

Packaged foods, hygiene products sold most during lockdown: CARE Ratings

Synopsis

Aerated drinks, including soft drinks concentrates, witnessed decline in production by 52.2%, following mass shutdowns of soft drink hotspots - hotels and restaurants, malls and cinemas, pubs and bars, live events, airlines and travel, the CARE report said.



Aerated drinks, including soft drinks concentrates, witnessed decline in production by 52.2%, following mass shutdowns of soft drink hotspots

COVID-19 CASES		Confirmed	Deaths
India	World	9,309,787	135,715

Production of large fast moving consumer categories such as packaged water, beer, **soft drinks** and ice-cream fell by more than 50% in the six-month period between April-September compared to the same period last year, a new report by **CARE Ratings** NSE 2.35 % said. In contrast, increased awareness of hygiene and sanitation led to higher production of soaps and detergent, while in-home consumption of packaged foods led to surge in production of categories such as biscuits and coffee, the report said.

“The nationwide **lockdown**, closure of large industries, work-from-home, restrictions in movement and supply-related logistics impacted demand significantly for certain categories,” CARE Ratings said in its six-month review report on FMCG for the current financial year.

Production of bottled water declined a steep 73%, while apprehensions about consumption of cold products led to a sharp fall of 70% in production of ice-cream even in peak summer. Beer production declined 68%, while aerated soft drinks saw decline of 52.2%. In contrast, production of soaps and detergents surged with increased consumer awareness about hygiene, while production of biscuits and coffee increased in the six month period with surge in in-home consumption of packaged foods, the report said.

“Packaged water consumption induced by travel and tourism, and hotels and restaurants came to a complete standstill, more so for the larger unorganised sector,” said George Angelo, chief executive of Bisleri, the country’s largest packaged water company. He said Bisleri has since grown and on the back of higher in-home consumption.

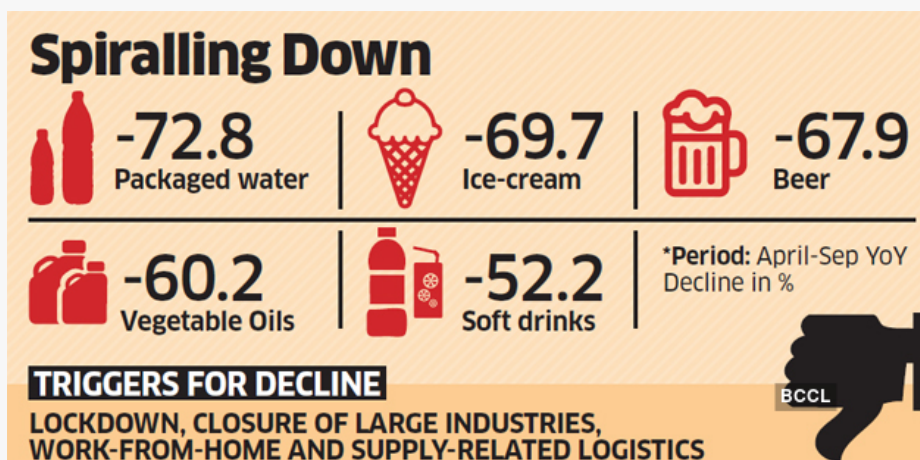
However, for categories like ice-cream, the six-month period has been a write-off. “Lockdowns which restricted people movement, early or weekend closures of markets across the country and misleading information that consumption of chilled products like ice-cream spread **coronavirus** severely impacted the sector,” said RS Sodhi, managing director at **Amul**, India’s largest dairy company which makes milk, ice-cream, cheese and butter.

In April-end, Amul had written to the central government, requesting clarifications on claims made by local authorities to stop the misinformation. “The losses can’t be recovered since those were peak consumption months for the category,” Sodhi said.

Feedback

Aerated drinks, including soft drinks concentrates, witnessed decline in production by 52.2%, following mass shutdowns of soft drink hotspots - hotels and restaurants, malls and cinemas, pubs and bars, live events, airlines and travel, the CARE report said. The April-June quarter contributes more than half of annual sales of the Rs 20,000-crore packaged beverages industry, of which out-of-home consumption is 80%. Soft drinks, however, are seeing revival in demand since the September quarter, led by rural markets which saw minimal lockdown disruptions and reverse migration, industry executives said.

Another category which saw steep decline in production was liquor, even though the government had permitted sale of liquor with restrictions from the month of May. Beer and other undistilled and fermented alcohol witnessed decline of 67.9%, while production of wine declined by 22.6%. "Even after opening up, consumption was lower due to restrictions on movement of people as well as timings for the outlets," the report said. The ban on liquor sales during the peak lockdown months, followed by a steep corona tax in some states, resulted in a drop of 29% in the sale of liquor across India in the first half of the current fiscal, Vinod Giri, director general at Confederation of Indian Alcoholic Beverage Companies (CIABC), who's members include Radico Khaitan and Allied Blenders, told ET earlier this month.



Grooming categories such as hair care products witnessed production decline of 14%, which the report attributed

to restrictions on social gatherings that possibly made people less conscious of their physical appearances. Production of creams and lotion too decreased by 55.8%, as consumers curtailed discretionary expenses.

(Catch all the ***Business News***, ***Breaking News*** Events and ***Latest News*** Updates on ***The Economic Times***.)

Download ***The Economic Times News App*** to get Daily Market Updates & Live Business News.

