Consumer Electronics & Appliance Industry in India

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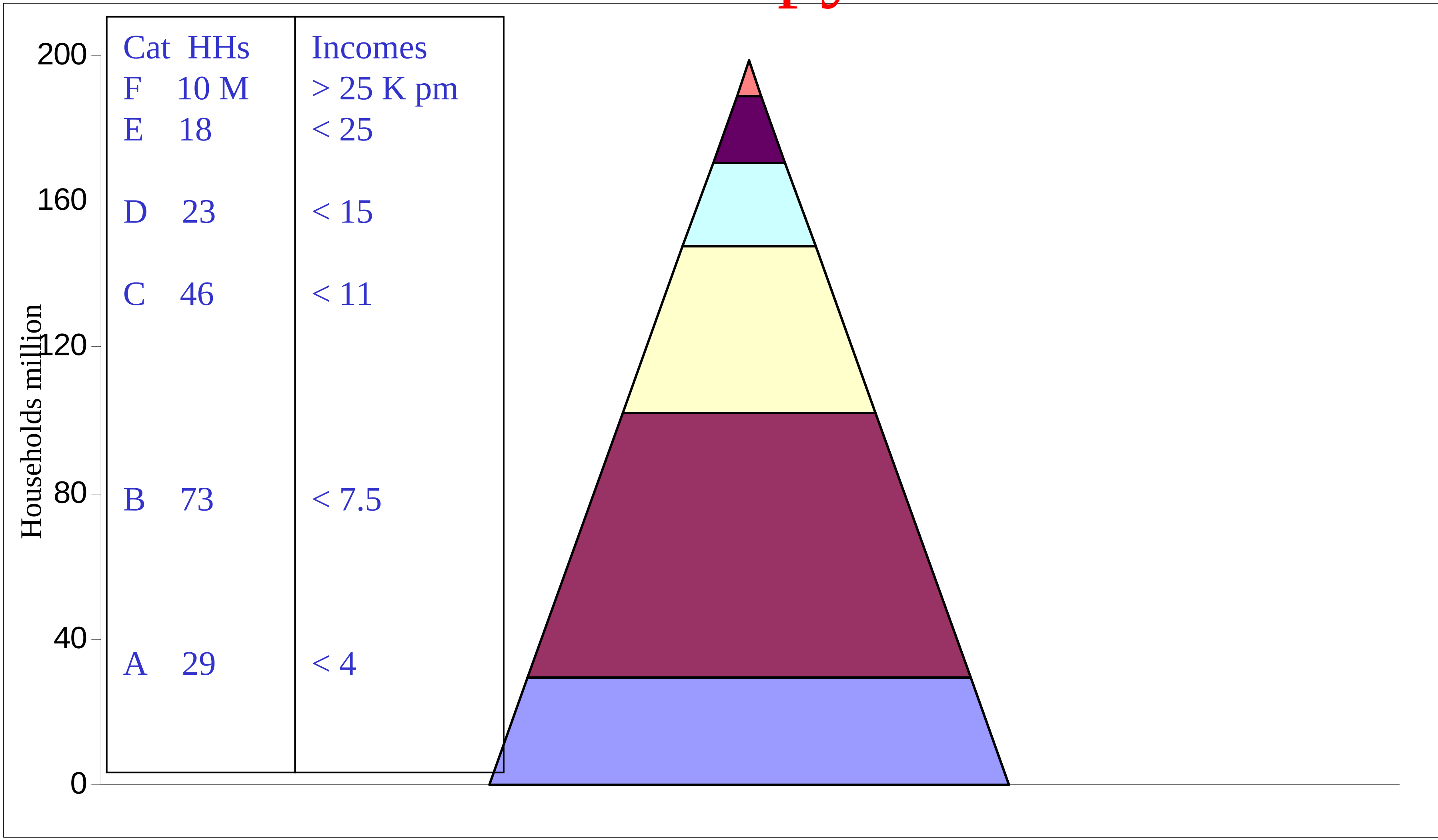
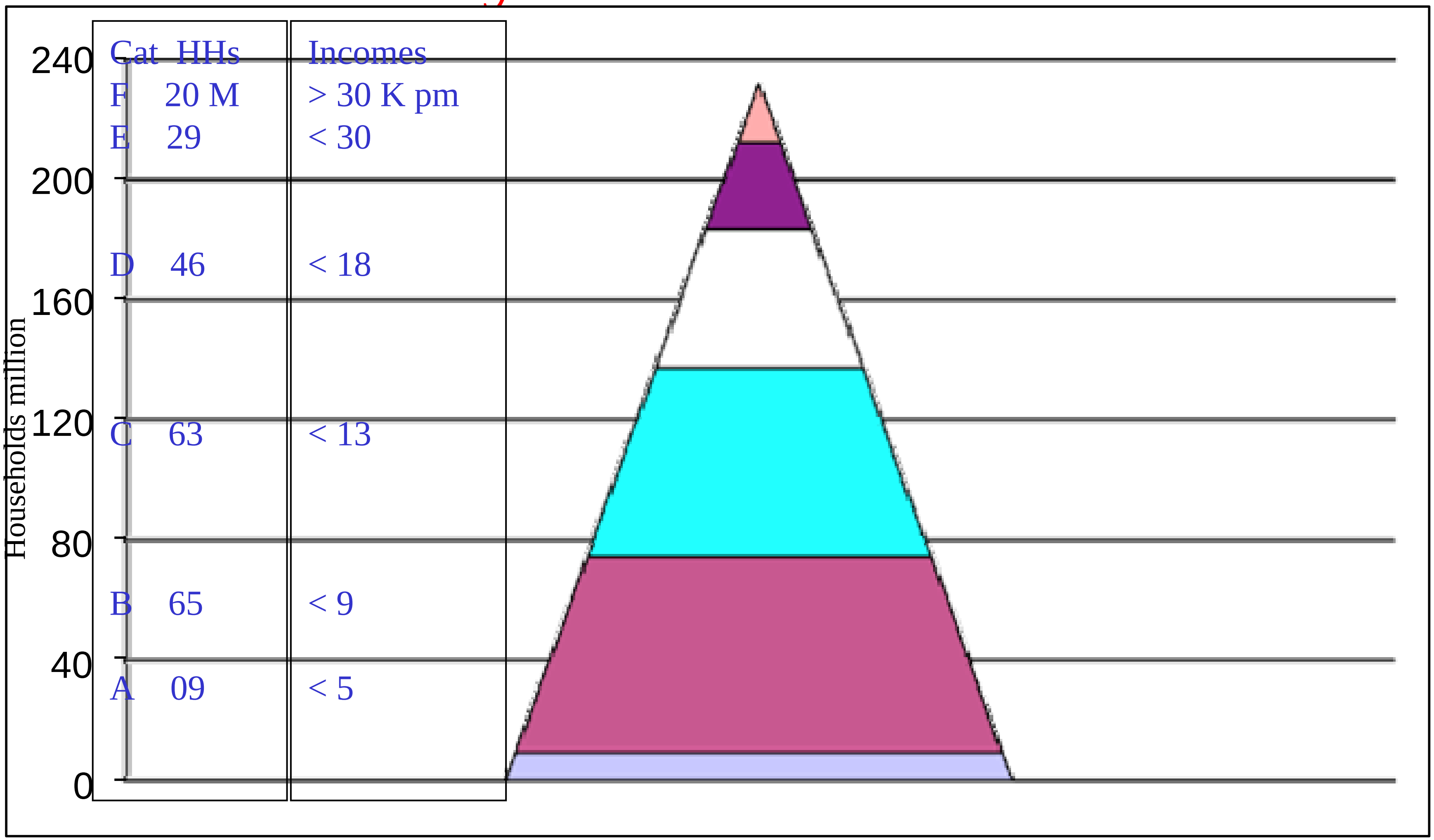
Growth of Consumer Electronics in India

1950s	**Radios-imported & Sold**
Late 1960s	**B&W TV Transmission started in the country**
1982	**Colour TV Transmission started in the country**
1992	**Economic Liberalization Process initiated**
1993-94	**Dismantling of controls such as licences, ban on use of Foreign Brand Names etc.**
1994-95	**Entry of MNCs – Panasonic, Sony, LG, Samsung etc. Lowering of Import duties. Cable TV Started**
1995- Till Date	**Entry of Many MNCs & Rapid Growth, continuous lowering of Import Duties**
2001	**Non Tariff Barriers on Imports removed.**
2004	**Free Trade Agreement (FTA) with Thailand implemented, resulting in reduction of import duties to 0% on Colour Television sets, Colour Picture Tubes, Refrigerators and Air Conditioners, thus more competition.**
2005	**DTH Services Started**
2007	**Entry of Organised Retail.**

Households in the pyramid - 2007



Pyramid in 2014



What they will buy will depend on the Value Proposition as seen by the Consumer

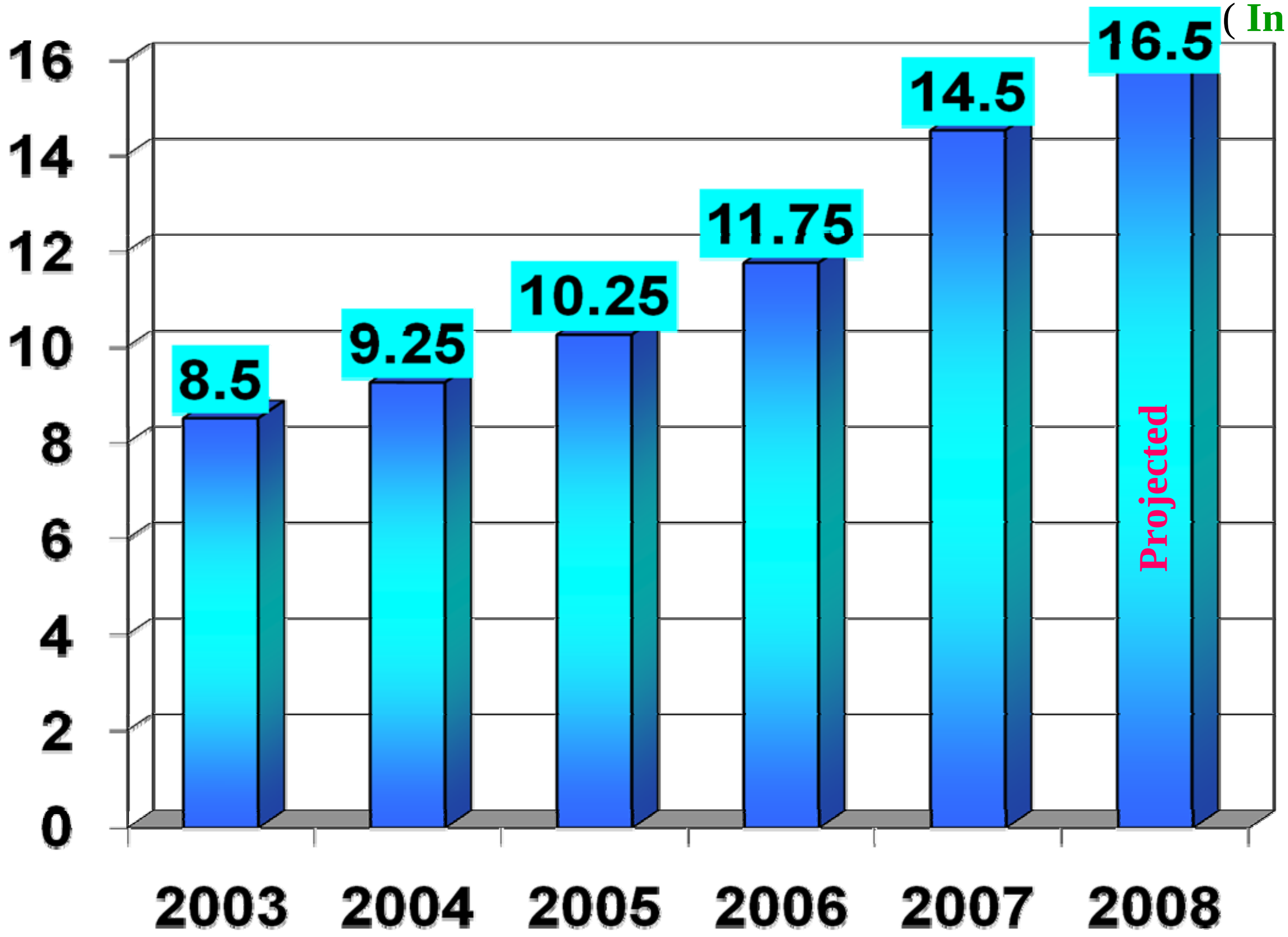
Economic Outlook for the Year Ahead - India leads...positively!
Future of the country's economy
Improve
100%
80%
60%
40%
20%
0%
88%
80%
71%
60%
57%
54%
54%
54%
47%
47%
India
HK
China
SA
Singapore
Turkey
Chile
Norway
Brazil
NZ

Brands in Consumer Electronics & Appliances Sector

MNCs		National	Regional
LG	)	Onida	Oscar
Samsung	) Korea	Videocon	
Beltek			
Hyundai	)	BPL	Salora
Whirlpool	)USA	Godrej	Weston
TCL	)		T-Series
Haier	) China		Bush
Konka	)		Crown
			Jolly
Philips	) Holland		Texla
			Maharaja
Panasonic	)		
Sharp	)		
Sony	)		
Hitachi	) Japan		
Sansui	)		
Akai	)		
Aiwa	)		

Colour Television
Production / Projection Figures

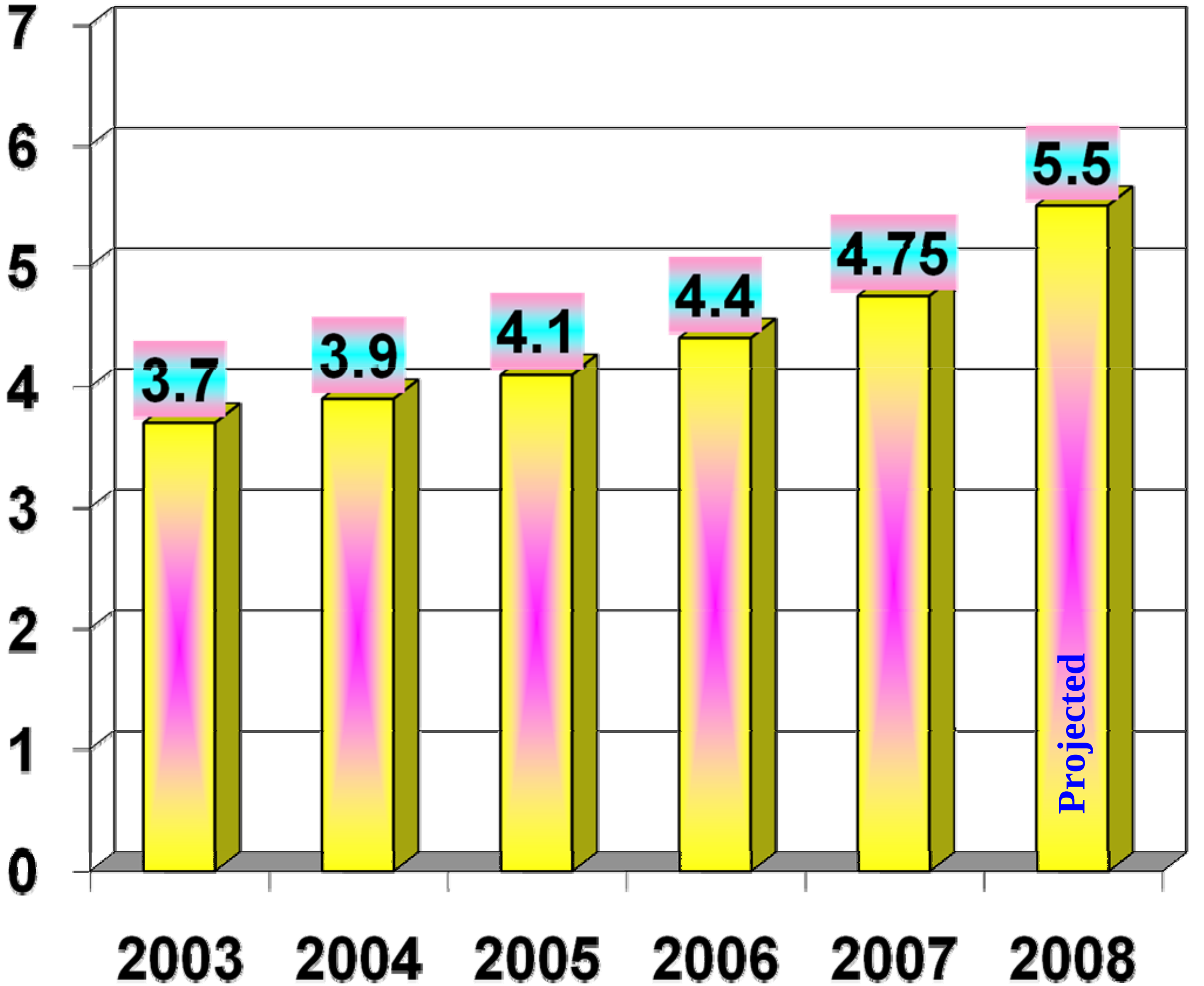
(In Million Nos.)



Refrigerator

Production / Projection figures

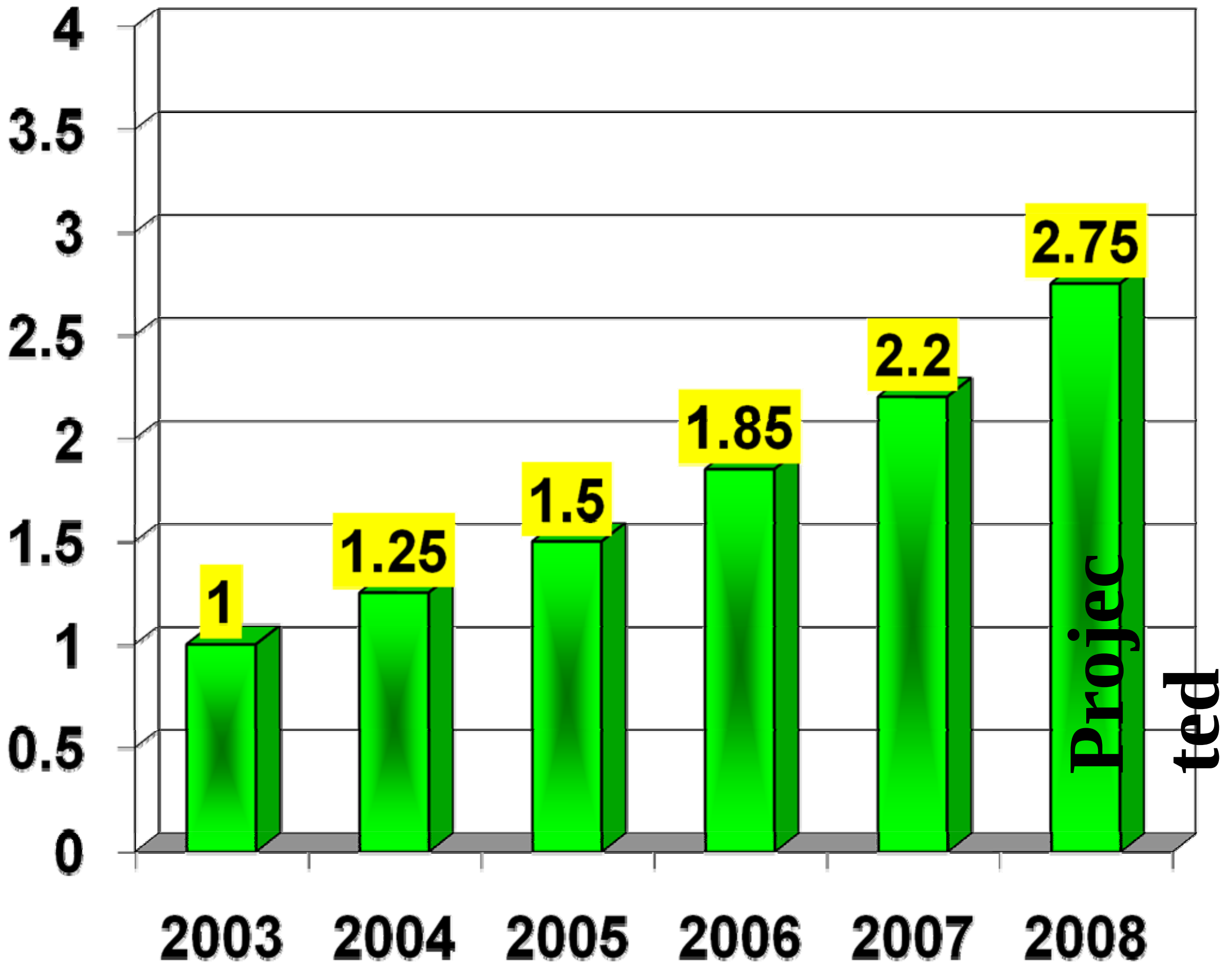
(In Million Nos.)



Air Conditioner

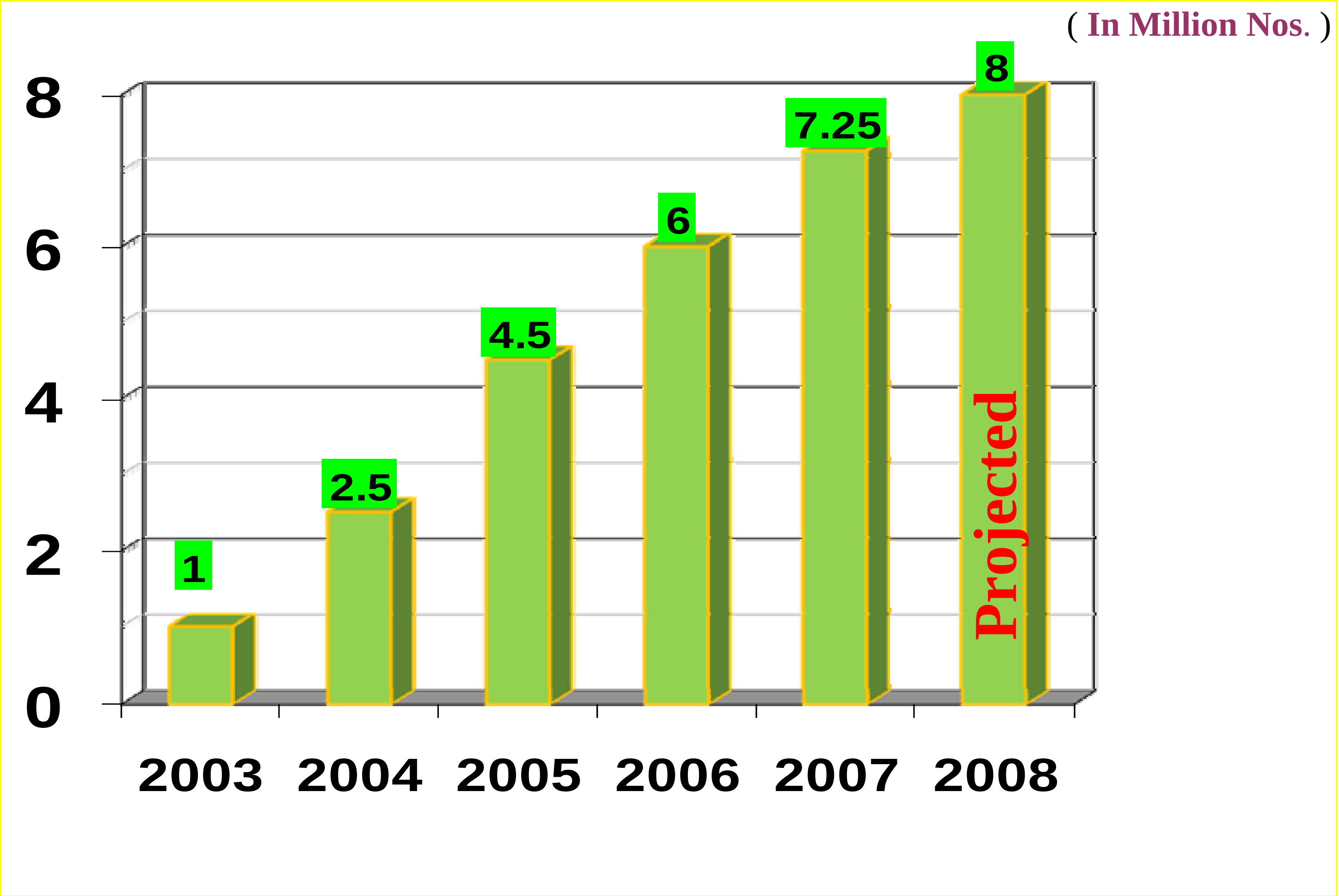
Production / Projection Figures

(**In Million Nos.**)



DVD Players

Production / Projection Figures



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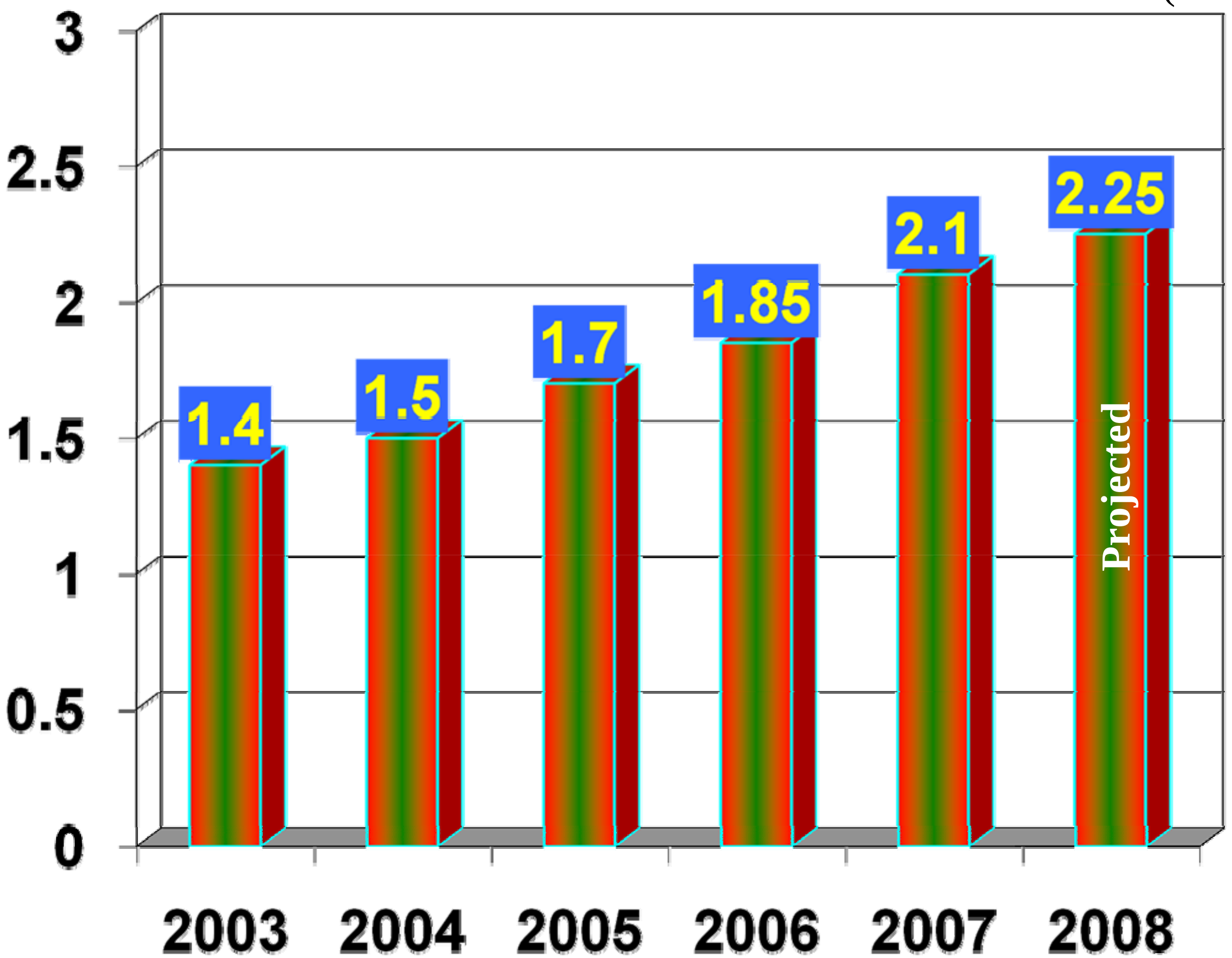
Washing Machine

Production / Projection Figures

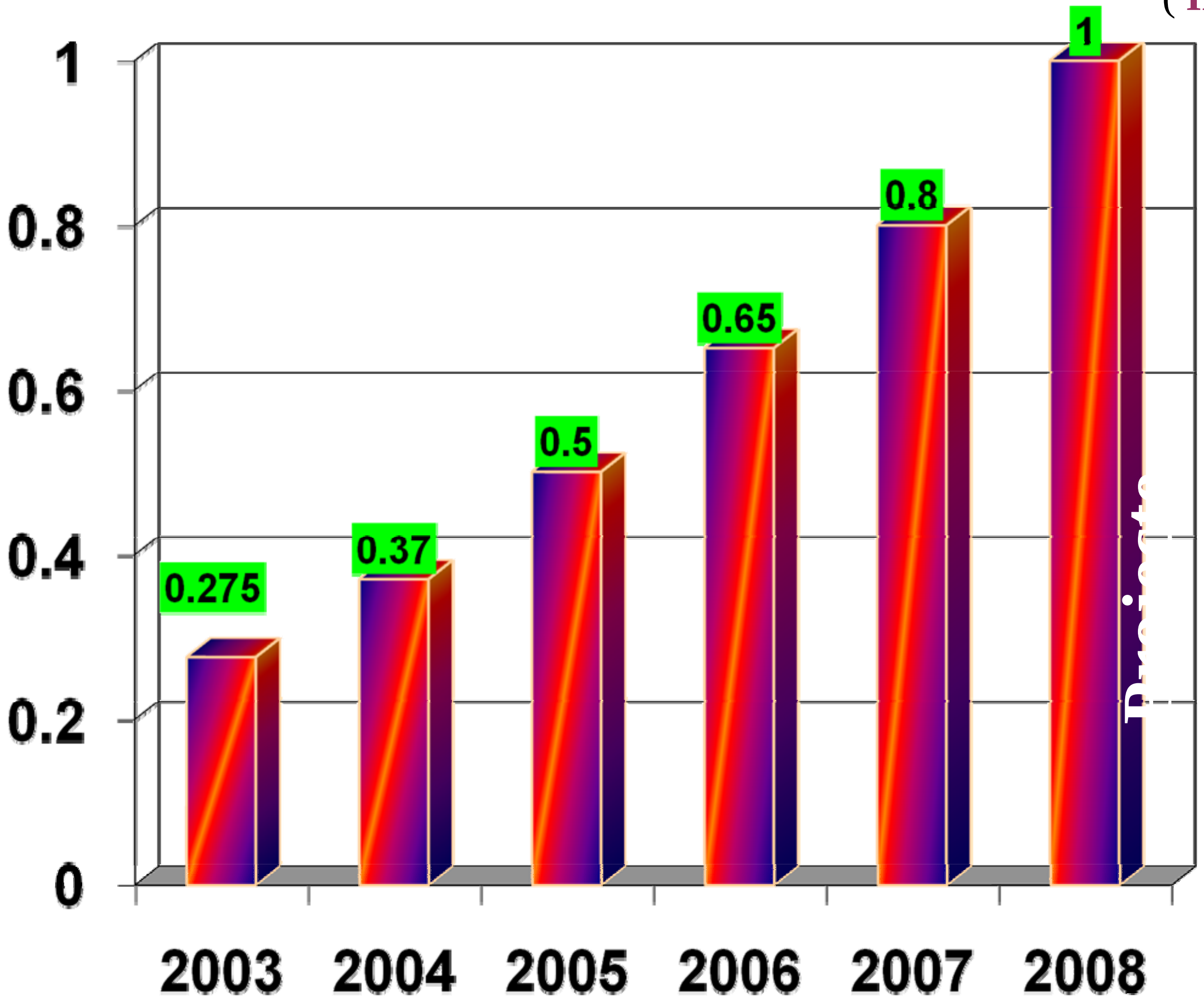
(In Million Nos.)



Microwave Oven

Production / Projection Figures

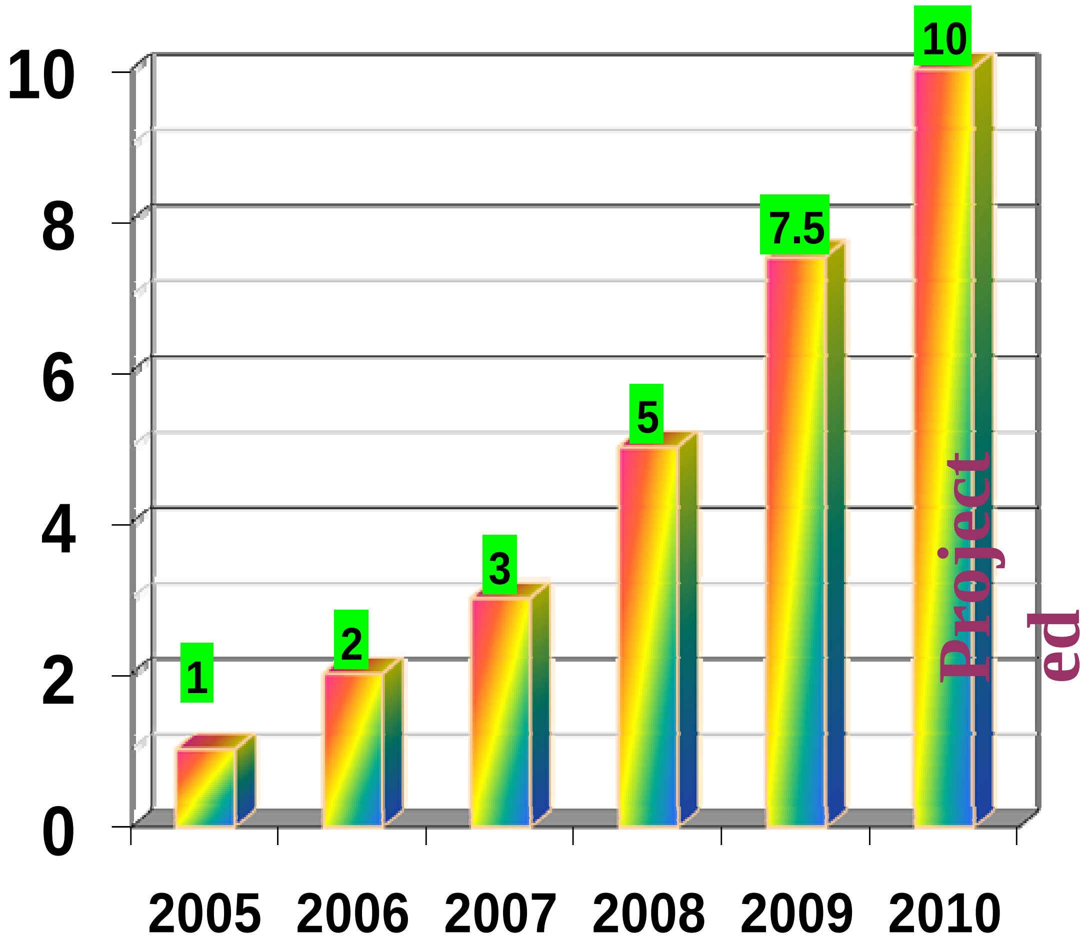
(**In Million Nos.**)



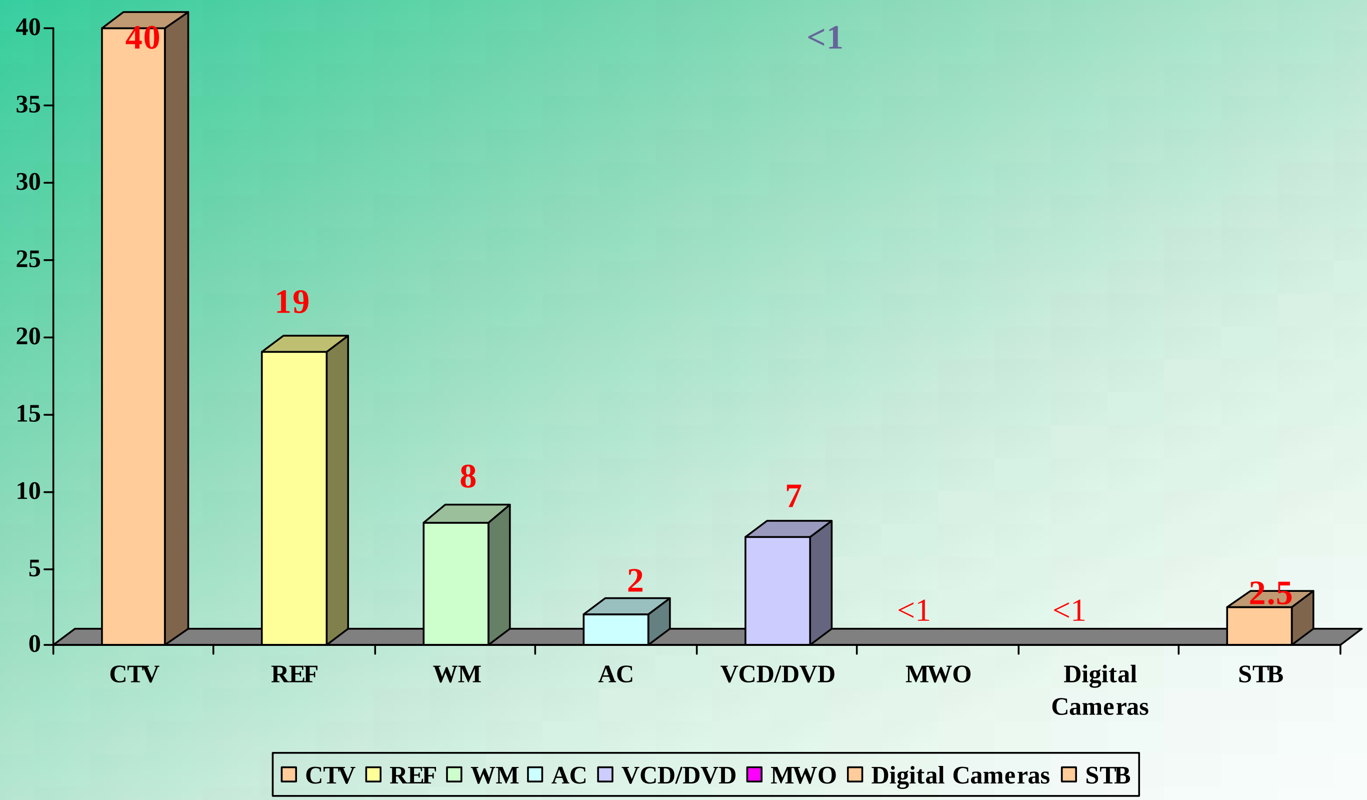
Set Top Box

Production / Projection Figures

(In Million Nos.)



Existing Penetration Levels



Source : Industry Estimates

Indian Electronics & Appliances Industry Analysis

Strength

- **Increasing Demand :**
  TV's, DVD's, Smart Cards, Cellphones, Air Conditioners, STB's, Refrigerators, Washing Machines, Microwave Ovens etc.
- **Market Potential :**
  Large & rapidly growing Consumer base : 320 -340 Mn.
- **9 percent per annum GDP growth**
- **Availability of Qualified/Skilled Manpower**
- **Start up of EMS**

Weaknes

- **Fragmentation of Capacities due to faulty Tax Policies (Exemptions) of Govt.**
- **Increased demand being satisfied by Imports.**
- **Weak Local Manufacturing base.**
- **Gray market having larger share in most of segments due to high Taxes- VCD Player, Car Stereos.**
- **Inverted duty structure discouraging Manufacturing**
- **India poor competetor to asian Giants.**
- **Share of Electronic export market is low. .**

Road to Vision- India 2015

- Strengths:

- ➢ Skilled Low Cost Manpower
- ➢ World Class Standards of Productivity
- ➢ Adherence to Strict Quality Norms
  - Six Sigma
  - ISO 9000 approved
- ➢ Huge Domestic Market

Road to Vision- India 2015

- <u>Opportunities</u>

- Placing India on Global Map for Hardware - Brand India.
- Creation of Jobs (7Million Direct,14 Million Indirect by 2015)
- US $ 10 Billion/annum Export earning for India.

Road to Vision- India 2015

- Weakness

- ➢ Low Domestic Production
- ➢ Weak Component base.
- ➢ Low domestic demand - because of high level of indirect taxes.
- ➢ Tax exemptions have led to fragmentation of capacities resulting in higher production cost and poor quality, thus higher prices.
- ➢ High Transaction Costs and Infrastructure related issues- leading to higher costs.

Road to Vision- India 2015

- <u>Threats</u>

➢ Competition from China & South East Countries

➢ Competition from other emerging economies in Asia & South America.

Accelerated growth in the consumer electronics & Appliances sector - can be achieved with following Policy Changes

⇒ Implementation of Goods & Sevices Tax, without further loss of time, to make India one common Market.

⇒ Correction of anomalies in import duties, because of implementation of FTAs.

⇒ Making tax system simple and transparent to improve efficiency of tax administration, leading to increased velocity of business

⇒ Withdrawing all tax exemptions; it will improve revenue of both Federal and State governments

⇒ Lower total indirect tax incidence from the present level exceeding 30 % to less than 20 % It will result in increased revenue for both Federal and State governments..

⇒ Reforms, particularly in the power sector, need to be speeded up. Rural electrification should be high priority task.

THANKS