Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG). FMCG products are those that get replaced within a year. Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, tooth cleaning products, shaving products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars.

The Indian FMCG sector is the fourth largest sector in the economy with an estimated size of Rs. 1,300 billion. The sector has shown an average annual growth of about 11% per annum over the last decade. Unlike the developed markets, which are prominently dominated by few large players, India’s FMCG market is highly fragmented and a considerable part of the market comprises of unorganized players selling unbranded and unpackaged products. There are approximately 12-13 million retail stores in India, out of which 9 million are FMCG Karana stores.

The idea that the primary responsibility for management is to increase value gained prominence and became widely accepted in the US after the Rappaport’s (1986; 1998) publication of Creating Shareholder Value. Moreover, accounting earnings were under attack. Rappaport (1986), consistent with Stern (1974), argued that earnings fail to measure changes in the economic value of the firm. Arguments such as: (a) alternative accounting methods, which may be employed, (b) investment requirements exclusion and (c) ignorance of the time value of money, brought earnings under hard critique.

EVA was originally defined by Stewart (1991) as the measure that properly accounts for all the complex trade-offs involved in creating value. It is calculated as the product of the economic book value of the capital committed to the business multiplied by the spread between the rate of return on capital, defined as r, and the cost of capital, defined as c* (Stewart, 1991). It differs from the traditional accounting performance measures since it takes into account the cost of all capital employed. Although EVA is
popularized as the only true indicator of business and management performance, it is in fact, one of the many variants of residual income.

Maximizing shareholders value is becoming the new corporate standard in India. The corporate who gave the lowest preference to the shareholders’ inquisitiveness, are now bestowing the utmost inclination to it. Shareholders value mean a shareholder’s money - that which they used to purchase stock - should give him a higher return than he could achieve as an individual, investing in other assets of similar risk.

The present study divides into five chapter and appendix, which consist of three chapters about theoretical concept and rest of chapter about computations and interpretation. First chapter gives introduction of FMCG industry. The second chapter is about conceptual Framework of Economic Value Added and Market Value Added. Research Methodology and review of literature presented in third chapter. Data analysis and interpretation calculations are presented in fourth chapter. At last fifth chapter consists of findings and suggestions of this research work have been given.

This research study is my humble attempt to portray relationship between economic value added and market value added in FMCG sector.

I am hopeful that this research study will help academicians as well as corporate sectors and shareholders, employees, management, investors, and society as a whole.

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