



by Alessandra Tracogna,
CSIL Industry Custom Studies

THE DEVELOPMENT PATH OF THE INDIAN FURNITURE SECTOR

According to latest CSIL World Furniture Outlook, the Indian furniture consumption amounted to around USD 18 billion in 2022. This made India the 4th largest furniture market in the world, climbing the ranking from the 10th position held ten years ago.

Local furniture production has grown hand in hand with the raise in furniture demand. Indian furniture production doubled in the last decade and the USD 20 billion of furniture produced last year were almost entirely destined to satisfy the needs of the Indian furniture market.

India is today the 5th largest furniture producer worldwide, following (at a distance) China, the United States, and the two main European producers: Germany and Italy. Differently from these players, the Indian furniture industry is featured by a high

level of fragmentation with the production system made by a few large companies and a strong prevalence of small and informal players. But the furniture sector is one of the champion sectors for the Indian government, which aims to increase the share of the manufacturing sector in the country's GDP to 25% by 2025.

Still, when looking at its international trade activities, the country's positioning in the world rankings is worsening. Differently from other Asian players such as Vietnam, Malaysia or Indonesia, export activities in India are still limited, with only around 10% of Indian furniture destined to foreign markets. It is worth noticing that India is already now among the top 10 furniture suppliers to the large market of the United States. It is likely that the continuous evolution of competitive advantages within Asia

and the evolving trade measures across the world might act as drivers for the internationalization of the Indian furniture sector in the coming years. At the same time, the local market remains relatively limited to imports; its main supplier is China, which was able to penetrate the medium/medium-high market segment with products at competitive prices. In the luxury segment, Italy is the main foreign supplier. Market openness is still low; some schemes are planned to reduce India's dependence on imported furniture, particularly from China. The local government is also increasing customs duties on several products, including furniture items. But the situation might progressively and further evolve in the medium term with the modernization process that is occurring in the Indian market.

INDIA RANKINGS

	Ranking*
Consumption , mln USD	4
Production, mln USD	5
Export, mln USD	18
Import, mln USD	23

Source: CSIL World Furniture Outlook, Nov 22

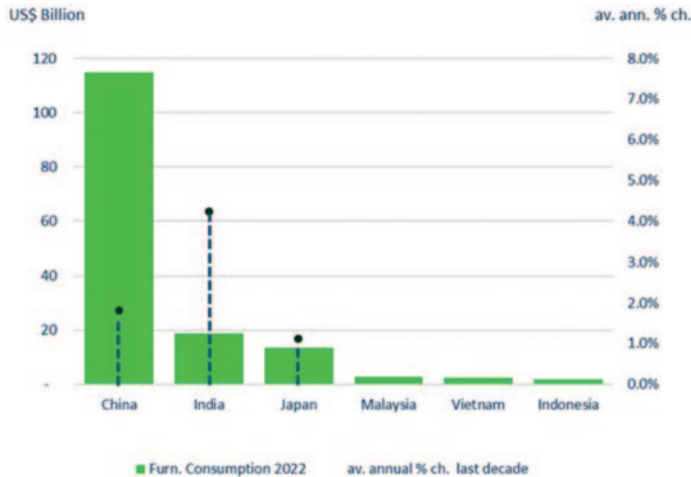
* Ranking among 100 countries monitored by CSIL



Sofas produced by the Indian upholstered furniture manufacturer Furnitech - <https://www.furnitechseating.com/>

INDIA

INDIA AND OTHER SELECTED MARKET IN ASIA.
Furniture consumption (USD billion) and average yearly growth rate (real) in the last decade



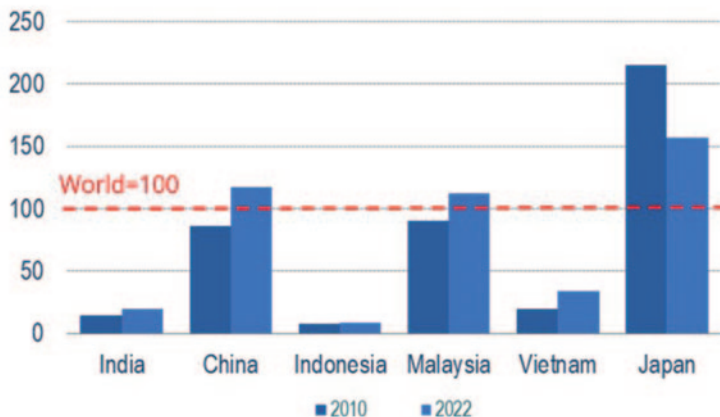
Source: CSIL processing

THE OUTPERFORMANCE OF INDIAN FURNITURE CONSUMPTION GROWTH

Within the Asian context, India is a dynamic player. Although the size of the market is still sensibly lower if compared to China, when we analyze the last decade, we see that it has grown comparatively faster. When looking at Indian furniture consumption, one should keep in mind that nowadays the unorganized retail still has a major stake in the market

(up to 90% according to some local experts!). This is correlated, among other factors, to the low level of average per capita spending on furniture by Indian consumers, which is evident when benchmarking India with the world average or with other Asian countries. Still, a slow but continuous process of market transformation and modernization seems to be occurring and there is undoubtedly further space for Indian furniture consumption growth in the medium term.

INDIA AND OTHER ASIAN COUNTRIES.
Per capita furniture consumption, 2010 and 2022



Source: CSIL processing

The perspectives of the domestic market can count on several drivers, including a favorable economic environment, with Indian GDP expected to grow at 6.5% per year in the 2023-2025 period and growth of housing and commercial construction with investment expected at 6% per year. Additionally, urbanization (urban population is expected to grow at 2.3% per year in the same period) and increase in income levels (families with income at over 200,000 USD PPT are expected to increase at two digits in the coming years) will allow the expansion of the affluent consumer segment on the market. Consolidation and modernization of furniture retail, particularly in urban markets, will be key in driving the change. An exponential growth of e-commerce is also expected. The Indian e-commerce market, which is still undersized if benchmarked globally (e.g. the incidence of e-commerce is sensibly lower than the Chinese one), is boomin, and it is expected to achieve a key role in the next future.

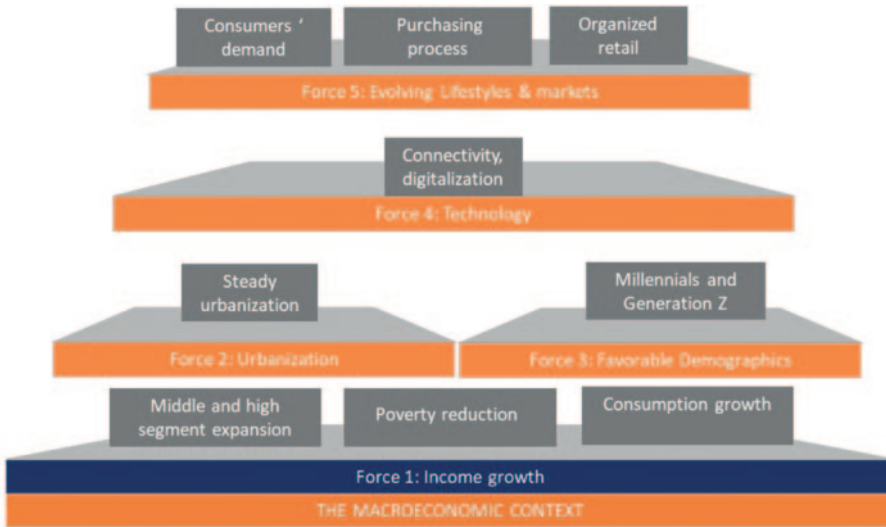
HOME & HOME+CONCLAVE 2023 A UNIQUE OCCASION TO SHARE KNOWLEDGE ACROSS THE INDUSTRY

CSIL was invited to attend the Home & Home+Conclave 2023 in Pune. This event was organized and sponsored by Creaticity, a large shopping



CSIL presenting the global furniture outlook at the Home & Home + Conclave on January 12th 2023 in Pune

DRIVING FORCES OF INDIAN FURNITURE DEMAND



Source: CSIL processing

mall focused on furniture and lifestyle interiors with nearly 100 regional, national and global brands and offering solutions including space planning, interior design and last mile delivery (www.creaticity.co.in). The aim of this initiative was the creation of a knowledge platform where to share best practices and common challenges of the furniture sector. Around 200 representatives of the Indian Furniture & Lifestyle Industry, including manufacturers, retailers,

importers, and other service providers, gathered at Ritz Carlton on January 12th, 2023, invited by Conclave Convenor Dr. Mahesh M. CSIL took benefit from this occasion to learn more about the status and development of the Indian furniture sector. The one-day seminar was rich in presentations and panel discussions, touching on several topics, from the benchmark of India in the global context presented by CSIL to the need for cooperation along the

value chain, which was the focus of the second keynote speech conducted by Kavitha Rao - MD Accenture. Significant attention was devoted to factors shaping consumers' purchasing process, changing lifestyles, and the need to modernize and find new solutions to meet the market demand. During a panel discussion titled 'The Beauty of Being Organized', companies discussed the success and challenges that furniture retail is facing. Several topics were touched, including sustainability, customization demand, and the role of e-commerce.

THE NEXT BIG INDUSTRY FOR INDIA

Several companies talked about their success paths and expressed their views through diverse sessions crafted to provide knowledge and encouragement to the industry. On the floor (among others): Praxis Home Retail India (Home Town), CityFurnish, Godrej Interio, Peps India, Recliners India. Industry's veterans such as A.K. Goel - Former MD, Hettich India, Mr. Rajesh Mahajan - Owner, Maspar Industries and Mr. Anil Mathur - Former COO, Godrej Interio also shared insights gathered by them over the years, focusing on how Home Lifestyle has the potential to become the next big industry for India.



Panel discussion at Home & Home + Conclave 2023