same period last year, it is very different this time around. Today, our supply lines are running. We also urge people not to hoard because supply lines are fully operational, stores are open and there is no hard lockdown."

However, for the maker of Rin, Dove and other household staples, rural — the only bright spot since a year — will now need close monitoring.

"The finance minister has to keep a close watch on whether there is going to be a collateral impact of the slowdown, containment or localised lockdowns on the rural economy," Mehta said. "Depending on that, what was provided as an impetus to the rural economy

last time — whether it is direct transfer of money, supply of food-grain or increasing outlay on MGNREGA, is something which might have to be extended."

SHARING THE BURDEN

As with several top Indian businesses such as Reliance, Tata and ITC, HUL has also been stepping in to fill gaps in the healthcare system, such as the medical oxygen shortage. While the company has managed to organise about 90 concentrators so far, parent Unilever has been able to obtain 2,400 concentrators after a global search. They are being airlifted to India.

HUL said it's facilitating and will cover costs incurred in vaccinating around 300,000, including those who work for its distributors, small suppliers and micro entrepreneurs known as Shakti Ammas.

"If the private sector can afford to

pay, they should pay for the vaccine, so you lessen the pressure on the government. You can also provide incentive to the vaccine manufacturers to boost production," Mehta said. "We need the vaccine manufacturers to have reasonable incentive to boost production, and the private sector should also chip in to augment government resources so we can facilitate speed and the vaccination of people."

HUL has about 60 full-time doctors working for it, up 40% from pre-pandemic levels. It also has 44 fully-equipped ambulances, 30 isolation rooms and 214 hospital tie-ups across the country. HUL has started a programme where non-healthcare volunteers, dubbed Nightingales, are stepping in to provide help in terms of linking patients to doctors or coordinating with hospitals for beds where required.