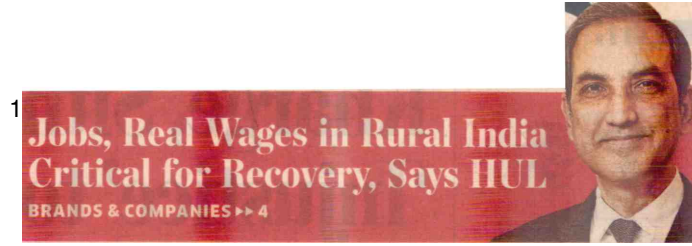


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NEED TO BE WATCHFUL OF MONSOON AND ITS IMPACT ON AGRICULTURE: MD

Jobs, Real Wages in Rural India Critical for Recovery, Says HUL

'Market volume recovery over 2 years slow on sustained high prices, erratic weather'

Sagar Malviya

Mumbai: Hindustan Unilever (HUL) managing director Rohit Jawa said market volume recovery has been gradual in the past two years and much slower than the company would have liked, blaming it on the impact of sustained high inflation combined with erratic weather patterns. Even as rural areas outpaced urban areas in the past few months, they continue to lag over a two-year compound annual growth rate, he said.

HUL's sales volume increased 3% year-on-year in the first quarter of this FY

"There are a few critical factors that could impact the state of recovery. India was hit by one of its worst heatwaves this year, with many parts of the country experiencing record high temperatures," Jawa told investors on Wednesday.

"This was followed by rainfall deficit in June and while we are seeing recovery in July, we need to be watchful on how the entire monsoon season pans out and the overall impact on agriculture. The employment levels, real wages and food inflation in rural India could also have a bearing on the pace of recovery and we continue to be watchful of that." Over the past decade, sales of branded daily needs goods have increasingly relied on rural India, where purchase behaviour is largely linked to farm output. HUL's sales volume, or the number of products it sold, increased 3% year-on-year in the first quarter of this financial year. The company's performance is considered a proxy for broader consumer sentiment in India.

The company said it has gained 200 basis points (2 percentage points) of share since 2021 despite resurgence of local and regional players. Over the past two years, most consumer goods companies increased prices to offset rising raw material prices as well as supply chain and energy costs. That started with the Covid-19 pandemic and was exacerbated by Russia's invasion of Ukraine. However, in the past year, soap and tea have become cheaper due to falling commodity prices in these two categories.