

MODI'S FIRST DECISION IN THIRD TERM TO BENEFIT 9.3 CR FARMERS

PM Shows Rural Bent, OKs ₹20kcr for PM Kisan Nidhi

Clears 17th instalment under scheme; move to boost demand in hinterland

Our Bureau

New Delhi: Prime Minister Narendra Modi sanctioned the 17th instalment of the PM Kisan Nidhi Scheme which will benefit 9.3 crore farmers and distribute around ₹20,000 crore as the first move after being sworn into office for the third consecutive time, a development that is being seen as a big boost for rural demand with consumer stocks trading at a near 52-week high.

"This is a clear signal of higher importance to rural welfare by the new coalition government. The new government is likely to be more consumption focused than earlier when it was more capex and infra focused," said Abneesh Roy, executive director of Nuvama Institutional Equities.

Rural demand is crucial for overall growth of the FMCG sector, with well over a third of annual sales of large companies dependent on demand from the hinterland.

"Economic policies with focus on more welfare schemes and a direct boost to the rural sector augurs well for growth of the overall sector," said Mohit Malhotra, chief executive of packaged goods maker Dabur India, which derives over 45% of its annual domestic sales from India's villages.

Research and analytics firm NielsenIQ had said in a quarterly



FMCG that rural demand outpaced urban markets for the first time in five quarters in the January-March quarter, indicating a turnaround after 15 months of sluggish demand in India's hinterlands, as higher prices of daily grocery essentials, vegetables and fuel forced people to cut down on spending. According to the researcher, rural markets grew 7.6% in the quarter compared to 5.8% growth in the preceding quarter. Urban sales, in contrast, declined sequentially to 5.7% in the March quarter, slower than the 6.9% increase in the December quarter.

The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme provides income support to landholding farmers. It was announced in 2019 and provides a

support of ₹6,000 to each of the eligible farmers. This amount is distributed in three equal instalments of ₹2,000 every four months, directly deposited into the beneficiaries' bank accounts.

The government had allocated a ₹1.27 lakh crore budget for the Ministry of Agriculture for 2024-25 in the interim budget in February this year.

In FY24, the growth rate of the agriculture and allied sector was estimated to be at 0.7% against last year's 4.7%. Total food grain production also declined to an estimated 3,288.52 lakh tonnes in 2023-24, which is slightly lower than foodgrain production of 2022-23, as per third advance estimates of production released by the agriculture ministry earlier this

month. Executives at FMCG companies said forecasts of an above-normal monsoon by IMD and Sky-met are expected to also translate to sustained rural recovery, while pricing growth, which was negative in FY24, is likely to come back in FY25, with raw material prices tapering off.

Hindustan Unilever, Dabur, and Marico had noted in their March quarter earnings that recovery in India's villages is underway.

"Ours is a Government fully committed to Kisan Kalyan. It is therefore fitting that the first file signed on taking charge is related to farmer welfare. We want to keep working even more for the farmers and the agriculture sector in the times to come," the PM said in a statement on Monday.