

Putting more money into the hands of consumers will boost growth

SAUGATA GUPTA

The key growth drivers for the FMCG sector are higher disposable income in the hands of consumers, better physical and



banking infrastructure in urban and rural India and finally an environment that promotes fair competition.

Over the past 18 months, the Centre has commenced various initiatives such as Jan Dhan Yojana and the

Direct Benefit Transfer scheme. These schemes are ensuring that the intended benefits actually reach the right people. The Budget should enhance the allocations for improving the penetration of these schemes.

Fiscal consolidation is important

The second pivot is reining in inflation and towards that aim the Budget must stay focussed on the chosen path of fiscal consolidation. Accelerating divestments in PSUs and a further clampdown on black money will certainly aid the cause. The Budget should provide definitive steps towards these agendas.

Infrastructure building

The third pivot is improving the physical infrastructure in the country. The Budget should continue to stay committed with enhanced allocations towards infrastructure building in the country. This will also boost the disposable income in the hands of the working class.

Make India more literate

Globally, it is seen that economies with higher literacy and education standards witness a well-developed FMCG sector. The Budget should signal concrete steps and necessary allocations for making India more literate and educated.

GST is key

Lastly, the much-awaited implementation of GST will act as a shot in the arm for the FMCG industry as it would create a level playing field and remove logistics hurdles.

We hope that the Constitutional Amendment Bill gets the green signal during the Budget session.

More reforms needed

The government has the vision of making India a preferred investment destination. The Budget should make a definitive attempt at debottlenecking the value chain through deregulation and other reforms that can catalyse investment.

However, execution capability will be a critical factor for accelerated growth.

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