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ET INTERVIEW **ROHIT JAWA**
MANAGING DIRECTOR, HUL

Young Working Class, Reforms Make India an Investment Magnet

Sagar Malviya
& Chaitali Chakravarty

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Mumbai | New Delhi: Hindustan Unilever's managing director Rohit Jawa has told ET that the Centre's progressive and reformer mindset, manifest in New Delhi's economy-anchored policy thrust and commentary, should bring 'considerable' overseas funds into India — a demonstrated growth outlier in an inflation-ravaged world struggling to come to grips with geopolitical uncertainties.

"The Indian economy is unstoppable because of the sheer demographics of a billion people of working age," Jawa said in his first media interview after taking over the top job at India's biggest consumer-goods company in June. "At this point of time in geopolitics, India is sweetly positioned. So, that does mean there will be considerable foreign investment coming in."

'Volumes Recovering Gradually' ►► 10



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Jawa underscored the role of a consistent policy push in ensuring robust growth in Asia's third-biggest economy, pointing to coordinated action by both North Block and the Reserve Bank of India (RBI) in guiding the nation's finances through the Covid disruptions.

"We have a good set of policies and reforms that have happened to make India count as the number one growth engine in the world today," Jawa said. "Through the Covid and inflation shocks, the government and the RBI managed the economy very well and competently."

Retail inflation in India was 5.02% in September, the lowest in the past three months. Food inflation, which accounts for nearly half the overall consumer price basket, rose 6.56%. Most consumer goods companies, including HUL, raised prices by more than a quarter in the past two years to offset rising costs under heads such as raw materials, supply chain and energy. The cost inflation began with the pandemic but was exacerbated by Russia's invasion of Ukraine.

BUDGET CATEGORIES

However, in the past three quarters, prices of soaps, detergents and tea have become cheaper due to falling commodity prices, allowing hundreds of small regional brands to nibble into HUL's market share in budget categories. Yet, HUL said a price war wouldn't be its strategic positioning, with the fifth most-valued Indian company focusing instead on premium products that affluent Indian consumers seem to increasingly prefer.

"We will do what's appropriate for a certain business challenge. There is no strategy called price war. Our thesis is upgradation — to get people to use and climb the price-benefit ladder. And that's

where the consumers are going," added Jawa, who is credited with turning around Unilever's third-largest market, China, as its chairman.

India is the Anglo-Dutch multinational's second-biggest revenue market — after the US.

"Consumers who are income constrained or don't have discretionary income clearly had to cut down their spending, impacting consumption," Jawa said. "Volumes did drop but are now coming back. We have to work through the cycles of inflation and deflation."

RURAL FOCUS

Demand for daily groceries, home and personal care products rose 8% during the September quarter, largely led by cities, even as companies see a slight recovery in rural areas. HUL, citing NielsenIQ data, said value or price growth was 3% during the quarter, significantly down from 14% a year ago. Urban volume growth was 10% while rural growth was 7%. A year ago, demand in cities and villages had fallen 3% and 9% each, respectively.

Over the past decade, sales of branded daily-need goods have increasingly relied on rural India, where purchase behaviour is largely linked to farm output. HUL's performance is considered a proxy for broader consumer sentiment in India. The maker of Dove soap and Surf detergent posted a 4% increase in sales and 3% rise in volumes in the second quarter. As inflation moderates, HUL said it is seeing lower price growth and gradual volume recovery.

"If you disaggregate, there are the urban markets and the metros — the higher income classes are doing quite well. There is broad-based growth across categories. When the price growth comes back, overall growth will be higher," said Jawa.