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RESEARCH ARTICLE

A STUDY OF CONSUMER ELECTRONICS INDUSTRY IN INDIA

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ABSTRACT

The Consumer Electronics exports have been widely studied. It also examined the trends in Consumer Electronics production, Changes in the direction of Consumer Electronics Exports and also studies the export of top items, major companies Exporting Consumer Electronics. Singapore, Hongkong & Other South Asian countries remain the top destination of Consumer Electronics during the year 2017-18. Smart Cards are emerged to be the top item during the year 2017-18. It has been observed that the Consumer Electronics sector not only contributes significantly to export earnings and GDP but also emerges as a major source of employment generation in the country. Though the Consumer Electronics sector in India is small at present, there are several advantages which India can effectively leverage to achieve higher growth.

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INTRODUCTION

In a relatively short space of time, electronic products have become an essential part of daily life. The Consumer Electronics (CE) industry is evolving day by day with adoption of modern devices and consumer technologies. Consumers are becoming smarter and look for maximum efficiency from new products. Industry players have to be consumer focused and provide seamless and personalized products to cater modern day consumers. Growth in the India consumer electronics market can be attributed to increases in demand from households, changing lifestyles of individuals, easier access to credit, and rising disposable incomes. The consumer electronics sector has witnessed the highest share in the total production of electronic goods in India. India is likely to emerge as a potential future manufacturing hub for the region, provided the government shows adequate support and focus towards this sector. Specific factors anticipated to push the manufacturing in India are inclusive of, reduction in borrowing costs, export incentives, reduction of customs duties on raw materials and components, and improvement in the ease of doing business. The India consumer electronics market is expected to reach USD 118.4 billion in 2025. Rising disposable income, rapid urbanization as well as the introduction of novel products in the market is expected to further contribute to the market growth.

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Objectives

- To evaluate the trends in Consumer Electronics production and Exports of India.
- To examine the changes in the direction of India's Consumer Electronics Exports.
- To analyse the top Exporters and items of Consumer Electronics in India.

DATA SOURCES AND METHODOLOGY

A multi-dimensional approach has been adopted for the study on Consumer Electronics Exports of India. The present study based on secondary sources. The data collected from Electronics and Computer Software Export Promotion Council of India (ESC). Simple Statistical tools like percentages, annual growth rates have been used wherever necessary.

Consumer Electronics: Consumer electronics (CE) refers to any electronic devices designed to be purchased and used by end users or consumers for daily and non-commercial/professional purposes. Consumer electronics are among the most commonly used form of electronic, computing and communication devices. Consumer electronics or home electronics are electronic equipment intended for everyday use, typically in private homes. CE devices used for entertainment (flat screen TVs, DVD players, video games, remote control cars etc.), communications (telephones, cell phones, e-mail-capable laptops etc.), and home-office activities(e.g., desktop computers, printers, paper shredders, etc.).

High production in the Indian electronics market can be attributed to pace up demand for advanced computers, mobile phones, TVs, and defence-related electronics. The situation in this market mandates manufacturers to keep themselves updated with the latest technology, since it is eye-catching to typical consumers, and technological features play an apex role while selling to higher-income classes.

Factors Affecting Consumer Electronics Industry in India

The following factors are affecting Indian consumer electronics goods industry in India:

- Rise in Disposable Income
- Easy-Availability of Consumer Financing
- Existing Potential in Rural Markets
- Increasing Share of Organised Retail
- Entertainment and Media to Boost Growth
- Consumer Preferences:

Availability of new and innovative products. Pricing of the products. Festive discount schemes

CONSUMER ELECTRONICS INDUSTRY IN INDIA

Intentional reduction by the Government in the import bill, coupled with government and corporate spending is anticipated to complement the positive demand in this market. The India consumer electronics sector has attracted several strong investments in the form of merger & acquisition policies practiced by key participants of the global market and other FDI inflows. With the advancing technology, there is trend of smart offices and smart homes, where consumer electronics is an important part of it. Rising disposable income of the people of consumer electronics and their shift in preferences towards smart homes and smart offices environment, are thus majorly driving the growth of the industry. High end products still has to go a long way to acquire larger industry share in India.

Consumer Electronics Trends – According to PwC's report, the Indian home appliances and consumer electronics market is expected to grow by 10 % on a CAGR till 2022. Make in India initiative have boosted the Consumer Electronics design and manufacturing industry in India and as a result we will witness a tremendous growth in the industry over next 5 years. E-Commerce is also one of the reason for increase in demand and sales of consumer products and electronics. Consumer electronics (durables) sector continues to be the main stay of the Indian electronic industry contributing about 32 per cent of the total electronic hardware production. By the end of 2009-10, the market for consumer durables (including entertainment electronics, communitarian and IT products) was Rs 190 billion (US \$4.7 billion). The market is expected to grow at 11 to 13 per cent annually and is expected to reach Rs 65 billion (US\$13.6 billion) by 2010. The urban consumer durables market is growing at an annual rate of seven to 10 per cent, the rural durables market is growing at 25 per cent annually. Some high-growth categories within this segment include mobile phones, TVs and music systems. Table 1 represents the production and exports of consumer electronics in India. It is clear from the Table that the value of consumer electronics produce increased from Rs. 22600 crores in 2007-08 to Rs. 83154 crores in 2017-18. The percentage change over the previous year in the production of consumer electronics registered positive growth during the study period. However there are fluctuations in the annual growth during the 2007 to

2018. In the year 2017-18 there is a momentum in the production. Table 1 also shows the exports of consumer electronics in India. It is clear from the table that the value of consumer electronics export is ranged between Rs. 1600 crores in 2007-08 and Rs. 2334 crores in 2017-18. There are much up and downs in annual growth of the exports of consumer electronics. During the study period the highest percentage changes over the previous year rewarded in 2013-14 to the extent of 215.68 per cent. This implies that the export of consumer electronics from India is not consistence during the study period. That is depicted in the bar diagram.

Destinations of consumer electronics exports in India:

Table 2 indicates that the direction of trade of consumer electronics from India. It is clear from the table that the exports of India to Singapore, Hongkong & other South Asian Countries ranged between 19.25 per cent in 2007-08 and 38.21 per cent in 2017-18, to EU countries ranged between 10 per cent in 2007-08 and 17.31 per cent in 2017-18, to North America range between 36.75 per cent in 2008-09 and 1.88 per cent in 2007-08. The exports of India to Japan Korea other Far East Countries Australia & Other Ocean Countries ranged between 0.56 per cent in 2008-09 and 5.02 per cent in 2016-17. Singapore, Hongkong & other South Asian Countries have the highest share (Rs.892 Crores) of exports from India. It implies that the share of Singapore, Hongkong & other South Asian Countries is highest followed by African countries, European Union and Middle East countries to the percentage of 12.94, 17.31 and 15.17 respectively. The share of exports to other countries is considerably low.

Top exporters of consumer electronics in India: Table 3 give the top 10 exporters of consumer electronics is selected years along with the value of exports. It is observed from the table that there is much diversion in the production of consumer electronics among the companies. For instance in 2008 L G Electronics India Pvt. Ltd exported the highest value of consumer electronics and in 2016-17 the Videocon Industries Ltd. exported the highest amount. The value of exports by L G Electronics India Pvt. Ltd is Rs. 134439.74 lakhs in 2007-08 and by Videocon Industries Ltd. is Rs. 37224 crores in 2016-17.

Major items of consumer electronics exports in India:

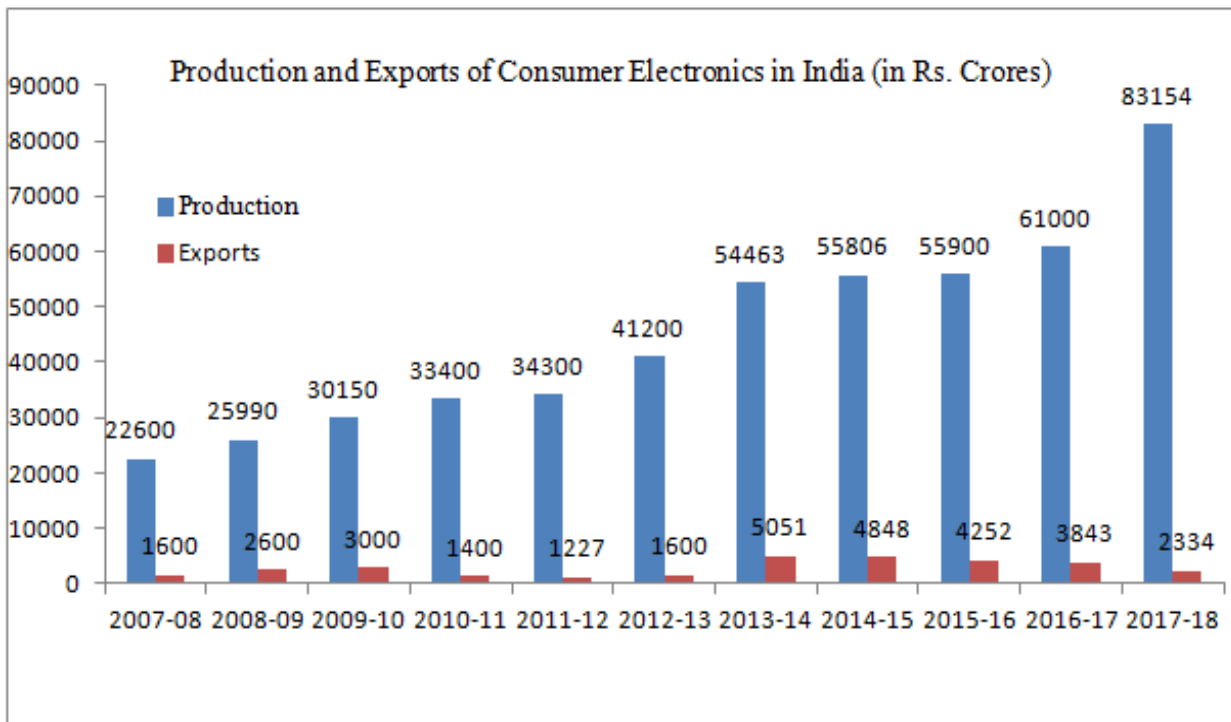
Cable digitalization is also expected to cater to a rise in demand for televisions in India. Platforms for special interests, local channels in regional languages, as well as capacity to support a wide range of channels due to digitalization of cable network have spurred a rise in demand for televisions. Also, the introduction of novel TV sets by key industry participants such as Sony and Samsung are expected to contribute to an overall rise in demand for televisions over the forecast period. Table 4 give the top 10 major items of consumer electronics exports is selected years along with the value of exports. It is clear from the table that there is more diversion in the export of consumer electronics between the major items. However in 2007-08 Television is exported the highest volume of consumer electronics and in 2017-18 Smart Cards exported the highest amount. The volume of Television exports in 2008-09 is Rs 30669.14 lakh, in 2017-18 the volume of Smart Cards is Rs. 683 crores.

Major findings of the study: A few of the findings emanating from the study are:

Table 1. Consumer Electronics in India (Rs. Crores)

Year	Production	% Change over previous year	Export	% Change over previous year	% of exports in production
2007-08	22600	--	1600	--	7.08
2008-09	25990	15	2600	62.5	10
2009-10	30150	16.01	3000	15.38	9.95
2010-11	33400	10.78	1400	-53.33	4.19
2011-12	34300	2.69	1227	-12.35	3.58
2012-13	41200	20.12	1600	30.39	3.88
2013-14	54463	32.19	5051	215.68	9.27
2014-15	55806	2.46	4848	-4.02	8.69
2015-16	55900	0.16	4252	-12.29	7.61
2016-17	61000	9.12	3843	-9.61	6.3
2017-18	83154	36.32	2334	-39.26	2.81

Source: Electronics and Software Export Promotion Council, Statistical Year book, various issues.

**Table 2. Direction of Consumer Electronics Exports in India (Rs. Crores)**

Destination	2007-08	2008-09	2009-10	2010-11	2011-12	2015-16	2016-17	2017-18	Average
North America	30 (1.88)	955.61 (36.75)	948.75 (31.63)	140 (10.00)	110 (8.96)	1215 (28.57)	650 (16.91)	207 (8.87)	532.28 (20.91)
Singapore, Hongkong & other South Asian Countries	308 (19.25)	978.38 (37.63)	1326 (44.20)	350 (25.00)	311 (25.35)	822 (19.33)	923 (24.02)	892 (38.21)	741.2 (29.1)
Middle East countries	735 (45.94)	177.88 (6.84)	279.50 (9.32)	278 (19.86)	347 (28.28)	748 (17.59)	397 (10.33)	354 (15.17)	420.29 (16.51)
Europe (EU countries)	160 (10)	326.80 (12.57)	183 (6.10)	410 (29.29)	260 (21.19)	743 (17.47)	1013 (26.36)	404 (17.31)	438.73 (17.24)
African countries	227 (14.19)	55.08 (2.12)	80 (2.67)	85 (6.07)	140 (11.41)	374 (8.80)	346 (9.00)	302 (12.94)	202.91 (7.97)
Japan Korea other Far East Countries	40 (2.50)	14.63 (0.56)	100 (3.33)	50 (3.57)	15 (1.22)	148 (3.48)	193 (5.02)	56 (2.40)	77.39 (3.04)
Australia & Other Ocean Countries									
Latin America	5 (0.31)	9.73 (0.37)	7 (0.23)	45 (3.21)	9 (0.73)	106 (2.49)	67 (1.74)	54 (2.31)	37.88 (1.48)
Russia and C.I.S countries	85 (5.31)	68.88 (2.65)	55 (1.83)	22 (1.57)	6 (1.25)	53 (1.25)	202 (5.26)	25 (1.07)	65.27 (2.56)
Europe (Non EU Countries)	4 (0.25)	2.54 (0.10)	6 (0.20)	5 (0.36)	6 (0.49)	23 (0.54)	30 (0.78)	21 (0.90)	12.22 (0.48)
Australia & Other Ocean Countries	6 (0.38)	10.47 (0.40)	14.75 (0.49)	15 (1.07)	23 (1.87)	20 (0.47)	22 (0.57)	19 (0.81)	16.32 (0.64)
Total	1600	2600	3000	1400	1227	4252	3843	2334	2544.5

Source: Electronics and Software Export Promotion Council (ESC), Statistical Year book, various issues.

Note: Figures in brackets show the percentage of Sectoral Total.

Table 3. Top Exporters of Consumer Electronics in India

2008-09		2009-10		2010-11		2011-12		2016-17	
Company	Total Export Rs. Lakh	Company	Total Export Rs. Lakh	Company	Total Export Rs. Lakh	Company	Total Export Rs. Lakh	Company	Total Export Rs. Crore
1. Videocon Industries Ltd.	24385.76	1. Moser-Baer (India) Ltd.	106296.02	1. Ahuja Group	11300	1.Moser-Baer (India) Ltd	100187.33	1. Videocon Industries Ltd.	37224
2. L G Electronics India Pvt. Ltd	134439.74	2. L G Electronics India Pvt Ltd	19109.50	2. TITAN Industries	5701	2.Videocon Industries Ltd.	42561.31	2. Samsung India Electronics Pvt. Ltd.	22093
3. Multi Screen Media Pvt. Ltd	48487.37	3. Ahuja Group	5086.24	3.Samsung India Electronics Pvt. Ltd.	2623	3.L G Electronics India Pvt. Ltd	41225.61	3. Moser-Baer (India) Ltd	19,837
4. Prosound Products	8819.60	4.Asian Electronics Ltd.	2083.06	4. Photoquip India Ltd.	2380	4.Titan Industries Ltd.	9991.64	4. Five Core Electronics Ltd.	11,447
5. Titan Industries Ltd.	5674.89	5.Samsung India Electronics Pvt Ltd.	1974.73	5. Ajanta Limited	1188	5.Ahuja Radios	5072.22	5. Happy Acoustics Pvt. Ltd.	8697
6. Ahuja Group	4638.22	6.Titan Industries Ltd.	1858.66	6. Sonam Clocks Pvt. Ltd.	1009	6.Five Core Electronics Ltd.	4384.45	6. Ahuja Radios	8417
7. Samsung India Electronics Pvt Ltd	2354.26	7.Mirc Electronics Ltd (Onida)	1155.41	7. Rikon Clock Manufacturing Company	894	7.Tibrewala Electronics Ltd.	3376.61	7. EMS & Exports	7324
8. Photoquip India Ltd.	2219.06	8.Ajanta Ltd.	1076.99	8. Vishay Semiconductor India Ltd.	747	8.Prosound Products	3228.29	8. Dixon Technologies India Pvt. Ltd.	4914
9. Panasonic AVC Networks India Co. Ltd	322.00	9. Rikon Clock Manufacturing Co	810.29	9. MIRC Electronics Ltd.	684	9.Samsung India Electronics Pvt. Ltd.	3150.85	9. Indian Acoustics Pvt. Ltd.	4875
10. Mirc Electronics Ltd (Onida)	1337.17	10. Delt Power Solutions (i)Pvt.Ltd.	669.98	10. Timex Group India Ltd.	575	10.Photoquip India Ltd.	3088.20	10. Neha Exports	4795

Source: Electronics and Software Export Promotion Council (ESC), Statistical Year book, various

Table 4. Major items of consumer electronics export

2007-08		2009-10		2011-12		2016-17		2017-18	
Items	Total Export Rs. Lakh	Items	Total Export Rs. Lakh	Items	Total Export Rs. Lakh	Items	Total Export Rs. Crore	Items	Total Export Rs. Crore
1. Television	30669.14	1. Video Players	6,785	1. Video CD	177720	1.Smart Cards	884	1.Smart Cards	683
2. Recorded video tapes of educational nature and news/views	81.08	2.Colour TV	23,521	2. Colour TV	16567	2. Audio Video Storage Units	986	2. Audio Video Storage Units	411
3.Other (Wireless micro phone)	3651.86	3.Watches and Clocks	9,558	3. Loudspeakers	16386	3. Camera	451	3. Camera	377
4. Electric Sound Amplifier Set. (P.A.System).	20.83	4.Video Cassettes	48,554	4. Video Cassettes	14227	4.Television Reception apparatus	500	4.Television Reception apparatus	168
5. Loudspeakers	5205.34	5.Video CD	75,978	5. Watches and Clocks	10571	5.Watches and Clocks	210	5.Watches and Clocks	188
6. Compact Disc	518.85	6.PA System	10,335	6. PA System	8799	6.CFL	154	6.CFL	140
7.Digital Video Disc Player (DVD)	270.20	7.Loud speaker	8,766	7.Camera	4115	7. Two-in-one	121	7. Two-in-one	163
8. Audio Cassettes	1454.92	8.Digital Camera	208	8. Maganetic Tapes	4039	8. Alarms	97	8. Alarms	114
9. Calculator	574.56	9.Radio Receivers	1,170	9.Video Player	3528	9. Audio/Video Machine	17	9. Audio/Video Machine	25
10. Two-in-one	2439.96	10.VIDEO CAMERA	639	10.Two-in-one	1587	10.Battery	14	10.Battery	20

Source: Electronics and Software Export Promotion Council (ESC), Statistical Year book, various issues.

- Large amounts of the produced electronic waste from developed countries is exported, and handled by the informal sector in countries like India, despite the fact that exporting electronic waste to them is illegal.
- Desktop monitors and laptops produce major physical health concerns for humans when bodies are forced into positions that are unhealthy and uncomfortable in order to see the screen better.
- Heavy taxation in the country is one of the challenges for the players. At its present structure the total tax incidence in India even now stands at around 25-30 per cent, whereas the corresponding tariffs in other Asian countries are between 7 and 17 per cent.
- Poor infrastructure is another reason that seems to have held back the industry. Regular power supply is imperative for any consumer electronics product. But that remains a major hiccup in India.
- The rising rate of growth of GDP, rising purchasing power of people with higher propensity to consume with preference for sophisticated brands would provide constant impetus to growth of white goods industry segment.
- Inadequacy of domestic investment, inability to attract foreign investment, mega investments from multinational companies.

Major recommendations

- The government, in an attempt to encourage manufacture of consumer electronics in India has changed the tariff structure significantly.
- While the consumer durables market is facing a slowdown due to saturation in the urban market, rural consumers should be provided with easily payable consumer finance schemes and basic services, after sales services to suit the infrastructure and the existing amenities like electricity, voltage etc.
- Currently, rural consumers purchase their durables from the nearest towns, leading to increased expenses due to transportation. Purchase necessarily done only during the harvest, festive and wedding seasons – April to June and October to November in North India and October to February in the South, believed to be months 'good for buying', should be converted to routine regular feature from the seasonal character.

- The vigorous marketing efforts being made by the domestic majors will help the industry. The Internet now used by the market functionaries that will lead to intelligence sales of the products. It will help to sustain the demand boom witnessed recently in this sector.

Conclusion

From the consumer electronics market analysis it can be concluded that this sector has huge potentialities to grow in near future in India. The present government's initiatives 'Make in India' could act as a greatest opportunity to this sector. It is concluded that the determinants like income, the level of education of household head have significant positive effect on the demand for most of the major items. Income is one of the important determinants which have significant positive effect on the demand for the major durables. The share of Consumer Electronics export in total export as well as its contribution to GDP has steadily increased over the years. So the Consumer Electronics sector is very important for development of Indian Economy.

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