

**For Immediate Release
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India's CE Market Value to reach US\$16bn by 2012

Last year, India's Consumer Electronics (CE) market grew by more than 30% to reach US\$3.8bn and will continue to skyrocket. According to a newly released India CE Market report from Futuresource Consulting, the market value is on track to quadruple in the space of five years, to reach nearly US\$16bn by 2012.

"This rapid growth is being driven by the country's rising levels of disposable income," says Kanti Thota, Research Analyst at Futuresource. "Its economy is riding a phenomenal growth curve, and with current penetration rates low for most CE products the market opportunities are huge.

"Take the TV market, which represents more than 80% of the total CE market value in India; this is witnessing the strongest growth, with shipments up 22% last year and forecast to more than double by 2012, reaching 34m units.

"CRT accounted for 97% of CTVs shipped in 2007," continues Thota, "and India's price sensitivity can be a barrier to growth for flat screen and flat panel products. However, by 2012, LCD and plasma will account for 55% of shipments – up from less than 3% last year - and this equates to a staggering US\$10Bn+ of trade value."

In a country inhabited by over 1bn people, expanding by 18m every year, and a swelling middle class population, India is expected to overtake China to become the world's most populated nation by 2030.

The number of households owning home A/V products is also expanding. Currently less than 15%, it is set to rise to nearly 30% by 2012. Additionally, growth in home internet broadband connections will help drive the uptake of personal CE products such as digital cameras and MP3 players. From less than 3m last year, Futuresource predicts there will be nearly 19m broadband subscribers by 2012.

The future of retail distribution is looking bright too, with distribution networks expanding in B and C rated cities. Infrastructure improvements, especially in

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transportation and the electrification of rural areas, will provide the backbone for sustainable growth. Vendors are extending their marketing campaigns to rural areas and launching attractive financing schemes in a bid to counteract the huge amount of grey market activity.

“CE suppliers are now offering a wider range of affordable, entry level products to meet the needs of this price sensitive market,” says Thota, “and this will help drive mass market uptake, though high taxation levels – upwards of 40% - will continue to threaten the legitimate market, especially ‘must have’ personal products such as MP3 players and digital cameras.”

At present, activity within India’s grey market almost doubles the total market in terms of unit sales. However, added value bundling and incentives on legitimate products (such as free memory cards) coupled with additional warranties via authorised distribution channels are just some of the factors leading to the year on year decline of grey market activities.

Notes

The Futuresource India CE Market Report covers TV, Home AV Hardware, Digital Camera, Digital Camcorder, Personal Audio and Mobile Phones, though it does not include mobile phones from a market value perspective.

This Market Report is a component of the Futuresource BRICs subscription service, which addresses the key product, market, technology and competitive issues surrounding the CE markets in Brazil, Russia, India and China. This annual subscription service comprises market reports, industry updates, database access, an enquiry service and on-site debriefing.

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