

**Quote by Nilaya Varma, Co-founder and Group CEO, Primus Partners**

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## **FMCG products to cost more on rising crude oil prices**

***Geopolitical tensions in the Middle East could pose short-term headwinds by driving up crude oil prices***

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*Crude-linked derivatives such as linear alkyl benzene, titanium dioxide used in the manufacturing of FMCG products, will likely become costlier, pushing up prices of soaps, detergents and paints | Photo Credit: PRIYANSHU SINGH*

**Read on:** <https://www.thehindubusinessline.com/companies/fmcg-products-to-get-costlier-on-rising-crude-prices/article69701085.ece>

### **Article Content:**

Tensions in the Middle East are pushing up crude prices and fast-moving consumer goods makers are apprehending cost escalations in the short term, that could hurt margins.

Crude-linked derivatives such as linear alkyl benzene, titanium dioxide used in the manufacturing of FMCG products, will likely become costlier, pushing up prices of soaps, detergents and paints, FMCG companies and analysts said.

“Geopolitical tensions in the Middle East could pose short-term headwinds by driving up crude oil prices. This may drive up the prices of the overall purchase basket and pinch consumers,” said Krishna Khatwani, Head of Sales (India), Godrej Consumer Products Ltd.

### **Optimistic about consumer demand**

He qualified however, “We remain optimistic about consumer demand in the near term. Factors such as the RBI’s repo rate cuts, tax benefits introduced in the Budget, and the early onset of the monsoon are expected to positively influence consumption and household spending.”

The Strait of Hormuz, a chokepoint for nearly 30 per cent of global seaborne oil, would face elevated risk, potentially leading to immediate supply shocks and price volatility.

“We are waiting and watching the Middle East conflict. We are hoping that there will be de-escalation by both countries and that the movement of raw materials will not be impacted. If it continues further, then we will have to take price increases as the raw material prices go up,” said an FMCG expert.

If the hostilities between Iran and Israel continues, oil and raw materials would have to be routed via the Cape of Good Hope, which would result in increased delivery time and increased shipping rates, leading to production delays as well.

“Natural gas exports from Israel’s Leviathan and Tamar fields, already proven vulnerable during prior regional escalations, could be suspended or disrupted. Additionally, existing tensions in the Red Sea—exacerbated by Houthi attacks—have already rerouted shipping via the Cape of Good Hope, compounding transit times and costs,” Nilaya Varma, Co-founder and Group CEO, Primus Partners, told *businessline*.

“Manufacturing-intensive sectors—such as automotive, pharmaceuticals, and consumer goods—would be exposed to secondary effects, including increased costs for raw materials and intermediate goods, production delays and margin compression due to logistics bottlenecks,” he added.