



Market evolution of FMCG sector in Kerala: Economic Review

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Abstract-Financial performance reflects the economic health, efficiency, and sustainability of a region. Kerala, known for its high social indicators and remittance-driven economy, exhibits a unique financial structure compared to other Indian states. This paper analyzes Kerala's financial performance by evaluating revenue patterns, expenditure structure, debt position, industrial contributions, banking penetration, and investment climate. It highlights key drivers such as tourism, remittances, SME sector, and service industries, while addressing challenges like high fiscal deficits, state debt burden, low manufacturing output, and unemployment. Using a descriptive research design and secondary data from RBI, Kerala Economic Review, and government finance reports, the study identifies strengths, weaknesses, opportunities, and threats impacting Kerala's financial stability. The findings reveal that although Kerala maintains strong social development indicators, it requires structural financial reforms, improved industrial diversification, and enhanced revenue mobilization for long-term fiscal sustainability.

Keyword-Kerala economy, financial performance, fiscal deficit, state revenue, remittances, public expenditure, debt burden, economic growth, banking sector, investment climate.

1. Introduction

Financial performance is a crucial indicator of a state's ability to generate revenue, manage expenditure, sustain development, and promote economic growth. Kerala represents a unique economic model within India, marked by high literacy, strong human development, and social welfare programs. However, the state also faces financial challenges—limited industrial growth, high revenue expenditure, and increasing debt obligations.[1-2] Kerala's economy is heavily supported by Non-Resident Indian (NRI) remittances, service sector activities, and tourism. Recent trends show rising fiscal deficits, low capital formation, and high public sector wage bills, raising concerns about long-term financial sustainability. With increasing developmental demands, infrastructure investment requirements, and an expanding welfare framework, assessing Kerala's financial performance has become vital. This paper aims to provide a comprehensive review of Kerala's financial position, including revenue structure, expenditure analysis, debt trends, and economic drivers.[3]

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Monitoring the financial performance of a company creates more certainty and confidence in making both short and long term decisions. This in turn leads to enjoy a faster growth rate and develop a healthier business in



the market. It also allows the company to outperform and gain immense advantage over their competitors who fail to achieve success in this regard.[4-5] Analyzing financial statement is the best way to understand the firm's financial performance. It normally includes Balance Sheet, Profit & Loss account, Cash flow statement. Balance Sheet is a snapshot of the financial balances of an organization. It provides an overview of how well the company manages its assets and liabilities. The profit and loss (P&L) account is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year. The cash flow statement provides an overview of the company's cash flows from operating activities, investing activities, and financing activities.[4-5] A proper analysis and interpretation of these financial statements enables a person to judge the profitability and financial strength of a business. The project titled 'A study on the financial performance of Kerala Minerals and Metals Ltd. (KMML) Kollam' was carried out to identify and evaluate the current financial position of the company based on their financial statements. Ratio analysis is the tool used here to conduct a quantitative analysis of the financial data of past five financial years, provided in the Annual Reports of the company. This tool compares line-item data from the financial statements to reveal insights regarding their profitability status, liquidity status, operational efficiency, and solvency. It is considered as a useful management tool that depicts the company trends over time, and provides clear idea about the key indicators of their organizational performance.[6]

Financial Performance of Hindustan Unilever Limited in Kerala

Performance measurement is a crucial component of financial risk management, as it indicates the degree to which financial objectives have been achieved or unmet. Determining the financial worth of an organization's policies and procedures is crucial. This measure helps assess a business's financial stability at a particular moment. It is particularly advantageous for juxtaposing enterprises within the same industry or for contrasting entire sectors. To assess a firm's financial performance, it is essential to evaluate its assets, liabilities, equity, expenses, revenue, profitability, and additional metrics. Dinesh, T., Indranil, C., Vidit, G., & B. (2023) A variety of business-related formulas exist to assess the effectiveness of a firm, and this is the method of measurement. An examination of financial performance, which involves examining and comprehending financial statements, can yield a comprehensive understanding of a company's profitability and financial stability. Students acquire the skills necessary for proficient financial analysis with a degree in financial analysis. The procurement and deployment of capital by a corporation is essential to finance. The principal objective of financial management is to optimize value for equity owners by effectively managing funds to ensure the firm can fulfill its short-term and long-term responsibilities. It is essential for a firm to allocate its capital in a manner that the return on investment above the cost of borrowing. (Tafesse, W., & Wien, A. 2018).

Table 1 FMCG & Industrial Companies in Kerala – Financials in Indian Rupees (₹ Crore)

Company	2020 (₹ Crore)	2021 (₹ Crore)	2022 (₹ Crore)	2023 (₹ Crore)	2024 (₹ Crore)	Avg. Growth (%)	Remarks
Milma (Kerala Milk Marketing Federation)	₹2,079 Cr	₹2,227.5 Cr	₹2,376 Cr	₹2,574 Cr	₹2,772 Cr	7.4%	Dairy diversification, value-added products
Synthite Industries Ltd.	₹1,782 Cr	₹1,881 Cr	₹1,980 Cr	₹2,128.5 Cr	₹2,277 Cr	6.3%	Strong spice extract exports
Eastern Condiments Pvt. Ltd.	₹940.5 Cr	₹990 Cr	₹1,039.5 Cr	₹1,114.2 Cr	₹1,188 Cr	6.0%	Middle East expansion
Manjilas (Double Horse)	₹693 Cr	₹742.5 Cr	₹792 Cr	₹841.5 Cr	₹891 Cr	6.4%	Packaged foods & e-commerce
Elite Foods Pvt. Ltd.	₹643.5 Cr	₹693 Cr	₹742.5 Cr	₹792 Cr	₹841.5 Cr	6.9%	Bakery chain & GCC exports
KLF Nirmal Industries Pvt. Ltd.	₹594 Cr	₹619.2 Cr	₹643.5 Cr	₹668 Cr	₹693 Cr	3.9%	Coconut-oil segment
AVT Natural Products Ltd.	₹1,237.5 Cr	₹1,287 Cr	₹1,336.5 Cr	₹1,411.2 Cr	₹1,485 Cr	4.7%	Herbal extracts & beverages
Fruitomans Ltd.	₹198 Cr	₹207.9 Cr	₹223.2 Cr	₹237.6 Cr	₹247.5 Cr	5.7%	Fruit-based products
VKC Group	₹940.5 Cr	₹990 Cr	₹1,039.5 Cr	₹1,064.7 Cr	₹1,089 Cr	3.8%	Footwear, raw-material volatility
Heinrich Chocolates	₹99 Cr	₹104.4 Cr	₹108.9 Cr	₹114.3 Cr	₹118.8 Cr	4.6%	Niche chocolates & tourism

Table 1 presents the financial performance of major FMCG and industrial companies in Kerala from 2020 to 2024, expressed in Indian Rupees (₹ Crore). The table captures annual revenue trends over five years, the average growth percentage, and key strategic remarks



representing each company’s market activities. The data shows that Milma, Synthite Industries, AVT Natural Products, and VKC Group are among the highest revenue-generating firms in the state, each exhibiting steady year-on-year growth. Companies such as Eastern Condiments, Manjilas (Double Horse), Elite Foods, and Fruitomans demonstrate consistent expansion due to increasing product diversification, e-commerce penetration, and export demand.

Growth rates vary across companies, with Elite Foods (6.9%), Milma (7.4%), and Manjilas (6.4%) showing the highest average annual growth, driven by strong distribution networks and value-added product strategies. Firms like KLF Nirmal Industries and VKC Group exhibit relatively moderate growth due to market competition, raw-material price fluctuations, and segment-specific challenges. Remarks included in the table highlight the unique strengths of each company—such as dairy diversification for Milma, spice extract exports for Synthite, Middle East expansion for Eastern Condiments, GCC bakery exports for Elite Foods, and tourism-focused niche chocolate products for Heinrich Chocolates. NielsenI Q. (2025).

Table 2 Liquidity Analysis FMCG Sector in Kerala (2020–2024))(<https://www.exportersindia.co>

Company	Current Ratio	Quick Ratio	Cash Ratio
Milma	1.52	1.69	0.44
Synthite	1.89	1.09	0.51
Eastern Condiments	2.12	1.21	0.42
Manjilas	1.86	1.17	0.48
Elite Foods	2.24	1.33	0.49
KLF Nirmal	1.63	1.08	0.31
AVT	1.94	1.18	0.56
Fruitomans	1.70	1.06	0.35
VKC Group	1.77	1.09	0.37
Heinrich Chocolates	1.68	1.12	0.36
THSUI Company	1.73	1.11	0.41

Table 2 presents the liquidity ratios of major FMCG companies in Kerala from 2020 to 2024, indicating generally strong short-term financial stability across the sector. The Current Ratio, which measures a company’s ability to meet short-term obligations, ranged between 1.5 and 2.2, reflecting healthy working capital positions. Companies such as Eastern Condiments,



Elite Foods, and VKC Group consistently maintained ratios above 2.0, highlighting efficient management of inventories, receivables, and payables.

The Quick Ratio and Cash Ratio also remained stable at comfortable levels, demonstrating that most firms held adequate liquid assets to address immediate cash requirements without relying heavily on inventory conversion. Milma and Fruitomans displayed moderate liquidity, indicating balanced operations with neither excessive cash holdings nor liquidity stress. AVT Natural Products maintained a controlled liquidity level aligned with its operational efficiency.

The industry averages—1.82 for Current Ratio and 1.19 for Quick Ratio—confirm that Kerala's FMCG companies overall possess strong liquidity and the capability to withstand short-term market uncertainties, including supply-chain fluctuations and seasonal demand variations.

2. Review of Literature

2.1 Government Finances

RBI (2022) reports show that Kerala has one of the highest revenue expenditures among Indian states due to social sector commitments. Studies highlight that welfare schemes consume a major share of revenues, reducing capital investment.

2.2 Remittances as Economic Drivers

Zachariah & Rajan (2020) note that remittances significantly stabilize Kerala's economy, contributing to 18–20% of the state's GDP. However, dependency on external labour migration poses long-term risks.

2.3 Fiscal Deficit and Debt Position

The Kerala Economic Review (2023) indicates rising fiscal deficits and state debt, primarily driven by pension liabilities and high administrative expenditure.

2.4 Sectoral Growth Patterns

Mathew (2021) highlighted that Kerala's service sector, including tourism, IT, and education, is the major source of economic growth, while manufacturing remains underdeveloped. The agricultural sector also faces declining profitability due to small landholdings and high labour costs.

2.5 Banking and Financial Inclusion

Kerala demonstrates strong banking penetration and digital financial adoption. Studies by NABARD (2022) show high savings behaviour but comparatively low industrial credit uptake.

Overall, literature indicates Kerala's strength in human development and service economy but weakness in revenue generation and industrial diversification. anigrahi, A.K., & Zainuddin, M.S. (2017): In their study "A Study on Financial Performance Analysis of Pharmaceutical Companies in India," the authors evaluated five major firms using profitability, liquidity, and solvency ratios. They emphasized the need for improving inventory management to boost working capital efficiency.

Sharma, A., & Mehta, S. (2018): Their paper on "Financial Performance Evaluation of Indian Pharmaceutical Companies: A Comparative Study" highlights the use of return on



equity, net margin, and capital structure as indicators of financial health. It shows how financial efficiency contributes directly to strategic growth.

Pandey, I. M. (2021): Pandey's "Financial Management" emphasizes the importance of evaluating operational efficiency and working capital management to ensure financial sustainability. His frameworks support the article's analysis of receivables and inventory turnover.

White, G. I., Sondhi, A. C., & Fried, D. (2003): Their book "The Analysis and Use of Financial Statements" presents an in-depth view on how stakeholders interpret financial data for investment and strategic decision-making, which supports the use of tools like ROE, debt ratios, and liquidity metrics.[7]

2.3.2 Firms Operating in the Industry Kerala Minerals and Metals Ltd. (KMML)

The Kerala Minerals and Metals Ltd (KMML) Kollam is the world's first fully integrated Titanium Dioxide Plant. It is also India's first and only manufacturer of Rutile Grade Titanium dioxide by chloride process. They had secured the Kerala State Energy Conservation Awards 2020 in the 'Large-scale energy consumer category'. The operations of KMML comprised of mining, mineral separation, synthetic rutile and pigment-production plants. Along with manufacturing the Titanium Dioxide through chloride route, the company produces very pure rutile grade Titanium Dioxide pigment and other products such as ilmenite, zircon, sillimanite, etc. The different grades churned out by KMML are available in the market under the brand name KEMOX. With the inauguration of Titanium Sponge Plant (a joint venture of KMML, Vikram Sarabhai Space Centre and the Defence Metallurgical Research Laboratory), India became the 7th country in the world having the technology for producing titanium sponge, which is the raw material for titanium metal. Titanium sponge is known for its high strength but low weight, making it an ideal material for aircraft manufacture, including fighter aircraft. The material is also used in nuclear plants, engine parts, ocean platforms, reactors, heat exchangers and to make dental implants and artificial bones.[10]

Aarti Industries Limited (AIL)→ Aarti Industries Limited (AIL) is an Indian company headquartered in Mumbai, Maharashtra, India. It was founded in the year 1975. It is basic chemicals, agrochemicals, specialty chemical and pharmaceutical chemical company. It is one of the leading suppliers to global manufacturers of Dyes, Pigments, Agrochemicals, Pharmaceuticals & rubber chemicals. It operates in the United States of America, Europe, Japan, and India. Its subsidiaries include Aarti Healthcare Ltd, Aarti Corporate Services Ltd, and Alchemie Europe Ltd.

Atul Limited→ Atul Ltd. was founded in September 1947. The company is one of the top 10 chemical companies in India and it is headquartered in Gujarat. The company is a part of the Lalbhai Group. It operates through two segments- Life Science Chemicals, and Performance & Other Chemicals. The life science segment consists of active pharmaceutical ingredients (APIs), API intermediates, fungicides, and herbicides. The performance segment consists of



adhesion promoters, bulk chemicals, epoxy resins and hardeners, intermediates, perfumery, and textile dyes.

Gujarat Alkalies and Chemicals Limited (GACL)— Gujarat Alkalies and Chemicals Limited (GACL) were incorporated on 29th March 1973 in the State of Gujarat by Gujarat Industrial Investment Corporation Limited (GIIC), a wholly-owned company of Govt. of Gujarat, as a Core Promoter. It has integrated manufacturing facilities for Caustic Soda, Chlorine, Hydrogen Gas, Hydrochloric Acid, Chloromethanes, Hydrogen Peroxide, Phosphoric Acid, Potassium Hydroxide, Potassium Carbonate, Sodium Cyanide, and Sodium Ferrocyanide. [11]

India Glycols Limited— India Glycols Ltd. is a leading company that manufactures green technology-based bulk, specialty, and performance chemicals and natural gums, spirits, industrial gases, sugar, and nutraceuticals. The company was established as a single mono-ethylene glycol plant in 1983. Since then, IGL has brought together cutting-edge technology, innovation, and an unflinching commitment to quality, to manufacture a wide range of products that have found global demand.

Pidilite Industries Limited— Pidilite Industries Ltd. was founded in the year 1959. It is headquartered in Andheri, Mumbai. The product range of the company includes Adhesives, Construction, and Chemicals. Their manufacturing facilities are in Vapi (Gujarat), Kala Amb (Himachal Pradesh) and Mahad (Maharashtra). The company's product portfolio boasts over 1250 chemicals that are exported in more than 40 countries across the globe. Pidilite is also the manufacturer of Fevi Kwik. The different product range of Pidilite includes Dr. Fixit, Moto Max, Rangeela, etc.

Tata Chemicals Limited— Tata Chemicals Ltd. was founded in the year 1939. It is headquartered in Mumbai, Maharashtra. It is one of the top 10 chemical companies in India. The company product range includes nitrogenous, chemicals, fertilizers, industrial finishing products, etc. These products are vital ingredients for industries like glass and detergent. The company is amongst the primary producers of the product range sodium bicarbonate that is widely used in food, pharmaceuticals, etc.

United Phosphorus Limited (UPL Ltd.)— United Phosphorus Limited was founded in the year 1969. The company is headquartered in Mumbai, Maharashtra. It is an Indian multinational company that manufactures and markets agrochemicals, industrial chemicals, chemical intermediates, and specialty chemicals. It is a global generic crop protection, chemicals and seeds company. They are engaged in both agro and non-agro activities and their products are sold in approximately 120 countries across the world.

Gujarat Heavy Chemicals Ltd. (GHCL)— GHCL was incorporated on 4th October 1983 and it has ascertained its footprints in various segments like textiles, consumer products, and chemicals. In the chemical segment, the company produces raw material Soda ASH (Anhydrous Sodium Carbonate) that is used in the manufacturing of detergents and glass and Sodium Bicarbonate (Baking soda). In the textile segment, GHCL Ltd has an integrated setup that includes spinning and printing of the fiber that makes up for marketable products like



duvets and sheets. In the consumer segment, this firm is known as a lead producer and seller of edible Salt. 14 Dow India— Dow India started its operations back in 1957. Dow India holds pride in manufacturing specialty chemicals and various other products for multiple sectors. Dow India has its headquarters in Mumbai and caters to 3000+ customers with over 2000+ products for various different uses. With chemical manufacturing, the company also deals with other solutions that are used in consumer, agriculture, energy, water, industrial, building, automotive, infrastructure, construction, and packaging sectors. Dow India was honored with the “Product Innovator of the Year” award by the Federation of Indian Chambers of Commerce and Industry in 2017.[12]

3. Methodology

3.1 Research Design

A **descriptive research design** is adopted to analyze Kerala’s financial performance.

3.2 Data Sources

This study uses secondary data, collected from:

- Kerala Economic Review (latest editions)
- RBI State Finances Report
- Directorate of Economics and Statistics (Kerala)
- State Budget Documents
- Economic Survey of India
- Published journals, reports, and articles
- World Bank and NITI Aayog databases

3.3 Variables Assessed

The study examines:

- Revenue receipts (tax & non-tax)
- Revenue expenditure
- Capital expenditure
- Fiscal deficit
- Public debt
- Remittances
- Sectoral contribution to GDP
- Investment inflows
- Banking indicators (credit–deposit ratio, NPA levels)

3.5 Scope and Limitations

Scope: Focuses on Kerala’s public finances, economic sectors, and fiscal stability.

Limitations: Relies on secondary data; recent economic shocks (COVID-19, migration shifts) may affect accuracy.

4. Conclusion

Kerala’s financial performance presents a dual picture—strong human development and social security on one side, and fiscal stress on the other. The state continues to rely heavily on remittances and service sectors while facing challenges in revenue mobilization, industrial



expansion, and debt management. The FMCG is defined as packaged items that are consumed or sold on a regular basis. Thus, FMCG product pricing is low, and the sector's profitability is based on product sales volume. The four primary categories that comprise the Indian FMCG market are personal care, household care, food and beverages, and others. The findings suggest that, apart from income and rapid urbanisation, many other factors are driving India's fastgrowing FMCG industry. The changing consumption patterns of the country's new-age group population have resulted in a paradigm shift in the market's customer needs for FMCG products. The modern Indian consumer is distinguished by a high level of awareness, a solid interest in health and nutrition, and a higher level of disposable income. According to an outline of the FMCG industry, India's demographic characteristics have a significant impact on the sector's growth. The Indian FMCG industry has grown rapidly as a result of rising income levels, changing consumer lifestyles, increased internet usage, and a thriving e-commerce market. Furthermore, the country's FMCG market is expected to benefit from the organised retail sector, product launches by Indian and foreign companies, rising demand for brand products, and favourable government policies such as FDI, the GST Bill, and the Food Security Bill. The modern Indian consumer is distinguished by a high level of awareness, a solid interest in health and nutrition, and a higher level of disposable income. According to an outline of the FMCG industry, India's demographic characteristics have a significant impact on the sector's growth. The Indian FMCG industry has grown rapidly as a result of rising income levels, changing consumer lifestyles, increased internet usage, and a thriving e-commerce market. Furthermore, the country's FMCG market is expected to benefit from the organised retail sector, product launches by Indian and foreign companies, rising demand for brand products, and favourable government policies such as FDI, the GST Bill, and the Food Security Bill.

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