Chapter - II
Chapter - II

PRESENT T.V. MARKET SCENARIO

This Chapter comprehensively covers the world scenario of Electronics Industry; growth of electronic industry in India and Electronics Industry in Kerala State. It also deals with the various aspects of the present T.V. Market scenario, Television Network, Growth of Television Industry in India, and finally, Problems and Prospects of T.V. Industry.

WORLD SCENARIO OF ELECTRONICS INDUSTRY

The electronics Industry throughout the world has been one of the fastest growing sectors, with its seemingly limitless applications areas coupled with an ever growing consumer interest to automate and modernise. The result is reflected in the massive technological revolution that is witnessed in almost every industry during the past few decades, with the introduction of electronics in one area or the other, the changing technology mix, manufacturing process and market requirements, along with the change the traditional options, have resulted in an ever growing emphasis on electronics.

GROWTH OF ELECTRONICS INDUSTRY IN INDIA

Electronics is “A Sun-Rise Industry” in the country. India’s entry into the electronic sector was modes with the setting of production-base for radio receivers, with foreign collaboration in late forties.

India stands today on the threshold of an electronic revolution. Our Government, realizing the vital role played by electronics in increasing the productivity and accelerating process of economic growth has been announcing a number of liberal promotional policy-measures and incentives towards building an integrated, self reliant and vibrant electronic Industry.
The turnover of electronic industry is likely to touch Rs. 75,000 crores. The targets of electronic Industry from 1990 to 2000 are presented in Table No. 2.1.

### TABLE 2.1
TURN OVER OF T.VS MARKET FROM 1990 TO 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Turn over</th>
<th>Annual growth (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>11950</td>
<td>29.8</td>
</tr>
<tr>
<td>1992</td>
<td>15070</td>
<td>26.1</td>
</tr>
<tr>
<td>1993</td>
<td>19050</td>
<td>26.4</td>
</tr>
<tr>
<td>1994</td>
<td>23900</td>
<td>25.5</td>
</tr>
<tr>
<td>1995</td>
<td>30000</td>
<td>25.5</td>
</tr>
<tr>
<td>1996</td>
<td>37000</td>
<td>23.3</td>
</tr>
<tr>
<td>1997</td>
<td>45000</td>
<td>21.6</td>
</tr>
<tr>
<td>1998</td>
<td>54000</td>
<td>20.0</td>
</tr>
<tr>
<td>1999</td>
<td>64000</td>
<td>18.5</td>
</tr>
<tr>
<td>2000</td>
<td>75000</td>
<td>17.2</td>
</tr>
</tbody>
</table>

*Source: The Economic Times, 14th Feb, 2001, p.3.*

The electronic industry can be broadly classified into five sectors: namely (a) consumer electronics, (b) communications and broad-casting equipment, (c) aerospace and defence equipment, (d) industrial electronics including computers, and (e) components.

**EMPLOYMENT THROUGH ELECTRONICS**

The Indian electronics Scenario is changing pretty fast. There was an average growth rate of 27 per cent during the last decade (1991 – 2000). The electronic industries’ production during 1999-2000 was around Rs. 83,000 million, out of which Rs. 7,750 million was from exports. In this decade, the emphasis will be on exports. We have to export much more than 9.3 per cent of the production. The export has to be at least 25 per cent of production of sustain the balance of payments pressures’ in
the industry. This means the need for an involvement of highly skilled and trained man-power in the industry.

The electronics industry, having a comparatively high ration of employment-to-capital, provides a unique opportunity for employment generation while at the same time contribution towards improved productivity and efficient use of resources. Electronics generates the need for highly-skilled exports, scientists/engineers for R & D for design and manufacture of tools production processes, maintenance and quality control, software engineering, etc. Electronics personnel with diplomas are required for supervision of plant machinery and assembly operation. I.T.I: technicians are required in the tool rooms, precision machines, operation and maintenance of skilled and semi skilled and semi-literate workers can be used for assembly operations and for auxiliary and forward linkage activities.

The total direct employment in the electronics manufacturing industry has increased from 2.60 lakhs in 1998-99 to about 3.00 lakhs in 1999-2000. In addition, an indirect employment of 2.50 lakhs persons is also provided in the are of computer software, repair and services auxiliary units dealers and sales net work.

Production, projections for the next 10 years, man power employed and their distribution are given in Table 2.2.

**TABLE 2.2**
**PRESENT MANPOWER-DISTRIBUTION SIZE AS ON 2000-2005.**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Size</th>
<th>No. of Units</th>
<th>Man power</th>
<th>(%) of Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Small Scale Industries.</td>
<td>4500</td>
<td>47094</td>
<td>30</td>
</tr>
<tr>
<td>2.</td>
<td>Medium Scale Industries</td>
<td>527</td>
<td>50526</td>
<td>28</td>
</tr>
<tr>
<td>3.</td>
<td>Large Scale Industries</td>
<td>94</td>
<td>186310</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>5121</td>
<td>283930</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: The Economic Times, 14th Feb 14, 2005, p.3.*
TELEVISION AND ITS IMPORTANCE

Television is the transmission and reception of motion and pictures over electric communication channel or it is the science of transmitting the quickly changing images from one place to another by electromagnetic waves.

Television is for more sophisticated equipment than any other electronic receiver used as a significant factor in house entertainment.

Television is one of the most important miracles of science. It has brought about a revolution in the field of entertainment, education and communication. Indeed mankind should be grateful to its inventor Mr. Baird who has brought the cinema and stage into the house of the masses.

While sitting in our houses, we can watch all kinds of programmes which are televised. Many educative and informative programmes are also shown on the television which are of great help to the students and the masses. T.V. is especially very valuable of an underdeveloped country like India where a great majority of the people are illiterate and live in villages. The people can be imported much information and education through television programmes.

Television can also be helpful in removing the social and political evils from the society. It can highlight the evils of casteism, dowry, drinking, gambling, etc., and these can be helpful in their removal. Similarly the government programmes like family planning, adult-education and cleanliness of the cities can also be propagated. Television is becoming so popular at least in urban areas the ratio has been forced to play a secondary role. Of course both the T.V. and the radio are sources of information entertainment, instruction and education. In a country of 60 per cent illiteracy, the radio and T.V. have become the most popular sources of information. It is precisely for this reason that even the poor labourer is owing a transistor. Even the rural poor are now politically more conscious than before; thanks to the increasing use of the electronic media. This is a welcome development in a democracy.
In the last couple of decades the television network has developed and grown tremendously. Earlier in the beginning it was VHF (very high frequency T.V. transmission then came the UHF (Ultra-high frequency) then it was CATV transmission, which stands for Common Antenna Television Now CATV is known as Cable television.

DEMERITS OF T.V.

Of course, with its advantages the television also has certain disadvantages. If a person spends too much time in watching television everyday, then he will become lazy and shirk work. He would like to sit idle and waste his time. If one sees pictures from a close distance on the television set, it affects the eyesight. It is thus very risky for the small children who always sit very close to the television set. The students also get the bad habit of seeing films on the television. During the television time the students do not pay any attention to their studies. The use of television set also increases the electricity bill greatly.

PRIMARY DEMAND CREATION FOR TELEVISION

Forecasting demand for T.V. sets in India involves a number of aspects. We will begin with the transmission network in the country. Since 1982 Indian Government has accepted T.V. as a key tool for mass communication which is the backbone of the T.V. Industry. Government is aiming at achieving certain socio, cultural, educational and natural objectives through T.V. The phenomenal growth of T.V. Industry could not have come without expansion of the T.V. network in the country. It is a very recent happening.

CAR TELEVISION SETS

Car T.V. receivers are widely used abroad and they hardly require any introduction. Their use for entertainment information, education is made use of by almost every car owner abroad as it is conveniently fitted into the cars. This product is yet to be introduced in the Indian Market. One or two manufacturers are already producing these T.V.’s but they are marketed for table use. Its marketing is to be
organized carefully through automobile manufactures for cars. There is adequate room in a car on the dash board or near rear-view mirror to fix this T.V. receiver set. The car T.V. is useful during travel for news, sports, entertainment, etc., Flat screen T.V. receivers is estimated to be around 1.50 to 2.0 million sets per annum by 1990. The demand for sophisticated and high quality video system is increasing year after tear and their demand in large quantities is concentrated in the metropolitan cities like Bombay, Madras, Calcutta and New Delhi.

*Flat screen colour T.V. receivers is the recent trend in video technology where in the picture has comparatively a better clarity and contrast; viewer feels that the picture is wider and enjoyable when compared to ordinary colour T.V. receiver.*

**PORTABLE COLOUR T.V. RECEIVERS**

Colour T.V. market picked up during Asiad Olympic in the year 1982. To meet the immediate demand of colour T.V. sets during Asiad, Government of India imported on lakh colour T.V. receiver kits and distributed them among various units for assembly; since then the demand for colour T.V. receivers is on the increase. The demand increased to about 1.0 million sets during 1986. The demand for colour T.V. receivers increased very steeply much beyond the projections of the department of Electronics during 1982-86, following which the department of Electronics had to revise the demand projections on higher side. The growth in demand during 7th and 8th Five Year Plans for T.V. receivers is on the increase year after year and the portable colour T.V. receivers will have their due share in the Market.

**MARKET STATUS AND SCOPE**

The likely immediate demand for portable colour T.V. receiver is for around 0.5 million sets annually. This demand is likely to grow immediately 9 per cent annually till the end of eighth five year plan as the likely total growth during a five years plan period is around 45 per cent.
GROWTH OF TELEVISION INDUSTRY IN INDIA

Television broadcasting in India commenced on a modest note in September 1959 when an experimental television centre was set up in New Delhi from out of a grant by UNESCO with broadcast duration of 20 minutes. The objective of this was to promote education, health and family planning.

The demand for T.V. is growing rapidly in rural as well as urban areas in our country and other developing states. The consumer electronic industry has made phenomenal progress in the eighties with a spectacular expansion of Television network following the installation of high power and low power transmitter in different centres. The growth of T.V. industry around Delhi is in the infant-stage.

A special expansion plan of television network was announced by the Government in July 1982 for providing coverage to about 70 per cent of the population, with an addition outlay of Rs. 68 crore. The expansion of T.V. network in the country, which came about at the time of the ASIAD in 1982, gave a significant boost to the T.V. industry. The ASIAD also saw the beginning of colour transmission in the country, with indigenous manufacture of colour T.Vs. The first choice of every family who can afford to buy some entertainment equipment is to go for T.V. set as it is a source of mass-entertainment. The total number of T.V. transmitters in operation has increased from 17 before the ASIAD (and 44 in 1983) to 335 at the end of March, 1989. Another 100 low power transmitters are expected to be commissioned under a crash programme by March 31, 1990.

It is statistically confirmed that there is vast untapped market available for T.Vs in the country. Whereas the density of radio sets is 69 per 100 families for T.V. Sets. T.V. transmission has been expanded to cover almost 80 per cent of the country’s population. It is, however, unfortunate that the transmission does not reach the masses due to their poor purchasing power vis-a-vis the price of T.V. Sets.

The Indian T.V. industry is almost two-decade old. As early as in 1959, a transmitter was set knocked down condition to be assembled in the country. In
November 1992, with a view to giving colour television coverage to the Asiad import of colour television sets (C.T.Vs.) was allowed. Several licences were issued and an ambitious colour television transmission network was launched. A record number of 125 transmitters were installed in 1994 alone as against a total of 40 transmitters till then. With a view to meeting the emerging demand for C.T.Vs., licences were issued to about 500 parties for a total capacity of four million receives.

While the industry, as a whole has shown a declining trend, certain manufactures have been able to sustain growth solely because of their aggressive salesmanship, inventiveness, quality and brand image. With the availability of excess production capacity competition among manufacturers in offering better value for money in terms of product features, price, dealer incentives and consumer finance.

**TABLE 2.3**

**TOP PRODUCERS OF COLOUR T.V.SETS**

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Videocon</td>
<td>2,22,450</td>
<td>1,30,000</td>
</tr>
<tr>
<td>Onida</td>
<td>1,65,600</td>
<td>1,26,000</td>
</tr>
<tr>
<td>BPL</td>
<td>1,33,212</td>
<td>1,29,000</td>
</tr>
<tr>
<td>Bush</td>
<td>56,816</td>
<td>62,843</td>
</tr>
<tr>
<td>Crown</td>
<td>55,096</td>
<td>55,096</td>
</tr>
<tr>
<td>T-Series</td>
<td>54,393</td>
<td>-</td>
</tr>
<tr>
<td>Solidaire</td>
<td>44,109</td>
<td>37,405</td>
</tr>
<tr>
<td>Texla</td>
<td>39,875</td>
<td>28,871</td>
</tr>
<tr>
<td>Optonica</td>
<td>39,307</td>
<td>29,052</td>
</tr>
<tr>
<td>Weston</td>
<td>35,745</td>
<td>44,214</td>
</tr>
<tr>
<td>Uptron</td>
<td>31,555</td>
<td>47,680</td>
</tr>
<tr>
<td>Nelco</td>
<td>30,449</td>
<td>26,581</td>
</tr>
<tr>
<td>Dyanora</td>
<td>29,697</td>
<td>30,889</td>
</tr>
<tr>
<td>Salora</td>
<td>25,809</td>
<td>33,893</td>
</tr>
</tbody>
</table>

30
PROBLEMS AND PROSPECTS OF T.V. INDUSTRY

Television Industry played a dominant role in the consumer electronics. Television is an important medium that provides information and entertainment at home. Activities in this front have been on the rise, temporarily, spatially, functionally and hierarchically. Even the State sector has been taking part significantly. The Government has announced its clear objective of making this media available throughout the country and within this relatively short span of time, no doubt a substantial change has been brought about.

No industry can be said to be problem proof. The T.V. industry is also not an exception to it. The problems related to the high prices of T.V. sets are due to heavy taxation, shortage of components, non-availability of assemblies for exporter of T.Vs, high transport costs, high interest rates, etc. Recently, it was reported that the sum total of the colour T.V. prices plus to and for charges to Dubai is less than the price of colour T.V. in India.

The period 1999 – 2000 has been a discouraging period for consumer electronics in general and T.V. Industry in particular. From a growth-rate ranging from 30% to 40% in the last five years, the T.V. Industry for the first time in the decade has shown a negative growth of 12% this year.

In spite of massive investments by the Government in transmission system for Doordarshan throughout the country the demand and production of colour and black and white T.Vs has slumped this year. The spin-off effects of the decline in demand and production of T.Vs this year are:

a. Consumer electronics is the basis of the growth of the electronic industry. T.V. industry contributes 70% to 80% of consumer electronics.

b. Negative growth in the T.V. industry will put a break on the proposed growth of the electronics industry. Thereby achieving the targets set for the year 2000 will be very difficult.
c. Bill of materials cost from 70% to 80% of ex-factory realization in consumer electronics. Fall in production of T.V. sets will shake the base of the components industry where a large investment has been pumped in.

d. Exports will receive a service setback due to the reduction in volumes.

e. Indigenisation programmes will get upset. Huge investments in picture tubes, EHT tunes, glass shells will not become viable, if local T.V. industry collapses. Huge sums have been invested in components industry in foreign currency also. This will be lost if component units close down.

f. Decrease in direct and indirect employment. Due to the under utilization of capacity, lot of people will be rendered jobless. It is estimated that the T.V. Industry presently employs one million people directly and indirectly.

g. Out of 2500 units in electronic sector more than 2000 units are in the small scale sector. Any sickness in this industry will force many of the small-scale units to close down. Many units are already on the verge of shut-down.

The 17% increase in excise duty in the year 1990 has resulted in a 30% drop in excise collection. The estimated loss of revenue will be to the tune of Rs. 140 crores.

The Government has taken the following steps towards reducing the price of a colour T.V. set.

a. Industrial approvals have been issued liberally, without any upper limit on capacities so that economically viable level of production could be achieved and competition encouraged.

b. Customs duties on imported raw materials/components and excise duty, etc., have been reduced.

c. The Department of Electronics has set up a highpower T.V. Coordination Committee under the Chairmanship of Secretary, D.O.E. with representation from Indian T.V. Manufacturers Association (I.T.M.A) and Electronic Components Industries Association, to review and monitor the progress of T.V. sets manufacture.
In regard to foreign participation, the Government has reviewed the industrial
licensing and technology policy for manufacture of colour and Black and White T.V.
sets. With effect from January 1, 1986 foreign companies with equity participation
not exceeding 40 per cent are allowed to participate in this industry. These companies
are, however, required to supply not less than 25% of their production in kit form to
small-scale units for five years from the date the unit goes into production. Foreign
brand name is not permissible in the manufacture and sale of B and W and colour T.V.
sets.

The differing rates of Sales Tax in different states create problems for the
manufacturers. For instance, Gujarat has a concessional rate of only one per cent for
manufacturers within the State and 10% for outsiders, while some States like West
Bengal and Orissa do not impose any sales tax on local manufacturers. This
imposition of sales tax restricts the market for the manufacturer who is not able to
reap benefits of economics of scale.

CONCLUSION

On the basis of the above information the following conclusions may be drawn;

a. In spite of general problems, Electronic industry has experienced a rapid
growth and is having high prosperity chances in India.

b. There is a greater primary demand for T.V. sets, V.C.Ps and V.C.R.s.

c. Large number of companies in T.V. Industry, are facing stiff competition with
varying brands and models in the sellers market.