

## BETWEEN OURSELVES

**T**here are mixed signals on the implementation of GST w.e.f. 01 April 10. While Shri Pronab Mukherjee, Hon'ble Finance Minister and Dr. Asim Dasgupta, Chairman Empowered Committee are making determined efforts to have GST implemented, there are many unresolved issues that need to be resolved. If GST is to be introduced, it would require changes in constitution, to empower the State Governments to levy service tax. Any amendment in constitution, after being passed by Parliament, has to be ratified by half of the State Assemblies. There are many policy and procedure related issues which need to be resolved. In these circumstances it will be extremely difficult for the Union Government and States to implement GST from 01 April 2010. But then what is so sacrosanct about 01 April. After all Tamil Nadu and UP States implemented VAT from 01 Jan. If it is not possible to implement GST from 01 April 10, as it looks at present, then the Government should try to implement it from 01 July 10, instead of postponing it by one year. Union Government has agreed to States' demand of two tier GST. The two rates being considered are 8-10% for Industrial Inputs & Essential Items and 16-18% for Finished Products.

The festival season is here. Some of our members have reported good sales during Onam and Durga Puja. With Diwali fast approaching, everyone has geared up for the bumper sale. With Government releasing the second installment of pay commission arrears, there is extra money in the hands of Government servants. This should result in additional sales of our sector products. But then are we not putting too much at stake, on a festival or small duration? God forbid, if there is a natural calamity or an act of terrorism, all hopes of the industry would be dashed. For example floods in Karnataka, Andhra Pradesh and Maharashtra are certainly going to affect the sales, during this festive season.

Dr. Montek Singh Ahluwalia, Hon'ble Dy. Chairman, Planning Commission has predicted that India's GDP would grow at 6.3% in Current financial year. Considering the recession in other countries of the world, this growth rate is good. As per reports the job growth is also showing positive signs. This should lead to high growth for our sector.

— Suresh Khanna

VOLUME 9 NO. 8

RNI NO. DELENG2001/03890

OCTOBER, 2009

Publisher, Printer & Editor : Suresh Khanna, E-26, Jangpura Extn.,  
New Delhi - 110 014  
on behalf of Consumer Electronics &  
Appliances Manufacturers Association

Printed at : Power Printes, 4240/8, Plot 8A, 2, Daryaganj,  
New Delhi - 110 002

Published at : E-26, Jangpura Extn., New Delhi - 110 014

Telephone/Fax : 91-11-4607 0335, 4607 0336

E-mail : ceama@airtelmail.in

Website : www.ceama.in

## ELECTRONICS AND APPLIANCES MANUFACTURING

— *Ernst & Young Report*

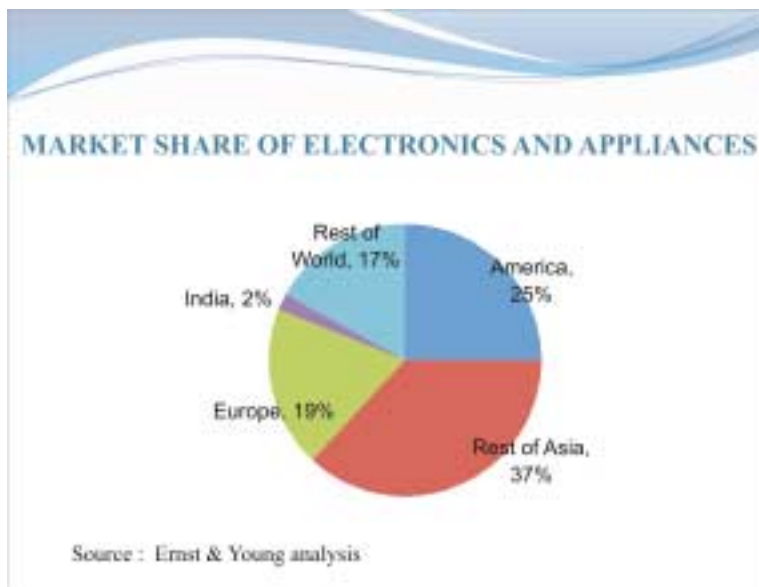
### Trade Environment

The domestic market for electronics and appliances is less than 2% of the global market.

Two other factors supporting this trend are:

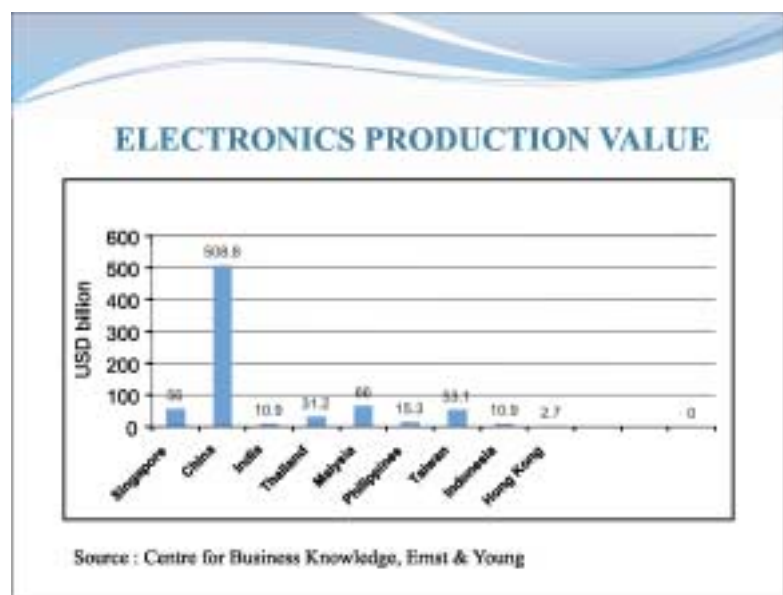
a. The electronics industry has been well-developed in Asian countries, especially China, Japan, Taiwan, Singapore, South Korea, Indonesia, Malaysia, Philippines and Thailand over the last three decades, with manufacturing facilities of leading firms being set up there. The Asian countries hold 57% of the world's electronics production share and 39% of the market share.

b. Reducing trend of import duty: The gross import duty realized for major products has decreased from an average of 20% in 2000-01 to 10% in 2006-07, as per the data from Comptroller and Auditor General of India.



This is based on our assessment of the geography-wise sales of leading global firms with total annual revenue of more than US\$ 1500 billion in the year 2008.

Nearly 70% of the market demand is met through imports from China, USA and other Asian countries. Given the small domestic market size compared to rest of the world, the negligible exports and volume-driven characteristic of the industry, manufacturing facilities for electronics and appliances are not well developed in India.



The average rate of import duty for electronics and appliances goods excluding IT and telecom equipment during the period April to December 2008 is 7.29% (refer to table 2 for details of imports under various categories). There is no import duty on IT and telecom equipment. This analysis is done with rates specified in Customs Tariff Act for goods imported under chapters 84-

85. It does not indicate the revenue collection under customs.

#### Trade balance

India is a net importer of electronics and appliances goods. As on 31 March 2009, India imported US\$ 19.77 billion worth of electronics goods and exported US\$ 3.17 billion. More than

**Table 2 : Average rate of import duty in India for electronics goods (April-December 2008)**

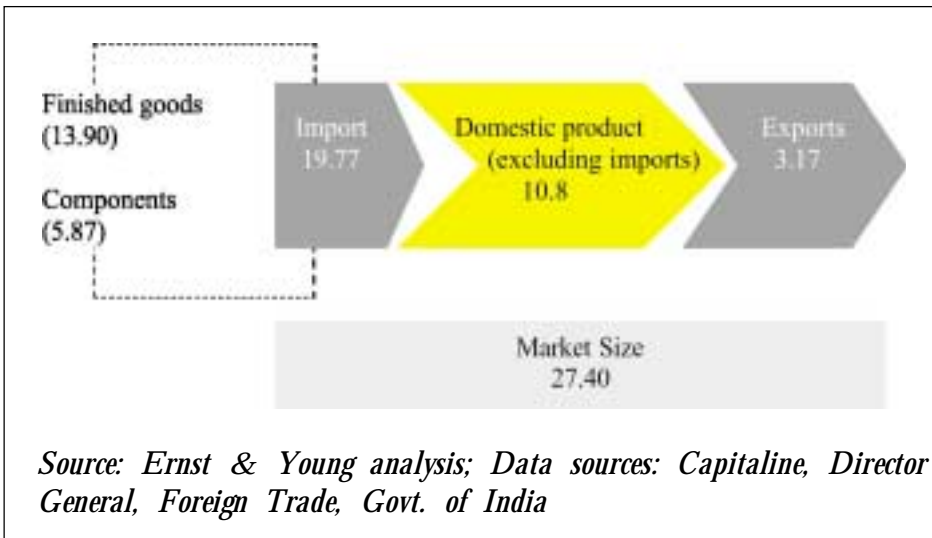
Category of Import	Value of Imported Goods (in INR billion)	Calculated import duty in INR (millions)	Average import duty rate
Air conditioners	14.1	141.3	10.00
Audio and Video storage equipment	55.6	503.5	9.06
Audio equipment	12.2	121.8	10.00
Cleaning equipment	0.4	3.2	8.28
Cooking equipment	2.7	27.0	10.00
Electric Fans	1.3	10.9	8.69
Electrical and electronic components	296.4	1,932.6	6.52
Hand-held devices	31.4	75.5	2.40
Industrial electrical and electronics	26.9	212.2	7.89
Other domestic appliances	2.5	24.4	9.66
Refrigerators	3.6	31.5	8.71
Sewing machines	4.9	37.3	7.59
Video equipments	63.1	628.8	9.96
Washing Appliances	1.9	18.8	9.79
Water heaters	0.8	7.6	9.34
<b>Sub Total</b>	<b>517.8</b>	<b>3,776.3</b>	<b>7.29%</b>
Telecommunication equipment	290.3		
Laptops	21.2		
Computers and peripherals	100.0		
<b>Sub-total</b>	<b>411.6</b>		

Source : DGFT (Department of commerce)

70% of Indian electronics market depends on import of both finished goods and components. The trade balance of electronics and appliances market in India is presented in the exhibit 1 below:

countervailing duty of 14%, SAD of 4% and an estimated margin of 4% is added on all the imports of raw material and finished goods.

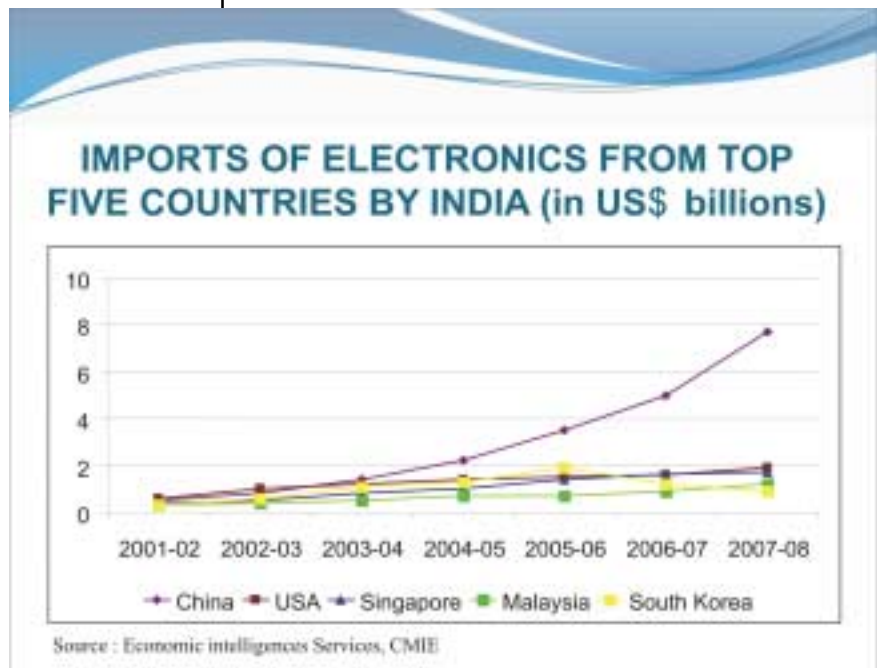
5. A total of 89 companies with total revenue of US\$ 21.32 billion in the electronics and appliances sector in India have been analyzed. These companies had imports of raw material and finished goods worth US\$ 3.37 billion in the year 2008-09. The remaining imports of US\$ 16.4 billion are imported by other companies.



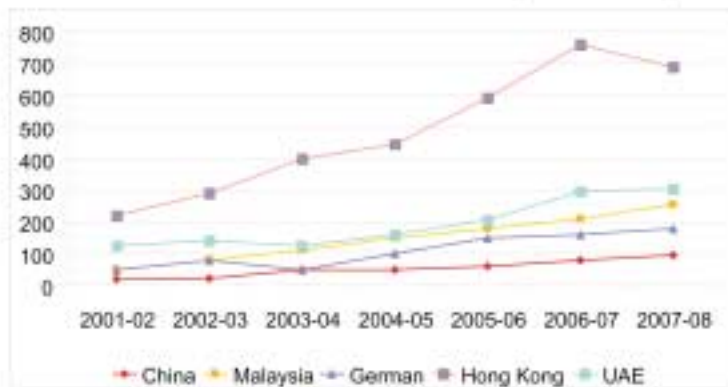
6. The conversion rate as on 31 March 2009, which was INR 50.64 per dollar has been assumed for all transaction throughout the year.

Notes for market size estimation:

1. Import data is taken from Director General Foreign Trade, Govt. of India for April - December 2008 and has been annualized.
2. Item under chapters 73, 76, 84, 85, 91 and 95 of the Customs Tariff Act have been analyzed for imports of electronics and appliances goods.
3. Software imports classified under the storage media have been excluded for the analysis.
4. An average import duty based on the category as calculated in table 2,



**EXPORTS OF ELECTRONICS GOODS TO TOP FIVE COUNTRIES BY INDIA (in millions)**



Source : Economic intelligences Services, CMI

7. The finished goods referred to in the diagram include both finished and intermediate goods.

India imports more than US\$ 7.6 billion from China, followed by US\$ 4.5 billion from USA, Singapore and Malaysia.

The highest exports of electronics goods is USD680 million to Hong Kong, followed by US\$ 311 million to UAE, US\$ 257 million to Malaysia and US\$ 216 million to Finland.

The market size of each segment under the electronics and appliances industry is briefly discussed below.

**Electronics**

For the year FY 09, India has imported worth US\$ 5.13 billion

and exported worth US\$ 1.68 billion of electronics goods. More than 75% of the India electronics market depends on imports, of which 54% is components while 45% constitute intermediate and finished goods. Nearly 25% of the exports are solar cells or photovoltaic cells. The trade balance of the electronics market in India is presented in the exhibit 2 below.

**Consumer Appliances**

The consumer appliances market in India is worth US\$ 4.34 billion, with imports valued at US\$ 1.22 billion and negligible exports of US\$ .36 billion.

Air conditioners (including industrial and office air conditioners) constitute around 38% of the consumer appliances market size, followed by refrigerators at 14%. Electric fans constitute 7.5%, sewing machines 5% and washing appliances 7%

**Exhibit 2: Electronics segment (all figures in US\$ billion)**



Source: Ernst & Young analysis; Data sources: Capitaline, Director General, Foreign Trade, Govt. of India

**Exhibit 3: Consumer durables segment (all figures in US\$ billion)**



Source: Ernst & Young analysis; Data sources: Capitaline, Director General, Foreign Trade, Govt. of India

5.39 billion with a very low export size of US\$ 0.72 billion. Nearly 70% of the desktops, laptops and servers market is served through imports of finished goods or assembling imported components. The value addition in the computers and peripherals market in India is negligible. The trade balance of this market in India is presented in the exhibit 4.

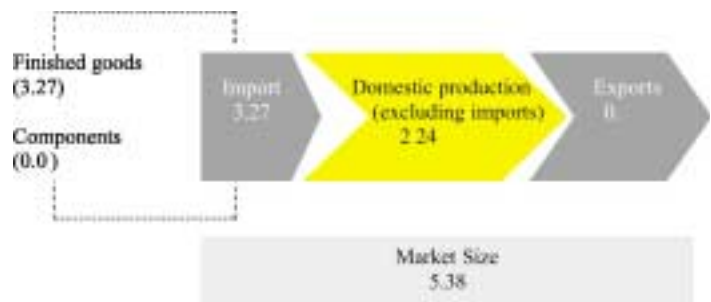
of the appliances market. Majority of the imports are finished goods such as watches, electric coffee mills, food grinders, sewing machines, aluminum pressure cookers and electric heaters.

The trade balance of the appliances market in India is presented in the exhibit 3.

### Computers and peripherals

The market size of the computers and peripherals segment is estimated at US\$

**Exhibit 5: Mobile phones segment (all figures in US\$ billion)**

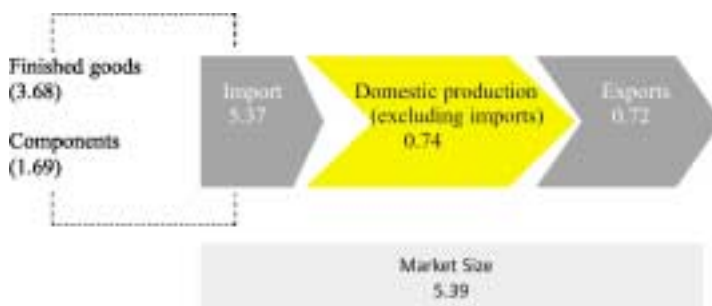


Source: Ernst & Young analysis; Data sources: Capitaline, Director General, Foreign Trade, Govt. of India

### Mobile phones

The mobile phones market has grown the fastest in the entire electronics and appliances industry with a market size of US\$ 5.38 billion in the year 2009. Nearly 60% of the handsets were imported in the year 2009. The increase in consumption can be attributed to a reduction in custom tariffs and the air-time charges. The trade balance of the mobiles market in India is presented in the exhibit 5.

**Exhibit 4: Computers and Peripherals segment (all figures in US\$ billion)**



Source: Ernst & Young analysis; Data sources: Capitaline, Director General, Foreign Trade, Govt. of India

## Telecommunication

The telecommunication segment constituting electronics equipment has a market size of US\$ 4.83 billion. The domestic production in this segment is negligible at US\$ 0.33 billion.

The trade balance of the telecommunications market in India is presented in the exhibit 6.

## Note:

I. Videocon has a presence in the crude oil and natural gas segment, in addition to electronics and appliances products. The revenue from crude oil and natural gas (around US\$ 0.41 billion in the year 2008) is excluded in this estimation of market share.

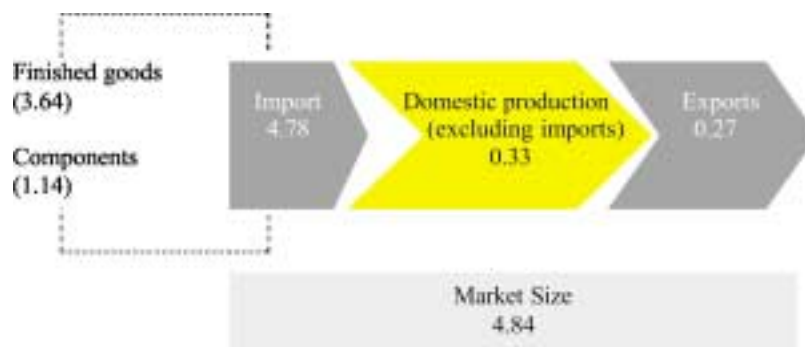
II. HCL Infosystems, a leading computers and peripherals company, is also a distributor of mobile phones and other electronic goods. Approximately 67% of the revenue of the company were from mobile phones in the year 2008 (US\$ 1.95 billion of the US\$ 2.93 billion at conversion rates of 42.93 as on 30 June 2008).

The combined revenue of the four companies comes to US\$ 5.85 billion (excluding the revenue from mobiles for HCL),

translating to 21.4% of the market share. The trading structure of these four companies shows imports worth more than US\$ 2 billion of US\$ 5.85 billion (34% of sales) and exports worth US\$ 0.48 billion (8.2% of sales), thus creating a domestic value addition of nearly US\$ 4.36 billion in India (74.6% of sales).

The domestic value addition by these top four companies with a market share of 21.4% constitute 40% of the total domestic value addition by the industry (US\$ 4.36 billion of a total of US\$ 10.8 billion). This indicates that large firms add more value through domestic manufacturing compared to firms with less revenue.

**Exhibit 6: Telecommunications segment (all figures in US\$ billion)**

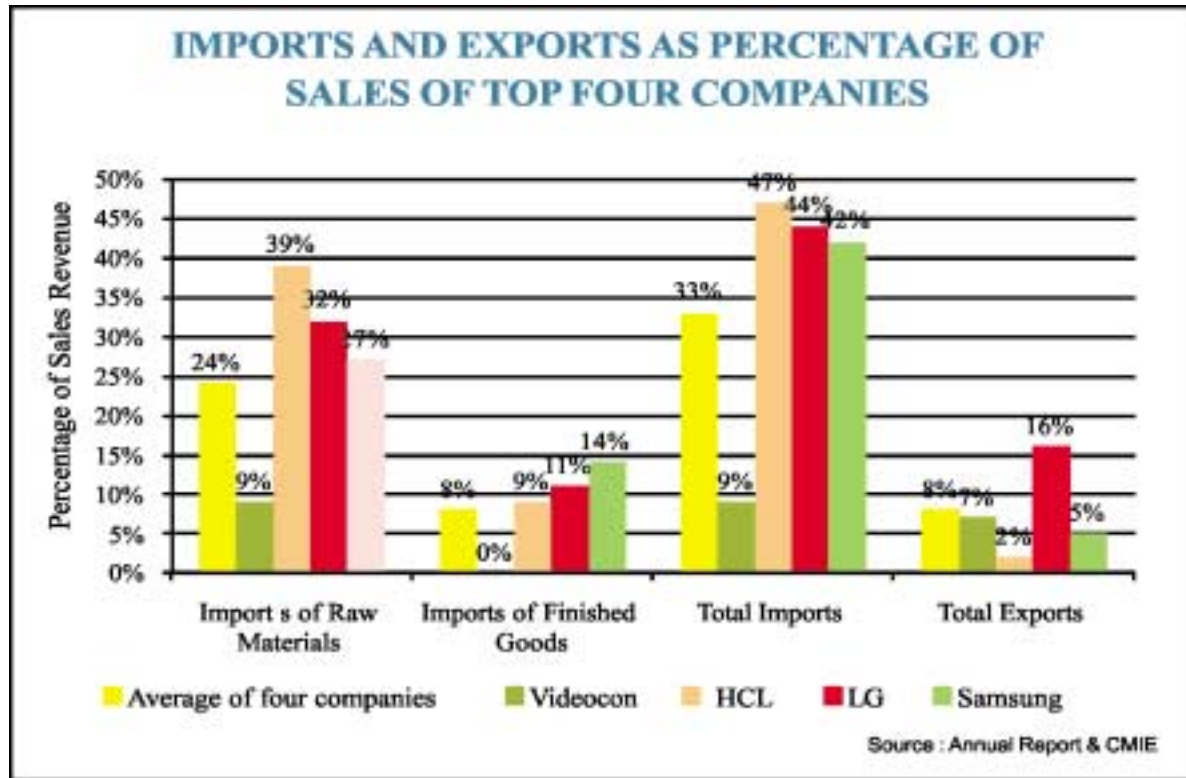


Source: Ernst & Young analysis; Data sources: Capitaline, Director General, Foreign Trade, Govt. of India

## Trading Structure of some of the leading firms in electronics and appliances market in India

The top four companies by revenue for the year 2008 in the electronics and appliances industry in India are HCL Infosystems, Videocon, LG and Samsung in the order of ranking. While HCL and Videocon are Indian companies, LG and Samsung are South Korean companies with Indian subsidiaries.

Their combined revenue for the year 2008 has been US\$ 7.8 billion, constituting a market share of 28.5% of the total electronics and appliances market in India.



In the year 2008, the import of components (assuming raw material as components) constituted 24.2% of sales while the import of finished goods constituted 7.7% of the sales of the four companies analyzed. As a percentage of total imports by all the four companies, components constituted 74%, finished goods 23.5% and the rest imported were capital goods.

This indicates that the growing Indian domestic market can attract assembly type of manufacturing, where the components are imported and assembled to manufacture finished goods and sold in India. This offers a production-

value opportunity of 75% of sales, in the case of the four firms analyzed.

On the other hand, the opportunity of components manufacturing offers a further value addition of 24% of the sales.

The exports as a percentage of sales are 8% for all the four companies analyzed. The highest exports were by LG at 15.6% of its sales and the lowest by HCL Infosystems at 1.8% of its sales.

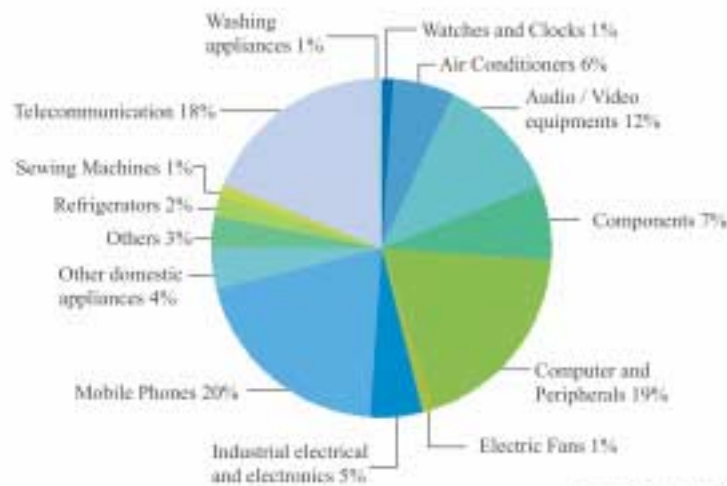
The details of sales, imports, exports and domestic value addition by the above mentioned four companies is presented in the figure above.

### **Panasonic to double sales in India to Rs. 4,500 crore**

Japanese consumer durables company Panasonic expects to double its sales in India to Rs. 4,500 crore this fiscal and subsequently increase contribution from the country to its global business to 10 per cent by 2014. The company, which is currently focusing on local production and opening a research centre, sees India becoming its third largest market in the world in the next five years.

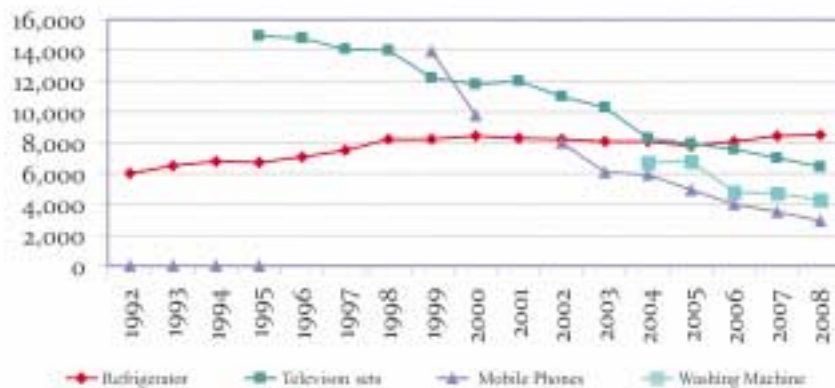
— The Political and Business Daily, October 5, 2009

### MARKET SIZE OF ELECTRONICS AND APPLIANCES IN INDIA FOR THE YEAR 2008-09



Source : Ernst & Young research

### TREND OF SALES REALIZATION PER UNIT OF SELECT ELECTRONICS AND APPLIANCES PRODUCTS



Source : Capitalineplus; Number of units considered for television is 6.7 million, washing appliances is 0.3 million, mobile phones is 57 million and refrigerators is 13 million over the period shown in the graph. The data of mobile phone for years 2005 and 2006 and data of refrigerator for the year 2003 is not available and so



**Shri R N Dhoot, Member of Parliament and Managing Director of Videocon Group addressing the media at Videocon India Youth Icon Award 2009**



**Mrs. Aishwarya Rai Bachan at the Videocon Youth Icon Award received the award for Global Face Of The Year from Shri. R N Dhoot Member of Parliament and Managing Director of Videocon Group**

## TACKLING E-WASTE - THIS GROWING PROBLEM DEMANDS URGENT SOLUTIONS

The New Delhi Municipal Committee's reported plan to tie up with a private company to get electronic waste (e-waste) recycled and disposed of safely seems a well conceived move aimed at tackling the health and environmental hazards posed by discarded modern gadgets. Almost unheard till a couple of decades back, e-waste now constitutes a sizeable chunk of urban waste. In the absence of appropriate arrangements for its safe disposal, much of this hazardous junk either lands in the usual garbage landfills or is recycled in a crude and highly unsafe manner by the unorganized sector. The electronic and electrical equipment commonly used at homes, offices and factories, including computers, mobile phones, TVs, Refrigerators and air-conditioners, contain highly toxic substances like lead, cadmium, mercury, hexavalent chromium, arsenic and others which can cause nervous and respiratory ailments, muscular weakness and dreaded diseases like cancer. Worse still, some of these substances are capable of damaging the DNA and causing genetic disorders. When dumped in landfills along with other garbage, these can spew environment-damaging fumes and reach down to pollute underground water, rendering it unfit for drinking and other purposes.

It is, therefore, imperative that these items, when discarded, are handled separately from other solid waste and disposed of in a safe manner. Only technically competent bodies can do this, and many countries have put in place mandatory systems and stringent norms for the purpose. In India, unfortunately, the guidelines issued by the environment ministry seek voluntary compliances and, hence, are not enforceable. The system of making it obligatory for manufacturers to take

back life-expired items for safe disposal, which is working quite well in quite a few countries, does not seem practical in Indian conditions though some companies have voluntarily opted to do so. A sizeable part of the electrical and electronic items, including computer and TVs which constitute the largest chunk of e-waste, are assembled in the unorganized sector where no single entity can be held responsible for taking back the discards. Besides, collecting junked items is a formidable problem for companies and unless such collections are sizeable enough it is uneconomic for them to set up recycling and disposal plants. However, exclusive e-waste handling units, capable of scientific processing of electronic gadgets regardless of their make, can be viable as they can source their supplies from the kabadiwalas (junk dealers).

Considering the rapid growth in the use of electronic items, the country's e-waste generation, estimated by the industry at about 3.8 million tonnes in 2008, seems set to rise several fold in the years to come. What is worse, some of the e-waste produced abroad also lands up in India under the guise of charity items for re-use. Such imports are believed to constitute about 15 per cent of the country's total e-waste. While, on the one hand, such a vast quantity of e-waste poses a challenge, on the other it offers an opportunity for entrepreneurs to capitalize by investing in e-waste disposal plants. The government, on its part, needs to come out, without delay, with a clear-cut e-waste management policy and a strictly-enforceable set of rules and guidelines for e-waste disposal.

— Business Standard Delhi, September 11, 2009

## CONSUMER ELECTRONICS NEWS

### **For Godrej, urban demand makes a good summer**

Godrej Appliances, a part of Godrej and Boyce Manufacturing Co. Ltd, will be making an investment of approximately Rs. 200 crore to hike its capacity, beef up marketing as well as investments in moulds for various product lines. The company, which posted a turnover of Rs. 1,350 crore for the last fiscal, said it's looking at a turnover of Rs. 1,700 crore for the current fiscal and even as it is setting up a third-party manufacturing facility for LCD televisions in Baddi, Himachal Pradesh. "Demand is picking up and we had a good summer. At least 60 per cent of the sales have been contributed due to the urban demand," said Mr. George Menezes, Chief Operating Officer, Godrej Appliances.

— Business Line Delhi, September 9, 2009

### **BenQ India to double revenue**

BenQ India has entered consumer electronics segment in the domestic market with the introduction of LCD TVs and plans aggressive marketing in the current year. It will tie up with multi-brand electronic outlets to increase sales. The company has a tie up with Tata Croma and Reliance Digital for marketing its products. Presently, the company markets LCD TVs, laptops, all-in-one personal computers and projectors in India.

— The Asian Age Delhi, September 10, 2009

### **Panasonic to invest \$100 m in Plasma TV unit**

Panasonic India plans to invest \$100 million in its new plasma TV production facility in 2011, a top company official said on Thursday. "We plan to invest \$100 million in our new production facility in 2011," the Panasonic India Chief Executive Officer, Mr. Daizo Ito, told reporters here. He, however, did not divulge the location of the proposed facility. The company currently has five production units in the country, at Noida, Gurgaon, Vadodara, Chennai and Delhi.

— Business Line Delhi, September 11, 2009

### **LG to invest \$1 BN in India**

South Korean consumer durables major LG on Friday said it will invest about \$1 billion in the country for marketing and research over the next five years," LG Electronics India MD Moon Bum Shin said "Going forward, we are going to increase investments... to around \$200 million every year," India is the fastest growing market for us and is the focus area," Shin said.

— DNA Mumbai, September 12, 2009

### **LG India operations to outgrow parent by 2015**

Consumer durables major LG on Sunday said its India operations would outgrow the parent company in South Korea as it is tipped to increase five-fold to Rs. 50,000 crore in revenue over the next five years. "Every year, we are going to grow 30 per cent and in 2015, we may touch the same level as that of South Korea as long as India maintains the economic growth of 7-9 per cent," Shin said. The Indian subsidiary contributes about 6 per cent to the company's global operations and hopes to double it by 2015.

— Financial Chronicle Delhi, September 14, 2009

### **Consumer durables' ad volumes dipped in Jan-July**

Television advertising volumes by consumer durables declined 3 per cent during January-July this year over the same period last year, while print ad volumes of consumer durables decreased by 12 per cent, according to a new report by AdEx India, a division of TAM media research. Despite the dip in ad volumes during the first six months of the year (Jan-July 2009), water purifier and filters led with 27 per cent share in advertising of consumer durables on TV, followed by air conditioners and television sets with a 16 per cent and 10 per cent share, respectively, 'LG Refrigerator', Hitachi Ace Follow Me' and 'Whirlpool Ro Water Purifier' were the top three new consumer durable brands advertised on TV during Jan-July 2009.

— Business Standard Delhi, September 14, 2009

### **Has the drought hit the rural market?**

"The first quarter of the year was relatively slow for the consumer electronics sector due to global consumer sentiment and the impact of recession in India. All key consumer categories like colour televisions, refrigerators and washing machines showed low single digit growth in the first quarter. Premium categories like LCD TVs, fully automatic washing machines and split air conditioners fared slightly better than the mass, volume-driven product segments like semi-automatic washing machines, window air conditioners, etc. The numbers looked better in the second quarter though the poor rains in July-August affected consumer sentiment, especially in Punjab and Uttar Pradesh in the north. Ironically, the delayed monsoons resulted in a spurt in air conditioners sales - the early rains in the north last year, in fact, lowered the growth in air conditioners sales. With poor rains in the second quarter, it would be fair to say that the quarter could have been far better than what it eventually has been - thanks to the fear of drought especially for consumers in non-metro and semi-urban/rural markets. With rains in September, I think consumer sentiment is picking up and we are looking forward to high festival sales," said Mr. Ravinder Zutshi, Deputy Managing Director, Samsung India.

— Business Standard, September 16, 2009

### **Wooring wary customers with festival bonanza**

"We are looking at business of Rs1,700 crore from our consumer electronics business during the September-October period, which will translate into a 40 per cent growth over our sales in the corresponding period last year," said Mr. Ravinder Zutshi, Deputy Managing Director, Samsung India. Mr. V. Ramachandran, Director, Sales and Marketing, LG Electronics India, said, "Consumer sentiment was low last year. There has been 20-25 per cent growth in sales since May." Whirlpool India is looking at increasing its advertising and marketing spending by 10-15 per cent this financial year, from Rs.45 crore last year, thanks to improving consumer confidence.

— Business Line Delhi, September 16, 2009

### **Cos make it easier to buy new TV, fridge**

The most irresistible lure for shoppers - interest-free financing - is back in the market, with electronics and home appliances companies such as Sony, Samsung, LG and Voltas relaunching such schemes for the Navratras-to-Diwali festival season. Till early last year, the sale of consumer durables that have been financed accounted from 15-20% of the overall sales in the sector. However, this contribution came down to 8-10% after banks and finance companies drastically reduced lending at the end of last year.

— The Economic Times Delhi, September 16, 2009

### Whirlpool unveils festival offer

Their programme is expected to generate a lot of interest and excitement for Whirlpool home appliances during the festival period. Every customer who buys Whirlpool appliances not only gets an assured gift but an opportunity for additional value added offers. All the offers are through a card with 3 scratch offers that is handed over to the consumers immediately as a Whirlpool appliances is purchased.

— Daily Excelsior Jammu, September 16, 2009

### Mobile phones, DTH equipment drive growth; consumer electronics a close second

Electronics production			(Rs. Crore)
Category	2008-09	2007-08	Growth (in %)
Communication	26,000	18,700	39
Consumer Electronics	25,990	22,600	15
Computers	13,490	15,870	-15
Industrial	12,740	11,910	14.5
Electronic component	9,630	9,630	0
Strategic equipment	6840	5,700	20

• Satellite-based communication devices

— Business Line Delhi, September 17, 2009

### White goods makers start raising ad spend

Company	Ad spend in FY10	Company	Ad spend in FY10
Onida	Rs. 100 cr	LG	Rs. 230 cr
Whirlpool	Rs. 55 cr	Videocon	Rs. 120 cr

— Mail Today Delhi, September 16, 2009

### New brand campaign for Onida takes off

Mirc Electronics Ltd., the promoters for consumer electronics, brand Onida, announced their new brand campaign in Mumbai on Tuesday. Having done away with the Devil, their iconic mascot from the early 80s, the brand will now focus on using a "new-age-couple" to communicate their focus on products that are inspired by consumer insights. The campaign by McCann Erickson India will feature a young married couple whose lives are enhanced by Onida products. The brand plans to double their ad spending this year to Rs. 100 crore, of which approximately Rs. 35 crore will be spent over five weeks during the festive season starting 19 September.

— MINT Delhi, September 16, 2009

### New Range of Refrigerators from Godrej

Godrej Appliances, on Wednesday launched its new range of 'Godrej ECO i-FRESH' refrigerators, which, the company claims, will keep food items completely fresh without any foul odour for long hours. According to the company sources the long lasting freshness had been possible because of the introduction of silver fresh zone in the i-fresh range.

— Hindustan Times Patna, September 17, 2009

## **It's festive time for electronic goods cos**

### **Season of hope**

Consumer electronic goods firms are hopeful of making quick bucks during the festive season.

### **Reason**

- The payment of 60% arrears of the Sixth Pay Commission has given enough disposable money people.
- Improved job scenario.
- Companies are offering discounts and free gifts.

### **Turnover**

- 2008-09 - Rs. 25,990 crore
- 2007-08 - Rs. 22,600 crore
- This sector contributes 27 per cent to the total electronic hardware production.
- The colour TV set is the largest contributor in this segment.
- The high-end products like LCD TVs saw a 130 per cent growth.

— The Asian Age, September 19, 2009

## **MIRC Plans Onida stores in 12 cities**

MIRC Electronics, promoters of consumer durables brand Onida, intends to set-up exclusive stores to build awareness for the breadth of its product portfolio. MIRC earlier had a few franchisee-owned stores but is now looking at a retail play as a strategic initiative to strengthen its presence in the Rs. 50,000 crore consumer durables industry.

— The Economic Times Delhi, September 19, 2009

## **Samsung eyes 40% sales boost in festive season**

Samsung India Electronics is anticipating 40% growth in sales in the festive months on the back of new products and easier availability of finance. "We are eyeing sales of Rs. 1,700 crore during the festive period, against Rs. 1210 crore sales during the same month last year, as banks are more willing to lend money and propensity of purchase is also likely to go up," said R Zutshi, deputy managing director, Samsung India Electronics. He said the new range of cameras and the upcoming star-rated televisions, as well as company's recently launched LEDs, will drive the growth this year.

— The Financial Express Delhi, September 19, 2009

## **Durable sector expects Rs. 15k crore sales**

Riding on a strong buying sentiment this festival season, consumer durables' companies are looking to garner sales of up to Rs. 15,000 crore during the ongoing period. According to industry estimates, the festive season which extends from September to November accounts for around one-third of the total sales of Rs. 35,000 crore in the domestic consumer durables market. Companies are aggressively marketing their products along with new launches, with hopes that the government incentives announced earlier this year would also help increase consumer spending. Leading companies like LG, Samsung and Haier are expecting a growth of around 30-40 per cent during the season, while domestic white goods player Videocon is aiming to achieve as high a growth as 60 per cent compared with the last season.

— Business Standard Delhi, September 21, 2009

### **Festive footfalls bring back smiles at shopping hubs**

Manufacturers of consumer durables, on the other hand, push as much merchandise as possible in a volume game where discounts are used to lure consumers. Whirlpool expects its Diwali sales to be worth Rs. 600 crore and Samsung hopes to clock Rs. 1,700 crore. LG and Videocon too expect big growth in festive sales. Samsung expects its September-October sales this time to be 40 per cent more than in the same months last year, according to the company's deputy managing director R Zutshi. Whirlpool has a scratch-card scheme called 'Sabka Jashn Sabki Jeet' that is expected to bring in 40 per cent more revenues than last year's festival season.

— Financial Chronicle Delhi, September 21, 2009

### **It's a couple in the devil's boots**

This is one changeover the entire nation was waiting for with bated breath. Post devil, what would be the next Onida mascot? Will it be another fictitious character, or a real life brand ambassador, or may be a cartoon character? But, MIRC, promoters of Onida, chose to tread the proven path by roping in a new age couple.

— DNA Mumbai, September 19, 2009

### **After a long hiatus, consumers begin to uptrade, upgrade**

Companies say uptrading (or the consumer preference for products more expensive than the entry level ones) and upgrading (buying expensive or latest versions of a product they already own) are increasingly in evidence. "The sentiment is definitely more buoyant this time. I see more customers going for high-end products. Also, you would see companies spending much more on advertisements this year, which is surely a sign of revival," said Shantanu Das Gupta, vice president marketing at Whirlpool India. Kishore Biyani, managing director, Pantaloon Retail India Ltd. said uptrading is "beginning to happen across all categories." Ravinder Zutshi, deputy managing director of Samsung India, consumers. "Things have improved a lot. Compared with last year's festive season, customers are opting for more feature-rich products, which are relatively more expensive," Zutshi said.

— DNA Mumbai, September 21, 2009

### **LG plans to invest \$1 bn in India on R&D ops**

Electronics major LG India Pvt. Ltd, which is targeting a turnover of Rs. 13,000 crore by the fiscal end, is investing hugely on its research and development (R&D) activity in the country. The company which achieved a turnover of Rs. 10,730 crore in 2008, is planning to invest around \$1 billion over the next five years in India for marketing and research. Moon B Shin, managing director, LG India Pvt. Ltd. said "For the past couple of years, we have been investing around \$ 150 million every year on R&D and marketing. Going forward we are going to increase it to around \$ 200 million every year."

— Mall Today Delhi, September 22, 2009

### **Green drive in full swing**

Green has become the key to success for consumer electronics giants such as Samsung, LG, Philips, Godrej and Whirlpool. The green drive, which started with the introduction of energy-efficient air-conditioners and refrigerators to judge the market sentiment this summer, is now being extended to other consumer electronics goods such as television sets, washing machines and microwave ovens.

— The Telegraph Kolkata, September 22, 2009

### **Consumer Durable cos looking at 20-30% rise in sales**

Consumer durables manufacturers are anticipating 20 to 30 per cent rise in sales growth this festive season, against the same period during 2008-09 despite the lack of adequate availability of finance for them. The Appliance Division of Godrej and Boyce anticipate 20-30 per cent growth in sales volume. "There was a lull during the festive season last year as we were hit by the slow down but this year we have already witnessed a pick-up in consumer sentiments. The 6th Pay Commission and the bonus that is likely to be offered by corporate will go a long way in boosting demand further," he said.

— Business Line Delhi, September 23, 2009

### **Philips to invest more in India**

Consumer durables maker Philips on Tuesday said it would scale up its investments in emerging growth markets like India and China by 27 per cent this year. The company is focusing on increasing sales through retail and distribution, for which it began setting up showrooms and lounges earlier this year.

— The Tribune Delhi, September 23, 2009

### **Philips Shifts focus to premium segment**

After having tapped customers in the value category for a number of years, Philips Electronics India Limited, the subsidiary of Netherlands based Royal Philips Electronics NV is trying to re-script its future in the country. After having undergone a change in domain from being a consumer electronics company to a health and wellbeing player, it now plans to focus more on the premium-end consumer segment. "We are definitely repositioning ourselves to cater strictly to the premium-end segment," explained Mahesh Krishnan, vice president and head-consumer lifestyle of Philips Electronics India, justifying the rationale for the pricing of the company's newly launched products.

— Mall Today Delhi, September 24, 2009

### **Panasonic launches energy-efficient products**

Panasonic India is planning to come out with environmentally friendly products that have long lifetimes and use less energy and water as part of its new green initiative in India. Addressing presspersons here on Thursday, Daizo Ito, CEO, said the company had already launched a new range of refrigerators using compressors with "inverter technology" which can save consumption of energy substantially. The technology would be adopted soon in compressor-based products such as air-conditioners turned out by the company. Mr. Daizo Ito said. Panasonic had taken initiatives to cut CO2 emissions by 2.40 lakh tones from its manufacturing activities in the Asia Pacific region over three years from April 2007 to March 2010.

— The Hindu Delhi, September 25, 2009

### **Eric Braganza is the new president at Haier Appliances India**

Consumer durable maker Haier announced the appointment of Eric Braganza as president of its Indian subsidiary Haier Appliances India. "In his new role as the overall head of India operations, Braganza will oversee sales and marketing, manufacturing and all support functions," Haier Appliances India said. Prior to this, Braganza held senior management positions in Electrolux, Hyundai and Videocon. Haier also said that its whole-time director and COO for India, Pranay Dhabal, has resigned.

— The Financial Express Delhi, September 26, 2009

### **Move over LCDs, LED televisions are here**

In May this year, Samsung introduced India to high end LED-LCD TVs (or LED TVs), which are now being viewed as a boom for TV manufacturing companies battling falling prices. According to analysts, prices of conventional 32-inch LCD TVs have already slipped 25 per cent in last one year. While the flat panel market in India is expected to reach about 1.4 million units, industry estimates projects the market for LEC TVs to touch 100,000 units. Besides, flat panel-markets are pegging LED TVs at 20 per cent of the total LCD TV market in the country by 2010.

— Business Standard Delhi, September 28, 2009

### **Panasonic to expand range, beef up research**

Japanese electronics major Panasonic is preparing to take a bigger bite out of the Rs. 26,000 crore consumer durables market, which is dominated by Korean players LG and Samsung. The company expects to double its sales turnover this fiscal to Rs. 4,500 crore from Rs. 2,200 crore last year and increase its market share, said Daizo Ito, chief executive officer of Panasonic India. Panasonic will be setting up a plant by 2011 to make air-conditioners, plasma televisions sets and refrigerators. Initially, the plans are for an investment of Rs. 10 crore, which will be scaled up gradually. It now manufactures home appliances and television sets at its facilities in Gurgaon, Delhi, Noida, Chennai and Vadodara.

— The Telegraph Kolkata, September 28, 2009

### **Durables eye a cracking Diwali**

The Rs. 30,000 crore consumer durable industry expects a rewarding Diwali this year with resurgent consumer sentiment raising hopes. With optimism in the air and upbeat consumers, companies are making the most of the situation with special schemes, freebies and lucky draws in the hope of recovering all that they may have lost last season in the global slump. Going by the fervor, dealers and retailers are hopeful that this season would bring in strong double-digit growth. The confidence is backed by good numbers delivered by the industry consistently in the preceding five months.

— The Times of India Delhi, September 29, 2009

### **Rising income eats into replacement cycle of home electronic appliances**

Rising incomes and evolving lifestyles have reduced the replacement cycle of the electronics and appliances industry, according to joint report by Ernst & Young and Assocham. The replacement cycle, nearly nine years for televisions and 12 years for domestic appliances, has come down by approximately 4-5 years for televisions and 7-8 years for domestic appliances. The chances of owning a second television and air conditioner within a single household have also increased.

— The Financial Express Delhi, September 30, 2009

### **Videocon in Right Earnest**

In step with the new-look, the company has also launched a slew of products in the consumer electronics and home appliances areas such as CTVs, Refrigerators, washing machines, air-conditioners, water purifiers etc. "We have always tried to introduce products with world-class technology, quality and durability. Our latest range of LEDs and CTVs, home theatres, Blu-ray DVD players, designer ACs, fully automatic washing machines with Quanta wash technology, refrigerators, microwave ovens with touch-pads etc will touch every consumer at multiple points," says a confident Kim.

— Customer Satisfaction at the Core