15 Stock Prices Prediction of the FMCG Sector in NSE India

An Artificial Intelligence Approach

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15.1 INTRODUCTION

The Indian economy places Fast-Moving Consumer Goods (FMCG) as the fourth largest industry. The food and beverage industry accounts for 19% of the sector, healthcare for 31%, and household and personal care for the remaining 50%. About 55% of the income share comes from the urban sector, while 45% comes from the rural sector. The growth of the fast-moving consumer goods industry will be led by rising demand in rural areas. It is anticipated that the Indian processed food market would grow from its current value of $263 billion in 2019–20 to reach $470 billion by 2025.

Despite state-wide lockdowns, the Indian Fast-Moving Consumer Goods (FMCG) market increased by 16% in CY21, a nine-year high, on the back of consumption-led growth and value expansion from higher product pricing, notably for basics. Spending on consumable goods and services was up 5.2% annually on average from 2015 to 2020. Fitch Solutions predicts that, after falling by more than 9.3% in 2020 owing to the pandemic's effect on the economy, real household expenditure would rise by 9.1% year over year in 2021. CRISIL Ratings predicts that the FMCG industry's sales growth would increase from 5–6% in FY21 to 10–12% in FY22. As the cost of inputs continues to rise, growth is being driven by higher pricing across the board, increased production volumes, and a renewed interest in luxury goods. There was a year-over-year increase of 12.6% in the domestic FMCG market in Q3 2021.

With a compound annual growth rate (CAGR) of 28.99%, the Indian online grocery business is predicted to generate revenue of about Rs. 1,310.93 billion (US$ 17.12 billion) by 2026. The online grocery market in India is projected to have an 18-fold rise in Gross Merchandise Value (GMV) during the following five years, from $5.5 billion in FY20 to US$37 billion in FY25.

In recent years, the government has made substantial investments to support the FMCG industry. Between April of 2000 and March of 2022, the industry saw robust FDI inflows of US$20.11 billion. In addition, in the Union Budget 2022–23, the Department of Consumer Affairs receives Rs. 1,725 crore (US$222.19 million), while the Department of Food and Public Distribution receives Rs. 215,960 crore (US$27.82 billion). To aid Indian food product names in overseas markets, the government authorised the Production Linked Incentive Scheme for the Food Processing Industry (PLISFPI) in FY 2021–22 with an investment of Rs. 10,900 crore (US$ 1.4 billion).

The Indian e-commerce sector is predicted to grow from USD 38 billion in 2021 to USD 120 billion in 2026, according to a research published jointly by industry association FICCI and property consultancy firm Anarock. In October 2022, Dabur paid Rs. 587.52 crore (US$ 71.81 million) for a 51% share in Badshah Masala Private Limited, based on an enterprise valuation of Rs. 1,152 crore (US$ 140.81 million). HUL's state-of-the-art plant in Sumerpur was officially opened by Uttar Pradesh Chief Minister Mr. Yogi Adityanath in July 2022, with a total investment of Rs. 700 crore

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