International Journal of Academic Research and Development (IJAR&D)
ISSN : 2395-1737 (Print), Special Issue, April, 2026

An Overview of FMCG Products in India with SWOT Analysis of ITC Munger

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ABSTRACT

The FMCG industry in India has grown significantly due to rising product prices, especially for essential goods, and consumer-driven demand. The market is expected to grow from its 2023 valuation of US$ 167 billion to US$ 615 billion by 2027. GST rationalization is anticipated to lower the cost of FMCG and daily necessities, increasing consumption and fostering the expansion of e-commerce and quick commerce channels. It employs about three million people, making up around 5% of the nation's total factory workers. FMCG, the fourth-largest industry in India, is essential to the country's economy; half of all FMCG sales are made up of household and personal care items. In order to withstand disruptions and generate long-term value, businesses in the FMCG sector continue to show resilience by concentrating on effective manufacturing, supply chain management, consumer insights, and digital-first communication strategies. According to the NielsenIQ report, India's FMCG industry showed consistent growth in the second quarter of FY26, with value growth of 12.9 percent and a 5.4 percent increase in volumes, bolstered by stronger rural demand with a 7.7 percent volume expansion. Currently, the urban portion of this sector accounts for roughly 62% of total revenue; however, in recent years, rural India has become a more significant growth driver. Rising incomes and changing consumer preferences have narrowed the urban-rural divide, with semi-urban and rural areas now making up half of all rural FMCG spending.

The results of this study are anticipated to offer some new insights. They will show whether FMCG companies are more likely to invest in sustainable practices, innovation projects, and product upgrades. Initiatives like "Make in India" and "Atmanirbhar Bharat" aim to make Indian manufacturing globally competitive, and policymakers will find the implications of this study to be extremely pertinent.

Keywords: *FMCG, E-Commerce, Supply Chain Management, Innovation, Value Chain.*

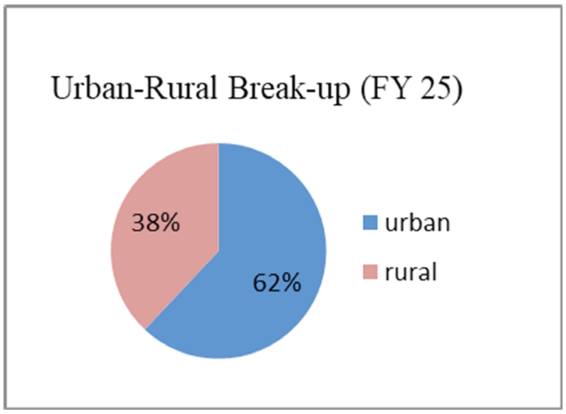
Introduction

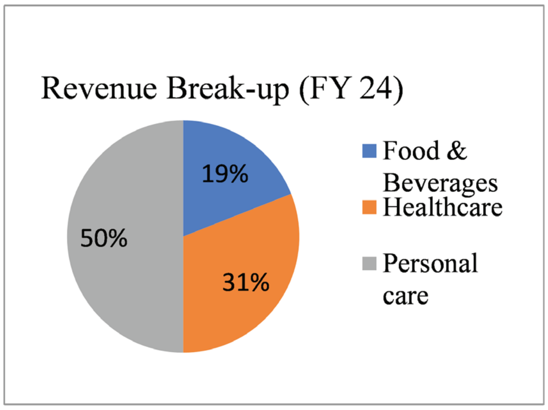
FMCGs are goods that are frequently consumed, sold quickly, and usually have a short shelf life. These goods, which include food, drinks, toiletries, over-the-counter medications, and cleaning supplies, are necessities of daily life. FMCGs are typically inexpensive, high-volume goods that are sold via a variety of retail channels, including convenience stores, supermarkets, and internet retailers. The FMCG sector is known for its intense rivalry. Businesses in this industry make significant investments in product development and marketing to increase consumer loyalty and strengthen brand recognition.

Fast-moving consumer goods (FMCG) are products that are sold rapidly and with little effort. For example, processed foods, prepared meals, beverages, baked goods, fresh foods, frozen foods, fruits, vegetables, nuts, medicines, cleaning products, cosmetics and toiletries, office supplies, etc. and cases connect different unique consumables and non-strong items. Strangely, sturdy inventory or notable appliances, like kitchen appliances, are typically replaced over a considerable amount of time. Probably the best example of a low-edge, high-volume business is FMCG. Fast-moving consumer electronics, such as cell phones, music players, amusement machines, and sophisticated cameras, are a type of FMCG and are frequently low-rated, non-specific, or effectively interchangeable consumer hardware.

This multimillion-dollar sector, also known as the purchaser bundled merchandise or client packaged items (CPG) industry, is made up of a vast array of well-known brand names that we use on a daily basis. Quick-moving customer merchandise or items that we purchase every time we go shopping. Top FMCG companies are renowned for their ability to produce items that consumers find most fascinating while simultaneously fostering loyalty and confidence in their brand.

Key Trends of FMCG Industry in India





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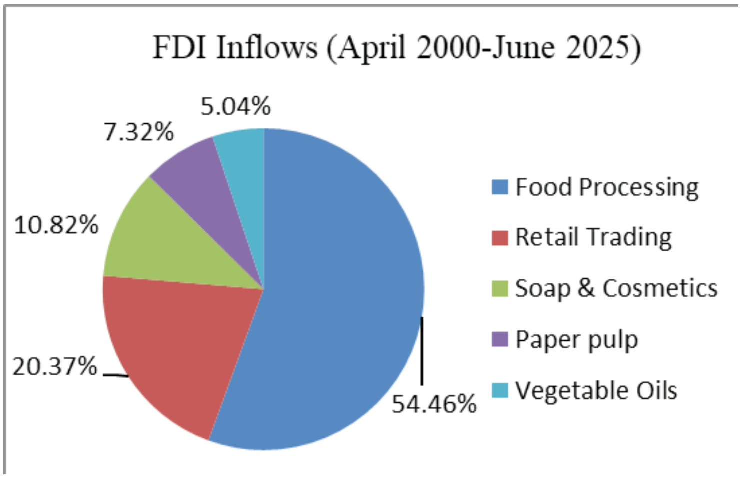

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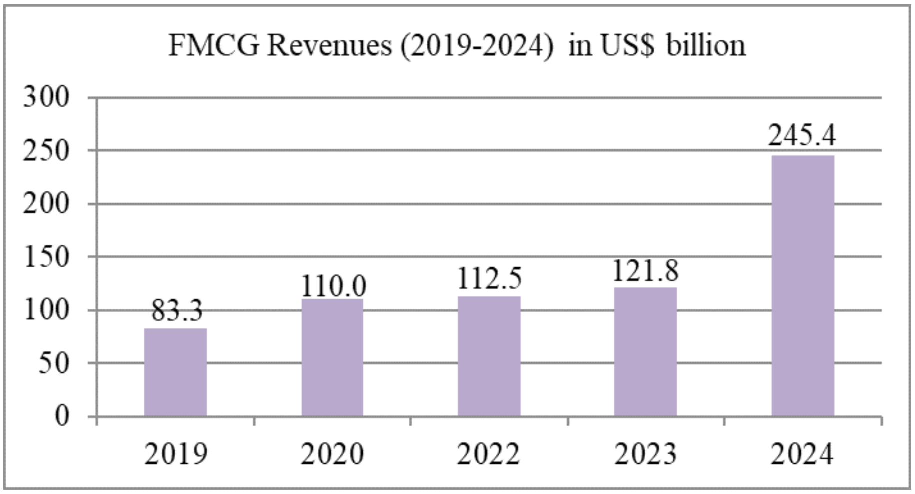

Source: Market research Future

The above shown graphs clearly show the speedy growth of FMCG market in India. It was 83.3 US billion dollar revenues in year 2019 and increased to 245.4 billion dollar in the year 2024 which is 194.6 % increase in 5 years and 101.5 % increase in just one year from 2023 to 2024. It is also strengthening the FDI inflows in India.

The Indian food processing market is expected to grow at a compound annual growth rate (CAGR) of 9.5 percent from 2023 to 2028, from a size of US$ 307.2 billion in 2022 to US$ 547.3 billion by 2028.

With improved margins and ₹ 3,400 crore (US$ 398 million) in capital expenditures, Indian dairy companies are expected to grow by 11–13 percent in FY26, driven by value-added products.

The snack market in India is expected to grow from ₹ 46,571 crore (US$ 5.29 billion) to ₹ 1,01,811 crore (US$ 11.57 billion) by 2033, with Namkeen contributing ₹ 39,591 crore (US$4.5 billion) by 2029. Legacy brands are facing challenges from startups.

This proves that FMCG market is massively growing in India and is expected to raise even bigger and better in coming years.

FMCG Product's Marketing Strategies

Any business's ability to succeed depends on its marketing plans, and FMCG companies are no exception. An FMCG vendor uses a variety of strategies to market these goods. Among them, some strategies are:

Multi-brand strategy: - A business frequently raises several brands in the same category. Since one brand cannot serve the entire market, the primary goal is to gain as much market share as possible by attempting to cover as many segments as possible.

Product flanking: - It is the practice of introducing various product combinations at varying prices in order to reach as many market segments as feasible. In order to take advantage of various market opportunities, it essentially offers the same product in different size and price combinations.

Brand extensions: - Businesses create brand extensions with the intention of boosting the equity of successful brands.

Developing product lines: - To provide customers with the best possible experience, businesses add relevant new product lines.

New product development: - Businesses run a significant risk if they don't create new products. The current products are susceptible to shifting consumer preferences and needs.

Product life cycle strategy: - FMCG products have a brief lifespan. After abandoning an old product that has reached the decline stage of the product life cycle curve, companies intend to develop new products.

Broad distribution network: - Developing a robust distribution network, ideally with more locations, is a very easy way to increase any market share.

Initiatives taken by government to boost FMCG sectors

A new PLI program for the food processing industry was approved by the Union government, with a budget outlay of US$ 1.46 billion. The program will pay out incentives for a period of six years, ending in 2026–2027.

The nation's millet production and consumption would rise as a result of the government's campaign to promote millets for their health benefits. In support of this, the government announced that the Indian Institute of Millet Research in Hyderabad will develop into a global hub for the sharing of innovations, best practices, and knowledge.

With a budget of ₹ 10,900 crore (US$ 1.3 billion) for 2021–2027, the PLI Scheme for Food Processing Industries (PLISFPI) has approved 278 units of 170 applicants, adding 35 lakh MT annual capacity, creating 3.4 lakh jobs, and paying out ₹ 1,727 crore (US$ 200.6 million) in incentives through June 2025.

Till March 2025, the program generated ₹ 3, 80,000 crore (US$ 43.95 billion) in sales, attracted ₹ 9,032 crore (US$ 1.04 billion) in investments, and greatly increased local raw material procurement, supporting farmer incomes.

Additionally, it strengthens the international presence of Indian food brands by covering up to 50% of their branding and marketing expenses abroad.

In an effort to stimulate the food processing industry, the Center has allowed new agro-processing businesses established to package and preserve fruits and vegetables to deduct 100% of their profits for five years and 25% of their profits for the following five years under the Income Tax Act.

Initially, ₹ 1,000 crore (US$ 120.7 million) is being set up in NITI Analog for SETU to establish incubation centers and improve skill development to support the nation's startup ecosystem and ease of doing business..

The FMCG industry has improved employment, built a stronger supply chain, and gained high visibility for FMCG brands in well-established retail markets thanks to GST reforms and FDI funds.

ITC LIMITED_ A leading FMCG company of India

One of the leading multinational corporations of India, ITC is listed by Forbes magazine as one of the World's Best Big Companies, Asia's "Fab 50," and the World's Most Reputable Companies. According to a survey by Hay Group and Fortune India magazine, it is "India's Most Admired Company". According to a Boston Consulting Group study, ITC is one of the biggest producers of sustainable values in the consumer goods sector worldwide. Business Today magazine named ITC one of India's Most Valuable Companies. According to a Brand Finance study that was published by the Economic Times, the company is one of India's "10 Most Valuable (Company) Brands."

In order to take advantage of new opportunities in the FMCG industry, ITC's strategic goal is to secure long-term growth by combining and synergizing the diverse pool of competencies present in its various businesses. Aashirvaad, Sunfeast, Bingo, YiPPee, Candyman, minto, and Kitchens of India in the Branded Packaged Foods category, EDW Essenza, Fiama, Vivel, and Superia in the Personal Care Products category, Classmate and Paperkraft in Education and Stationery products, Mangaldeep in Agarbattis, and Aim in Matches are some of ITC's brands that have significantly improved their market standing among consumers.

SWOT Analysis of ITC Ltd. Munger

One of the oldest strategic business units is ITC Ltd. Munger, which was founded in 1910 and is situated in Basudeopur, Munger. The tobacco products produced by this unit are well-known. ITC also runs a dairy plant in the Sitakund Industrial area.

STRENGTHS -

1. ITC has more than 35,000 employees in which approximately 1500 are working at Munger unit.
2. Both rural and urban areas have well-established distribution networks.
3. ITC's brand image is improved by more than 6500 E-chaupal and CSR activities and sustainable initiatives, which reach over 4 million farmers.
4. Minimal operating expenses
5. Availability of popular brands in FMCG sector
6. Great understanding of local culture and customer demands.
7. The management of ITC is capable and seasoned.
8. Outstanding product advertising
9. Portfolio of diverse goods and services, including agri-business,
10. Outstanding facilities for research and development.

WEAKNESSES-

1. ITC is still reliant on tobacco sales, and consumers have less expensive alternatives to other brands.
2. The dairy industry has not been able to gain a significant portion of the market.
3. Less scope for technological innovation and economies of scale, particularly in small businesses.
4. In rural and semi-urban markets, the range of FMCG products is reduced by counterfeit goods
5. Low export figures.

OPPORTUNITIES-

1. Dairy products should receive more publicity in order to gain market share.
2. Increasing penetration in semi-urban areas and underserved deep rural markets.
3. Acquisitions and mergers to improve the brands.
4. Rising of consumer's purchasing power.

5. A sizable domestic market with huge population.
6. Potential for export

THREATS-

1. Fierce and growing rivalry between dairy chains and other FMCG businesses.
2. Strict laws and rules pertaining to tobacco and cigarettes.
3. If import restrictions are lifted, domestic brands could be replaced.
4. Rural demand is slowing down.
5. Tax and regulatory framework.
6. As the FDI in retail sector expands, threats of competition from international brands will increase accordingly.

ITC intends to invest ₹ 20,000 crore (US$ 2.33 billion) over the next five years, concentrating on horticulture, new product launches, FMCG growth, margin expansion and AI-driven operations.

Ways Ahead for FMCG goods

There is a chance to grow distribution networks in tier-2 and tier-3 cities due to increased rural consumption.

A rise in high-frequency, high-value users could propel the quick commerce market to between US$ 25 billion and US$ 55 billion by 2030.

Functional, natural options, fast commerce, and premiumization are expected to propel India's healthy snack market, led by MAKHANA, to ₹ 20,000 crore (US$2.32 billion) by 2030.

FMCG behemoths are preparing to profit from the expanding Indian pet food market, which is fueled by an increase in pet ownership and pet owners' disposable income.

Consumer spending is strongly encouraged by the Union Budget 2025–2026, which especially helps the FMCG sector. An ideal environment for growth is created by the rise in disposable income, the emphasis on rural development, and the assistance provided to MSMEs.

Through its flagship programs, MoFPI has approved over 1.44 lakh food processing projects to strengthen supply chains, rural economies and Indian brands internationally

Conclusion

Looking ahead, stable rural demand and resurgence in urban markets are expected to support India's FMCG sector's slight revenue increase of 100 to 200 basis points, bringing growth to 6 to 8 percent in FY26. For businesses looking to expand into the hinterlands, online portals are anticipated to be crucial. The Internet has made a significant contribution by making it easier and more affordable to expand a business's reach. By 2025, there will probably be one billion internet users in India. By 2030, it is predicted that 40% of India's FMCG consumption will occur online and e-commerce is predicted to account for 11% of all FMCG sales. FMCG businesses need to be flexible to stay competitive in the market as e-commerce expands and consumer behavior changes. This entails making investments in digital technologies, like artificial intelligence (AI) and big data analytics, to help businesses better understand the behavior and preferences of their customers. Additionally, businesses should prioritize social responsibility and sustainability in order to align with their customer's values.

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