

Opportunities and Challenges of Toy Manufacturing Sector in India

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Abstract: *This article studies the opportunities and challenges that persist for the Toy Manufacturing sector in India. India is named for its traditional toy a year back history of 5000 years. The industry gives more employment opportunities and provides more revenue to the people who depend on it. But due to the change in liking of traditional toys, patterns and innovation of Chinese toys create a great deal of trouble to the Indian manufacturers. The study is essential in estimating the opportunities and challenges available in the toy manufacturing sectors in India. The study adopts the literature survey approach, mainly from various agencies' reports and news from the websites. The at manirbar mantra, Covid 19 influence, Global scenarios link shows significant opportunities for toy manufacturing sectors. Challenges are found to be in the availability of foreign toys, increased import duty on raw material and capital goods, and introduction of quality standards in Toy Production.*

Keywords: MSEMES, CDMIA, TAI

I. INTRODUCTION

Toys have a vital role in establishing the culture of one's civilization. Toys from across the country reflect the culture and cultural diversity that exist in India. In India, various model toys are manufactured using plastics, mechanical, soft dolls, wooden, Games, and battery-operated. The Toy Industry in India has had a more significant transformation over the last decade in toys types, designs, aspects, innovation, mind-blowing, educating, and other elements. Earlier toy sector was identified as labour intensive, and it provides and employment opportunities to over 3 million people, where 70% reflects a woman worker. Manufacturers of toys are based and depend on the local peoples' skills. The industry needs a local person with talent in artisans and also with creative design. The toy industry in India depends on indigenous manufactures and few from other countries. In India, 75% of the toy industry belongs to the micro-segment, 22% constitute small and medium, and 3% only include large units. Most of the toy manufacture in India belongs to Punjab, Uttarpradesh, Delhi, Mumbai, Tamil Nadu, and across the central Indian States. Most of the toy manufacturing companies are coming under Medium and Small Emerging sectors unit.

Selling of toy means it is to three individuals simultaneously. They are the child who uses it, the mother concerned about safety & space to play, and the father who wants to control purse strings. Therefore, the toy manufacturing company's target group is the middle class and upper-class income - group. According to Dale Hoiberg and InduRamchandani (2000), categorize the toy into four groups: They are depicted as follows:

1. Toy designed, developed, and produced by the Craftspeople.
2. Metal toys, dynamic folk toys designed and produced by skilled and unskilled persons.
3. Toys designed, developed by the layperson, or even invented by children themselves for their purpose.
4. Toy manufactured in the Industry/Factory

Toys made from a variety of materials regarding the Indian Toy Market:

- Metal Toys
- Wooden Toys
- Clay Toys
- Paper Machine Toys
- Stone pith toys

- Cloth toys,
- Electronic and mechanic toys
- Tin toys

Toys and Board Games can be further classified into three broad categories.

- Educational Toys and Board Games:
- Mechanical Toys
- Other Toys

II. THE OBJECTIVE OF THE STUDY

The important purpose of the Study is as follows:

1. To know the overall Indian Toy Market Sectors.
2. To Know the Opportunities available for the Indian Toy Manufacturing sectors.
3. To know the Challenges that exist in the Indian Toy Manufacturing sectors.

III. METHODOLOGY TO ACHIEVE THE OBJECTIVE OF THE STUDY

The methodology adopted to conduct the study's objective is an extensive review of others' work regarding the Toy market in India. For this, various sources of information are considered to know the challenges and opportunities of the Toy Market industry in India.

IV. INDIAN TOY MARKET – OVERVIEW

The Indian Toy Market attains a value of US \$1.23 Billion in 2020. It dates back to the Indus valley civilization; five thousand years ago, toys were introduced. Earlier toys include whistles shaped like birds, Monkey toys, small & large carts mostly made from natural sticks, clay, and rocks. The toys association of India announced a challenging period for the toy manufacturing unit due to the various rules and regulations asked by the government to follow. Nowadays, due to advances in technology, modern machines are used to produce modern & innovative toys. IMARC expects the Indian toys market to grow at a CAGR of 12.2% during 2021-2026. India's current import of 80% is predominantly from China. It means that India can able to full fill only 20% of the domestic demand. India import nearly US \$ 600 million in toys from china. The majority of the toys are like injection-molded plastic and electronic-based toys.

This is because of the low price offered for the toys from the Chinese manufacturer. China can produce toys at cheaper rates. The reason for their low price is due to the export incentive provided by the Chinese government. Due to this, Indian toy manufacturers face difficulty competing to sell the toys at cheaper rates. To meet the competition, now our manufacturer focusing on improving the designs, quality, attributes of the toys.

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Because of the pandemic, the geopolitical situation with China, and the duty increase in the import duty, import of Chinese toys to India has reduced. At the same time, local demand for the toys are increased by 25% because of the lockdown, and children are being asked to stay home for nearly a year. On the other side, India needs to import more machinery from South Korea and Japan to manufacture electric toys in India. Again import duty of capital goods also makes it uncomfortable for the Indian toy manufacturers. However, steps are taken to increase production, but at the same time, the industry is a labor-intensive one, and 60% is unorganized. We have small and medium-sized manufacturers with less than ten employees. Therefore, manufacture is in short of capital and raw material to start production quickly.

V. INDIAN TOY MARKET DRIVERS

Indian Toy market driven by a vast consumer base represents an essential factor for the growth of the Toy industry in India. India constitutes a sizeable young population, with nearly half of them comes under the age of 25. An increase in the domestic demand for toys is also due to the country's academic solid activities with a higher growth rate. Another factor for the increasing toys market is the rising disposable income. In the year, the middle-class population is growing at a higher rate. They were with more disposable incomes, and notably, spending patterns are also changed. It makes a way to consume/use traditional toys to medium to low-end battery-operated toys, Building set toys, puzzles, and high-end electric toys. The top market is developed due to online sales development too. The quality of the product and feature readily available in the web portal is another reason for the fastest growing chance for Toys in India.

5.1 Global Toy Market

The global toy industry market is estimated to be USD 275.75 billion in 2020. Further, it was expected to grow (CAGR) by 5% from 2021 to 2028. It is due to the numerous causes, including parents' interest in green toys, conversion of Traditional toys and video games to awareness having cognitive benefits like building toys and mobile-based gaming. Furthermore, the global toy industry is further expected to be driven due to the increasing popularity of traditional activities among the younger generations. In connection with Toy manufacturing, China Die and Mould Industry Association estimates a USD 450 billion market of the toy in 2030.

VI. OPPORTUNITIES FOR INDIAN TOY MARKET

Toys were first invented in India some 8,000 years ago, during the Indus Valley Civilization. Whistle-shaped parrots, toy monkeys with extended hands that could slide down a rope or stick, and miniature farm carts were the first toys. These toys were manufactured with natural materials such as bamboo sticks, hay, mud, rocks, and fiber fabric. Today, however, the introduction of modern technology and mechanisms has prompted businesses to create new and imaginative toys. India is expected to become the global hub by 2025-2030, thanks to the new 'Local se Vocal' revolution.

The government's push for domestic production and renowned worldwide toy makers are eyeing India as a manufacturing site has boosted the sector's prospects. Proposed import tariff hikes, more demanding certification standards for imported foreign toys and allotment of factory plots and investment zones were all critical moves in the year and aimed at promoting toy manufacture in India. It is estimated that 90 percent of toys sold in the country are imported. Therefore, the increase in duty will result in a beneficial impact on the Indian toy business. While the benefits of the industry will take time to be completed, they will be helpful to enterprises, the economy, and international trade.

6.1 The Atmanirbhar Mantra

As India moves closer to self-sufficiency, industrial operators anticipate significant increases in capital and sales. Focusing on Atmanirbhar Bharat, R Jaswant, CEO of Funskool India, believes that India has a chance. "India can produce toys for the rest of the globe, but it faces numerous hurdles. Many toy makers want to source from us, and we've been able to meet all of their requirements." "In comparison to the worldwide market, the Indian toy business is tiny, and we do encounter some challenges." For example, high tooling costs hamper toy design and development in India." But, as we have seen, he believes there is potential. However, he believes there is a promise, citing high import charges as an example, which can assist indigenous firms in expanding production capacity. While it will be difficult for Indian enterprises to match China's size, their work can attract a premium for toys if it demonstrates a commitment to providing a positive environment for both workers and end consumers. Such branding is expected to entice international toy companies, which are already dealing with anti-China sentiment at home, to relocate to India, despite the increased costs.

6.2 Covid-19 Influence on the Toy Market

The impact of the coronavirus on toys has reaffirmed several trends that were already reshaping industries before COVID-19, particularly in the area of digital transformation. With increased video games, including e-sports, and digital education tools, particularly STEM, 2020 shows a continued shift toward home entertainment and online education. While specific conventional toy categories had a surge in Q1 2020, the long-term trend is for players to recast themselves as entertainment providers across many platforms. Asked about digital and video games competition, R Jaswant, CEO of Funskool India, responded positively. He says "We have provided clients with high-quality branded toys for the past 33 years. Even with internet gaming, physical toys will be relevant, albeit a lot more so if they did not exist. We witnessed a significant demand for board games and puzzles throughout the lockdown." Purchasing power: The Indian middle class has emerged as a consumerist force to be reckoned with. The Indian middle class has been compared to the entire European economy in terms of purchasing power. The taste of the current new generation has evolved away from traditional battery-operated toys and toward creative electrical, intelligent, and branded stuffed soft toys like giant teddy bears and Giant pandas.

6.3 Changing Global Scenario

Toy manufacturing is an excellent way to jumpstart a sagging economy. It employs a massive number of semi-skilled/unskilled workers, particularly women. With China's attention turning to higher-value toys, a window of opportunity has emerged for slower-developing countries like India. In just three years, Vietnam has modified its rules and developed a \$4 billion toy business. India is now joining the global competition to build a name for itself. An opportunity for new companies: The acceptance of non-Chinese products will create a significant vacuum in the Indian toy market, creating a startup opportunity. In the Indian toy sector, aspiring entrepreneurs are likely to find plenty of assistance and opportunities.

VII. CHALLENGES FOR INDIAN TOY MARKET

7.1 Availability of Foreign Toys in the Indian Market

In India, millions of children are impacted by Traditional Indian Toys. Playing with these toys develops motor skill and cognitive skills among children. However, after the liberalized economy, an inflow of cheap toys from other countries surpassed the traditional toy market in India. Even low-quality Chinese imports evade the Indian toy market. This results in the closure of many toy factories in India and not competing with China products, primarily in the electric and electronic-based toys.

7.2 Impact of Increased Import Duties

There is an increase in the import duty over a period from 20% to 60%. It increases the cost of the toys in the Indian local market, resulting in the cancellation of orders. Even for some raw materials, there is an increase in import duty of 200% and makes Indian Toys to be more expensive. It alarms the spending father to have such toys for his kids.

7.3 Introduction of Quality Standards

Though quality is considered an essential factor for market development, its cost makes it costlier to buy. As a result, the government of India mandated the Bureau of Indian Standard (BIS) certification for the toys also. This move creates pressure on the artisans and toymakers from 'Toy town' of Channapatna, Karnataka. The deadline date given for the certification is over by January 1st 2021. Experts and producers warn that it has been disastrous for the toy manufacturers in the field for more than 100 years.

7.4 No Uniform Demand

Toy making is labour intensive. The life of a toy is for a limited period only. For example, Transformer toys will get boom once the movie is released. After that, demand is reduced, and the product will be in stock. Some toys are also seasonal and depend on the vacation time of the kids.

7.5 Technology Lacking

In India, wooden toys are manufactured with the help of skills and craftsmanship. So they add value to the growing years in developing overall senses. But now kids are growing with advanced knowledge and require advanced technology to the full fill their needs. Moreover, kids like to have fast gravitating intelligent toys and video games. Owing to this trend, local toy manufacturers now need to install expertise in information technology to offer more variety of games to capture the children's imaginations. Hence Prime minister is asking the start-ups to help the local manufacturer to achieve their target. Indian toy producers are specialized in board games, soft and plastic toys. To enhance this, local manufacturers need to import machines from various countries like South Korea and Japan for raw materials to produce those toys.

VIII. CONCLUSION

Indian toy manufacturing industry has great potential and faces a considerable challenge from the Chinese manufacturer. The government of India takes steps to improve the opportunities to grab the consistent market due to various factors. There are mixed elements in the opportunities and challenges for the Toy manufacturing sectors. Serious government action is expected to improve the quality of the product to meet the global standard simultaneously; measures need to be addressed to reduce the cost of producing the toys.

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