



SOCIAL AWARENESS, DISTRIBUTION SYSTEM AND GROWTH OF SANITARY GOODS INDUSTRY IN INDIA

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ABSTRACT

Change is the rule of nature and it is also applicable for needs of a society. Needs of the society affected by level of awareness in society. People understanding the importance of toilet and bathroom facility, it is increasing the demand of sanitary goods for construction of toilet and bathroom facilities in India. Present decade is the promotion of awareness for cleanness and sanitation facility in India. It also affects the growth of sanitary goods industry, Sanitary goods industry shows high rate of growth in year 2011 to 2015 It was due to the spreading awareness, but presently its growth is became much slower from year 2015. Present paper is an attempt to enlighten the role of spreading awareness and distribution channel used by the industry in growth of sanitary goods industry in India.

Key Words: Sanitary goods industry, Social awareness, sanitation facility, Distribution channel, Growth

Introduction

A large part of Indian population is living without toilet and bathroom facilities. Various factors are responsible for it like as poverty, illiteracy, low urbanization, lack of awareness,

heavy cost of these facilities etc. It affects badly the standard of life of Indians. But situation is changing rapidly in present decade due to increase in awareness, increase in urbanization, growth in real estate sector, change in government policy etc. People understanding the importance of sanitation facility, it is increasing the demand of sanitary goods and making an opportunity of growing for sanitary goods industry in India, But the industry could not maintain its growth rate, it is due to the distribution channel used by main companies of the industry. This topic is discussed latter in the article.

Main reasons of low sanitation facility in India

1. Low level of education- Large part of Indian population is still uneducated. According to Census of India 2011, Literacy rate (Total) in India is 74.04% in 2011, while in males it is 82.14% and in females it is 65.46%. This data shows failure of our education system. It also affects badly the opinion for importance of sanitation facility in India.

2. Low urbanization- Planned Urbanization is linked with the modern facility in a country. Low rate of urbanization means less area of country is facilitated with modern facilities. Only 32% of Indian population is living in urban areas, while it is 54% in China, 85% in Brazil and 93% in Japan. Low rate of urbanization is also responsible for lack of sanitation facility in India.

3. High level of Poverty - Poverty describes inability of fulfillment of basic needs of life, like food, cloths, roof, health, and education facility etc. It is measuring by poverty line; a large part of Indian population is still below the poverty line, their struggle is limited to cover basic needs of life. It is also responsible for low rate of sanitation facility in India.

4. Lack of awareness- 63.2% of the Indian population has the facility of telephones but only 46.9% population has toilet facility and 58.4% population has bathroom facility in India (source; Census of India 2011). It shows that Indian prefer phones than the sanitation facility and bathroom facility in their home. It is due to the lack of awareness, importance of sanitation and bath facilities in India; however situation is changing gradually and people understand the importance of sanitation facility for healthy and standard life.

5. High cost of building and maintaining - Cost of building and maintaining toilet and bathroom is also a considerable factor. Due to less per capita income in India cost of building and cost of maintaining standard toilet and bathroom is not affordable by a large part of Indian population, it is also responsible for non development of these facilities in India.

6. Importance not given by government- One of the main reason of situation is, preference not given by government, however present government is thinking to promote and encourage people to opt and develop toilet and bathroom facility, however more attention is needed for improvement at ground level.

Methodology of the study

Analysis of the growth of sanitary goods industry is the main objective of the study. Data of top 3 companies is used for analysis of the trend of industry. Study is based on secondary data collected from various sources. Growth of the industry is estimated on the basis of previous year sales. Sanitary goods industry is in growing phase of its life cycle, price are reducing and new products are launched by companies, therefore no adjustment is made in sales for change in price level. Chi-square method is used for analysis of data.

Table (1) – Total Sales of companies(Rs. In crore), Growth in Sales and Average Growth of manufacturing sector in India (%)

Year ending	HSIL	Cera Sanitaryware	Kajaria Ceramics	Total	Growth of the Industry (%)	Average Growth of manufacturing sector (%)
2010-11	1052	243	1006	2301	n.a	8.4
2011-12	1339	319	1402	3060	33	6.1
2012-13	1574	488	1707	3769	23	5.7
2013-	1885	664	2003	4552	21	5.5

14						
2014-15	2001	858	2378	5237	15	7.3
2015-16	2094	977	2614	5685	8.5	7.6

(Source- Moneycontrol.com and data.worldbank.org, indianexpress.com, economictimes.indiatimes.com)

Analysis of Data

We set up the null hypothesis that there is no significant difference in growth of total sales of companies and average growth rate of manufacturing sector of India over the period of data.

According to H_0 , the growth rate of industry shall equal to average growth of manufacturing sector in India.

Alternate Hypothesis- Growth rate of sanitary goods industry is greater than the average growth of manufacturing sector in India.

Table (2) - Computation of Chi-Square

Observed Frequency(f_o)	Expected Frequency (f_e)	($f_o - f_e$)	($f_o - f_e$)²	($f_o - f_e$)² / f_e
33	6.1	26.9	723.61	118.62
23	5.7	17.3	299.29	52.51
21	5.5	15.5	240.25	43.68
15	7.3	7.7	59.29	8.12
8.5	7.6	0.9	0.81	0.10
Total =			Chi- Square = 223.03	

The tabulated value of chi-Square at 5% significance level at 4 degree of freedom = 9.488

The tabulated value of chi-Square at 1% significance level at 4 degree of freedom = 13.277

The calculated value of Chi-Square = 223.03

Since Chi-Square (calculated value) higher than the tabulated value, we reject the null Hypothesis and conclude that growth of sanitary goods industry is higher than the growth of manufacturing sector of India during the period of collected data. It is showing that the growth of sanitary goods and allied products industry is faster than the average growth of whole manufacturing sector of India.

Opportunity for sanitary goods Industry

Following factors are gradually changing the market size of bath fittings and sanitary ware industry, and preparing a positive environment for development and growth of the industry.

1. Increase in per capita income- Per capita income of India is regularly increasing, it was about \$ 2000 (PPP) in year 2001, and by regular increasing it became more than \$ 6500 (PPP) in year 2016.

2. Rapid growth of real estate sector- A lot of projects are launched in real estate sector of India in last 20 years. Various township projects are completed and various in progresses, it is due to the less urbanization in India. Urbanization was about 32% in India in 2014, while it is 54% in China, 85% in Brazil and 93% in Japan. Low urbanization in India shows heavy potential of growth of bath fittings and sanitary ware industry, it is also a reason of bright future of bath fittings and sanitary ware industry.

3. Increase in educated people- Percentage of educated people is also increasing in India. Literacy rate of India is 74.04% (total) as per last census in India, while it was about 50% in 1991; it is showing increase in no. of literate persons in India. Educated people are more sincere for health and sanitation facility it also providing an opportunity of growth of bath fittings and sanitary ware industry.

4. Government policy of spreading awareness- Indian Government is also giving due importance to health, cleanness and sanitation facility in its policy. Economic help is providing by government for making of toilets in rural areas, it is also helpful in increasing demand of sanitary goods, and making an opportunity for the industry.

5. Importance given to health and freshness by people- In present era of information technology and multimedia people are more aware of health facilities, they are directly connected with various mode of information like newspapers, T.V., internet etc. and spending more amounts on various facilities, and it's also helpful for bath fittings and sanitary ware industry.

Distribution channel used by the industry

Distribution channel means the route or path along which products flow from the point of production to the point of ultimate consumption. In organised sector mostly companies used two level distribution channel. Producer appoints Distributors on area wise and a selected geographical area is offered to distributor or wholeseller. Wholeseller has a right to appoint various retailers within the area delegated. In other words we can say that mostly company used exclusive distribution strategy. This strategy provides strong selling support and more control over dealers.

Merit of distribution channel used by the industry

Exclusive distribution strategy provides strong selling support and more control over dealers. Main reason of adopting the strategy is the wide market area of products of sanitary goods in India. This distribution strategy is easy to control by the producers as producer need only contact the area distributors to manage the distribution system. Another important merit is easy forecasting of demand of various geographical areas.

Demerit of distribution channel used by the industry

Presently most of the companies used two level distribution system, it is costly than the zero level (direct selling) distribution channel. Exclusive selection of distributors also reduce the access of companies to a large part of potential consumers. It provide an opportunity to lower quality products or unorganised industry to increase its market share in India.

Conclusion

Growth of sanitary goods industry is widely affected by the awareness for sanitation facility. Easy availability of raw material, labor supply at low wages rate are strength of sanitary goods industry, large size of market in India is makes opportunity of growth for the industry. But the growth of sanitary goods industry is become slower from year 2015. However it is greater than the average growth rate of manufacturing sector in India. Presently most of the companies of the sanitary goods industry need to revise their distribution policy, reach of the wider potential market should be the target of companies, reach of wider market also helpful in reducing the share of unorganised market. Finally, the future of sanitary goods industry is brighter in India.

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