

"IMPACT OF FAST MOVING CONSUMER GOODS ON GROSS DOMESTIC PRODUCT."

<u>Author</u>	<u>Research Guide</u>
Name-Alvita Shantaram Hudar Designation- Research Scholar College Name- Changu Kana Thakur (CKT) Arts, Commerce & Science College, New Panvel	Name- Dr. Kirti Varma Designation- Associate Professor & Research Guide College Name- Changu Kana Thakur (CKT) Arts, Commerce & Science College, New Panvel

ABSTRACT:

Fast-moving consumer goods (FMCG) are pro-durable goods and soft drinks, toiletries, Over-the-counter drugs, processed foods products that are sold quickly and at relatively Low cost. Examples include none and other consumables.

In India's economy, the FMCG sector ranks as the fourth-largest industry. India compared with rural India. In recent years, the FMCG sector has emerged as one of the fastest-growing segments of the economy. These companies are integral to our daily routines, offering essential consumer products. FMCG companies are crucial to our everyday life. From tooth paste, soaps, daily use items etc. FMCG companies have maintained a strong presence in the Indian market and are expected to grow even further. While the industry includes several established giants, the emergence of new players has significantly reshaped the competitive landscape.

The top Indian FMCG companies include names like HUL, NESTLE, AMUL, P&G, PARLE. The primary objective of this paper is to examine the Fast-Moving Consumer Goods (FMCG) sector in India and assess its impact on the country's GDP. This paper focuses on Significance of FMCG Sector, Impact of FMCG on Urban and Rural areas, segments of FMCG, Growth in Indian FMCG Sector, FMCG contribution to GDP, Market Share of Companies in a few FMCG Categories, Top FMCG Companies and their growth, Advantages and Disadvantages of FMCG Sector and Scope of

the FMCG Sector. Data has been collected from multiple sources of evidence, in addition to books, Websites, and newspapers.

Key Points - FMCG, Indian market, economic impact, rural and urban areas, sector growth, major companies, consumer products

INTRODUCTION TO FAST MOVING CONSUMER GOODS (FMCG)

Fast-Moving Consumer Goods (FMCG) cater to India's increasing demand for everyday essential products and services. A large segment of the population relies on FMCG companies to fulfill these basic needs. These products are bought often, in large quantities, and usually at low prices.

Household items, over the counter medicines, food, personal care items, and stationery and consumer electronics are some examples.

Leading FMCG companies have an extensive distribution network that covers the entire country, ensuring their products are widely available. Their products typically have a high turnover rate on store shelves. Unlike fast-moving consumer goods, long-lasting products like furniture and home appliances are infrequent purchases due to their extended usability.

E-Indian Economy is currently witnessing a synergy of explosive growth in retail market driven by FMCG, coupled with consumer's rapid adoption of e-commerce. E-commerce and digital connectivity are no longer confined to urban areas, as rural populations increasingly access these services thanks to widespread use of smartphones, credit/debit cards, and online banking. Customers across the remotest parts of India are still waiting to be reached and served. next major challenge for large FMCG companies is ensuring their products reach these consumers. The Indian FMCG sector has experienced steady growth over the years, driven by rising disposable incomes, a growing young population, and heightened brand awareness among consumers. Additionally, the adoption of new technologies by Indian consumers has significantly transformed the demand landscape. The next major challenge for large FMCG companies is ensuring their products reach these consumers. The Indian FMCG sector has experienced steady growth over the years, driven by rising disposable incomes, a growing young population, and heightened brand awareness among consumers. Additionally, the adoption of new technologies by Indian consumers has significantly transformed the demand landscape.

There is high attention on the affluent and elite households in India, but the major focus has been in metros, state capitals and larger towns. There is a strong and growing market in the next tier of towns with population of less than 1 million, these towns number more than 600 spread in the width and breadth of India.

INTRODUCTION TO GDP

GDP, or Gross Domestic Product, measures the total economic value of all completed goods and services generated within a nation's borders during a defined period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health. While GDP is typically measured annually, it can also be calculated quarterly. For instance, in the United States, the government publishes annualized GDP estimates for each quarter as well as for the full year. Most of the Individual data sets will also be given in real terms, meaning that the data is adjusted for price changes, and is, therefore, net of inflation. Total GDP can be divided to show the contribution from each industry or economic sector. When GDP is divided by the total population of a region, it is referred to as per capita GDP, which is also known as the average standard of living. GDP is widely regarded as the most important statistical measure of a nation's development and progress. An economy is said to be growing when it records positive GDP growth over multiple consecutive quarters.

DEFINITION OF FMCC, AND GDP

Definition of FMCG:-

(1) "Fast-moving consumer goods are goods that are often found in a supermarket or even in convenience stores and are sold and replenished very quickly."

Definition of GDP:-

(1) The OECD defines GDP as "an aggregate measure of production equal to the sum of the gross values added of all resident and institutional units engaged in production and services (factoring in applicable taxes but excluding subsidies on products that are not included in the valuation of their outputs)."

OBJECTIVE OF THE STUDY

- To know how FMCG is being affected.
- To examine the growth of FMCG sectors across urban and rural areas.

HYPOTHESIS

HO (null hypothesis):-

- The impact of Fast Moving Consumer Goods on Gross Domestic Product is negative.

HI (alternative hypothesis):-

- The impact of Fast Moving Consumer Goods on Gross Domestic Product is positive.

SCOPE OF THE STUDY

FMCG companies have experienced intense competition with one another over the years which is continuously increasing and with adopting new techniques and increase in the supply of FMCG will lead to growth in GDP. The FMCG sector has revised its strategies, adopting more strategic marketing approaches to effectively reach both rural and urban markets.

SELECTION OF PROBLEM

The main purpose for selection of the problem is to know whether there is positive impact or negative impact of FMCG sector on GDP, and also to understand the growth of these sectors on urban areas and rural area.

RESEARCH GAP

While several studies have explored the importance and contribution of the FMCG sector to GDP, most have focused either on urban markets or on individual product categories. There is limited research that examines the combined impact of FMCG growth in both urban and rural areas and how digital adoption (e-commerce, online payments) is influencing consumption patterns in rural India. This study aims to bridge that gap by analyzing the sector's role in different geographic regions and by highlighting new opportunities arising from technology adoption and changing consumer behavior.

REVIEW OF LITERATURE

Srivastava and Kumar¹

He analyzed that FMCG sector is a vital contributor to India's Gross Domestic Product.

It has been contributing to the demand of lower and middle income groups in India. Over 73% of FMCG products are sold to middle class households in which over 52% is in rural India. Rural marketing has become the hottest marketing arena for most of the FMCG companies. The rural India market is huge and the opportunities are unlimited. After saturation and cutthroat

competition in urban areas, now many FMCG companies are moving towards the rural market and are making new strategies for targeting the rural consumer.

Nandagopal and Chinnaiyan² studied that the level of awareness among rural consumers about the brands of soft drinks was high, which was indicated by the purchase Of soft drinks by "Brand Name". The major source of brand awareness was word of mouth followed by advenisements, family members, relatives and friends.

Sulekha and Kiran³ concluded that in India more than 72% population lives in villages and FMCG companies are famous for selling their products to the middleclass households; it implies that rural India is a profitable and potential market for FMCG producers. Rural consumers' incomes are rising and now they are more willing to buy products which improve their lifestyle. Producers of FMCG have to craft unique marketing strategies exclusively for rural consumers. In this process they need to understand the rural consumer buying behaviour which may differ geographically. The present study focuses on understanding the rural consumer buying behaviour for FMCG in Haryana.

Srinivasan⁴ depicted that, consumer with higher educational level consumed more processed products. The quantities of processed fruit and vegetable products were consumed more in high income group. The tolerance limit of price increase identified Was less than 5 percent, any price change above this limit, would result in discontinuance of the use of the processed product. Consumers preferred processed products because of convenience of ready-to-eat form.

Sundar⁵ revealed that, grocery department of Saravana Bava Cooperative Supermarket, Cuddalore was enjoying favorable images of consumers in the attributes, such as, equality of price, behaviour of sales persons, moving space, location, correctness of weight, packaging of goods, number of sales persons and convenient shopping hours.

DATA ANALYSIS AND INTERPRETATION .

IMPACT OF FMCG ON URBAN AND RURAL AREAS

The Government of India has also been supporting the rural population with higher minimum support

prices (MSPs), loan waivers, and disbursements through the National Rural Employment Guarantee Act (NREGA) programme. These measures have helped in reducing poverty in rural India and given a boost to rural purchasing power. Hence rural demand is set to rise with rising incomes and greater awareness of brands.

DATA ANALYSIS AND INTERPRETATION AND PRESENTATION Table No.1

Demographical Representation of Data

Variables	Category	Frequency	Percentage
Age Group	Under 18	8	15.4%
	18-26	18	34.6%
	26-35	15	28.8%
	35-50	8	15.4%
	50 Above	3	5.8%
Gender	Male	26	50%
	Female	26	50%
Qualification	HSC	21	40.4%
	Graduate	29	55.8%
	Post Graduate	2	3.8%
Do You have any Knowledge about the Impact on fast on GDP?	YES	19	36.5%
	NO	33	63.5%
Which FMCG factors affects GDP?	Packaging	9	17.3%
	Inflation	16	30.8%
	ConsumerDemand	22	42.3%
	Others	5	9.6%
FMCG Brand You prefer the most?	Nestle	5	25%
	Amul	13	61.5%
	P & G	32	3.8%
	Others	2	9.6%
Are you satissied by the services	Nestle	5	25%
	Amul	13	61.5%
	P & G	32	3.8%

provided by FMCG ?	Others	2	9.6%
Which area has moreconsumption of FMCG?	Urban	6	11.5%
	Semi-Urban	36	69.2%
	Rural	10	19.2%
rowth of FMCG?	Low	5	9.6%
	Average	26	50%
	High	21	40.4%
On Which type of FMCG you spend the most?	Household Care	16	30.8%
	Personal Care	3	5.8%
	Food & beverages	25	48.1%
	Others	8	15.4%

SUGGESTION

1. Amul market reach high due to its distribution network but Amul need to increase awareness about the Amul as a 'Brand' through more attractive advertising and marketing strategy.
2. I would like to suggest that Amul should make travel size items, so that they may expand their markets.
3. In order for Nestle to maintain its competitiveness in the market, Nestle needs to ensure that, when proceeding with the segmentation of a market, its segment are identifiable, sizeable and stable.

CONCLUSION

From the above study I can conclude that there is Positive impact of Fast Moving consumer Goods on Gross Domestic Product as well as there is also positive impact of FMCG on the Urban and Rural areas ,hence H1 hypothesis is proved Indian FMCG market is expected to exhibit a positive growth trend in the coming years. positive economic environment, low inflation rates and development initiatives led by the new government mainly are instrumental in the uptick of the market. The FMCG industry fared well in India in the recent years with consumer food services, soft drinks, household and personal care segments experiencing a tremendous growth with the increasing disposable income and the growing economy.

REFERENCE

- ❖ <https://www.business-standard.com/industry>
- ❖ <https://m.economictimes.com/industry/fmcg>
- ❖ <https://www.ibef.org/industry/fmcg>

- ❖ <https://docs.google.com/forms/d/e/1FAIpQLSfTpSUiWaDab9ZTAI8dSRa-CIIMvpeX8mRZhAHEAidZK3bYzQ/viewform>