

Budget must give rural economy a push

Marico Managing Director and CEO on what the government needs to do

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As February 29 comes closer, the Budget call on boosting rural consumption is getting louder. The FMCG sector is keenly awaiting some positive measures from the Finance Minister. Bloomberg TV India caught up with Saugata Gupta, Managing Director and CEO at Marico Ltd, to get a sense of the industry's expectation.

All indications are that this budget may have a massive rural thrust. We are calling it a Budget for Bharat. FMCG, of course, closely tracks the rural economy. In your opinion, what should the government do to give a fillip to rural economy?

I think what is important is to continue to invest in rural infrastructure; also, things like direct benefit transfer. Some of the initiatives which the government has already started are crop insurance among

others because that will place more money in the hands of consumers and that will also uplift the rural economy which has been in stress.

The agriculture sector has been in the stress over the last couple of years. You had a poor monsoon for two years now. This had a ripple effect across the economy. What can the government do to try and address this particular issue?

I am of the opinion that you need long-term measures rather than short-term tactical things which perhaps had been the practice in the earlier times. I am very encouraged by things like Direct Benefit Transfer, some of the investments that are coming to rural areas, some of the big schemes in terms of electricity and sanitation. That actually leads to a far more long-term improvement of quality of

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Managing Director and CEO, Marico

living and, of course, there needs to be some short to medium term measures like crop insurance which are being executed. A mixture of both is essential because that is what we need to focus for a long-term rural uplift.

In your opinion, what does the government need to do to push the rural income which of course has a ripple effect as far as your own industry is concerned?

Agriculture productivity needs a boost. What is important is not just doing the debt waiver or just giving a subsidy. What is more important is to ensure better execution of the schemes so that the small and marginal farmers can benefit directly and there is less leakage. And secondly, how do you actually drive disintermediation and ensure that the farmer has a market for the produce.

Give us a sense of demand which has been lagging across India. But, how do you see the

average consumption demand? What do you think should be done to stimulate it?

Besides the issues which I have already mentioned, there has been also the issue of two consecutive years of drought in certain states. So, I think other than the government schemes, we expect the rainfall to be better and that will also drive consumption.

I must say that the impact on the rural sector has been more pronounced in the case of discretionary items. In the case of daily items, the impact has been little less significant.

How will the government's promise to reduce corporate tax play out? What more does the government need to do for the FMCG sector?

It has to go hand-in-hand. As long as there is a roadmap which is executed, I am sure that will play out well for the government and economy.

I also strongly believe that the GST should be executed quickly.

Lastly, as far as our sector is concerned, what is good for our sector is ultimately more employment, more infrastructural development, more industries, more jobs and low food inflation which actually puts much more money in the hands of consumer and better consumer sentiment drives consumption.

