FMCG firms worried about price pressure

Indian fast-moving consumer goods (FMCG) companies, which service the western Asian markets through exports, have a hawk-like eye on the crisis in the region.

"The two major things to be impacted are packing material and freight charges. Crude oil prices have already gone up and we are closely monitoring the situation. This impacts our input costs. If crude breaches the $100-a-barrel mark, it will be difficult to absorb the rise in prices," Mayank Shah, vice-president, Parle Products, told *Business Standard*.

"We hope there is no escalation in the matter," he added.

Maker of India Gate basmati rice, KRBL, said it is closely monitoring the escalating situation, which continues to impact global agricultural trade dynamics. "This region has been a cornerstone of the Indian basmati trade. Overall, India exports 70 per cent of its basmati to western Asia and the Persian Gulf. We are in constant communication with our regional partners and authorities to navigate this period of uncertainty with caution and resilience," said Akshay Gupta, head of bulk exports.

The immediate impact will depend on supply chain configurations, others say.

"Players whose shipments to the US and Europe do not transit through the western Asia corridor are unlikely to face direct disruption. However, companies with significant exposure to the western Asia market may experience near-term pressure on freight rates and logistics costs," said Ashwani Arora, MD and CEO, LT Foods, which sells Daawat-branded basmati rice.

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