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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

INDIA'S CONSUMER DURABLES MARKET: POISED FOR GLOBAL LEADERSHIP AND EXPORT-DRIVEN GROWTH

AUTHORED BY - AMOGH TASKAR

Abstract

India's consumer durables market is experiencing rapid growth, driven by factors such as rising disposable incomes, urbanization, and technological advancements. The sector is poised to become the world's fourth-largest by 2027, fueled by increasing exports, government support, and innovation. Key challenges include reliance on imported components and competition from global players. To sustain growth, Indian manufacturers must focus on R&D, product quality, and global expansion.¹

INTRODUCTION

India's consumer durables market is rapidly expanding, with the potential to become the world's fourth-largest by 2027. The growth drivers are multifaceted, influenced by rising domestic demand, increasing exports, innovations in product development, and strategic governmental policies. The Confederation of Indian Industry (CII) and the Department for Promotion of Industry and Internal Trade (DPIIT) have highlighted the market's expansion, fueled by factors such as rising disposable incomes, technological advancements, and favorable trade policies.

This article will explore these themes based on the reports from CII and DPIIT, highlighting how India's consumer durables sector is shaping its future trajectory.

¹ <https://www.indiaretailing.com/2024/09/30/indias-consumer-durables-market-poised-to-be-worlds-4th-largest-by-2027-cii/>

CURRENT LANDSCAPE OF THE INDIAN CONSUMER DURABLES MARKET

The Indian consumer durables market, consisting of products such as air conditioners, washing machines, refrigerators, and televisions, has seen significant growth over the past decade. By 2023, the sector had already established itself as one of the fastest-growing segments in India's economy. According to CII, the consumer durables industry is expected to grow at a compound annual growth rate (CAGR) of 10-12% over the next few years, driven by urbanization, increasing disposable income, and a rising middle class.

One of the primary factors driving this market is the rapid growth of the middle-class population, which accounts for a substantial portion of consumer spending. Urbanization is expected to reach 40% by 2027, further enhancing the demand for high-end consumer goods, especially in metropolitan areas. This increase in urbanization is linked to infrastructure improvements, better living standards, and a higher penetration of technology across households.

In addition, the growth of e-commerce has significantly contributed to the increased accessibility of consumer durables. Online marketplaces like Amazon and Flipkart have enabled consumers to access a wide range of products, often with financing options, further driving demand.

ROLE OF EXPORTS IN THE GROWTH OF INDIA'S CONSUMER DURABLES SECTOR

According to the DPIIT, the next phase of growth for India's consumer durables market will be export-driven. India has a strong production base for consumer durables and is becoming a hub for exporting goods like air conditioners, refrigerators, and washing machines to global markets. This is part of a broader effort to expand India's global footprint in manufacturing and create jobs within the country.

The DPIIT has identified exports as a key focus area for boosting the sector's growth. Companies are increasingly exploring international markets to reduce their dependence on domestic demand and diversify revenue streams. Indian-made consumer durables are gaining traction in overseas markets due to their cost competitiveness and increasing product quality.

Furthermore, India's growing expertise in technology and innovation is helping the sector make a strong impact globally.

One of the primary enablers of this growth is India's free trade agreements (FTAs) with several countries. These FTAs offer preferential market access and have allowed Indian manufacturers to export products at lower tariffs. The signing of trade agreements with countries in Africa, Southeast Asia, and the Middle East is expected to open new markets for Indian consumer durables.

The Ministry of Commerce and Industry has actively promoted "Make in India" initiatives to position the country as a global manufacturing hub for electronics and consumer appliances. This initiative is aligned with the government's aim to increase India's global exports while maintaining a sustainable domestic market.²

TECHNOLOGICAL INNOVATION AND R&D INVESTMENT

The CII report underlines the increasing role of technological innovation in driving consumer durables' growth. With a focus on smart home products, energy-efficient appliances, and the integration of artificial intelligence (AI) and the Internet of Things (IoT), manufacturers are tapping into evolving consumer preferences. For instance, smart refrigerators that can monitor food inventory, air conditioners that can adjust temperatures based on ambient conditions, and washing machines with remote control functionality are gaining popularity.

Investments in research and development (R&D) are critical to meeting the rising demand for advanced features in consumer durables. Indian manufacturers are adopting cutting-edge technologies that enhance product performance while minimizing environmental impact. Energy-efficient appliances, for instance, are seeing higher demand due to rising electricity costs and an increased focus on sustainability. India's Bureau of Energy Efficiency (BEE) has been instrumental in promoting energy-efficient products through its labeling programs, which inform consumers about the energy consumption of different products.

In addition to energy efficiency, smart appliances are also becoming a focal point for

² <https://www.livemint.com/economy/exports-growth-consumer-durables-sector-air-conditioners-refrigerators-r-d-innovation-dpiit-11727701516227.html>

manufacturers. The advent of IoT has enabled the development of connected devices that can be operated through smartphones, enhancing user convenience and offering greater customization. Indian consumers, especially younger, tech-savvy ones, are increasingly opting for these smart appliances, boosting overall demand.

Global consumer durables companies are recognizing India's potential as an R&D hub and have started investing in technology centers across the country. Major brands like Samsung, LG, and Whirlpool are developing new products in India that cater to both domestic and international markets.

GOVERNMENT SUPPORT AND POLICIES

The Indian government's role in boosting the consumer durables sector has been significant. Through initiatives like "Make in India" and "Digital India," the government has created a conducive environment for manufacturing and innovation in the sector. Moreover, the Production-Linked Incentive (PLI) scheme, aimed at encouraging local manufacturing, has provided financial incentives to companies that set up production facilities in India. This scheme has helped attract investments from global players looking to establish a manufacturing base in India.

The DPIIT has also played a crucial role in fostering the growth of the consumer durables sector. By promoting exports, simplifying foreign direct investment (FDI) policies, and reducing tariffs on imports of components used in manufacturing, the DPIIT has enhanced the sector's competitiveness. Special economic zones (SEZs) and industrial corridors have been set up to provide world-class infrastructure for manufacturing, logistics, and exports, making it easier for companies to scale their operations.

Furthermore, the Goods and Services Tax (GST) regime has simplified tax structures and reduced the overall tax burden on consumers and manufacturers. The introduction of the GST has also made it easier for companies to expand their distribution networks, particularly in tier 2 and tier 3 cities, which are emerging as growth hubs for consumer durables.

CHALLENGES FACING THE SECTOR

Despite its growth potential, the Indian consumer durables sector faces several challenges. One of the key issues is the reliance on imported components, particularly semiconductors and other critical electronics. The global chip shortage, which began in 2020, has impacted the production of consumer durables like refrigerators, washing machines, and televisions. Manufacturers are working to overcome these challenges by investing in local component manufacturing and diversifying their supply chains.

Another challenge is the increasing competition from global players. While Indian manufacturers have made significant strides, they face stiff competition from multinational companies that have more resources for R&D and marketing. Indian companies will need to continue focusing on product innovation, pricing strategies, and brand differentiation to maintain their competitive edge.

The issue of affordability also remains a challenge for the sector. While urban consumers are more likely to purchase high-end consumer durables, rural consumers still prioritize affordability. Manufacturers must strike a balance between offering premium products with advanced features and affordable options that cater to the mass market.

FUTURE OUTLOOK

Looking ahead, India's consumer durables market is poised for substantial growth, with the potential to become the world's fourth-largest by 2027. The increasing adoption of smart appliances, the expansion of e-commerce, and the rise in exports will continue to drive the market forward. Additionally, government initiatives and favorable trade policies will further enhance the sector's global competitiveness.

However, to sustain this growth, manufacturers must address key challenges such as supply chain disruptions, competition from global players, and the need for continuous innovation. Companies that successfully navigate these challenges by investing in technology, enhancing product quality, and expanding their global presence will emerge as leaders in the consumer durables space.

THE APPLICABLE LAWS

- The Consumer Protection Act, 2019: This is the primary law governing consumer rights in India. It provides consumers with various rights, including the right to safety, information, choice, and redressal.
- The Competition Act, 2002: This law prohibits anti-competitive practices such as cartelization, price fixing, and abuse of dominant position. It is relevant to the consumer durables sector as it ensures fair competition among manufacturers and prevents unfair practices that could harm consumers.
- The Essential Commodities Act, 1955: This law regulates the production, distribution, and consumption of essential commodities. While it is not specifically targeted at consumer durables, it can be relevant if certain consumer durables are classified as essential commodities.
- The Indian Standards Institution (ISI) Act, 1986: This law establishes the Indian Standards Institution (ISI) and mandates the adherence to Indian standards for various products, including consumer durables.
- The National Green Tribunal Act, 2010: This law establishes the National Green Tribunal (NGT) to adjudicate disputes relating to environmental pollution and damage. It can be relevant to the consumer durables sector if manufacturers are involved in environmental pollution.

CONCLUSION

India's consumer durables market stands at the cusp of significant growth, with the potential to lead on the global stage. By focusing on exports, innovation, and sustainable manufacturing practices, the sector can achieve new heights. As consumer preferences continue to evolve, the industry must adapt and innovate to meet the demands of an increasingly tech-savvy and quality-conscious population. With the right policies, investments, and strategies in place, India is well-positioned to become a global leader in the consumer durables market by 2027.