

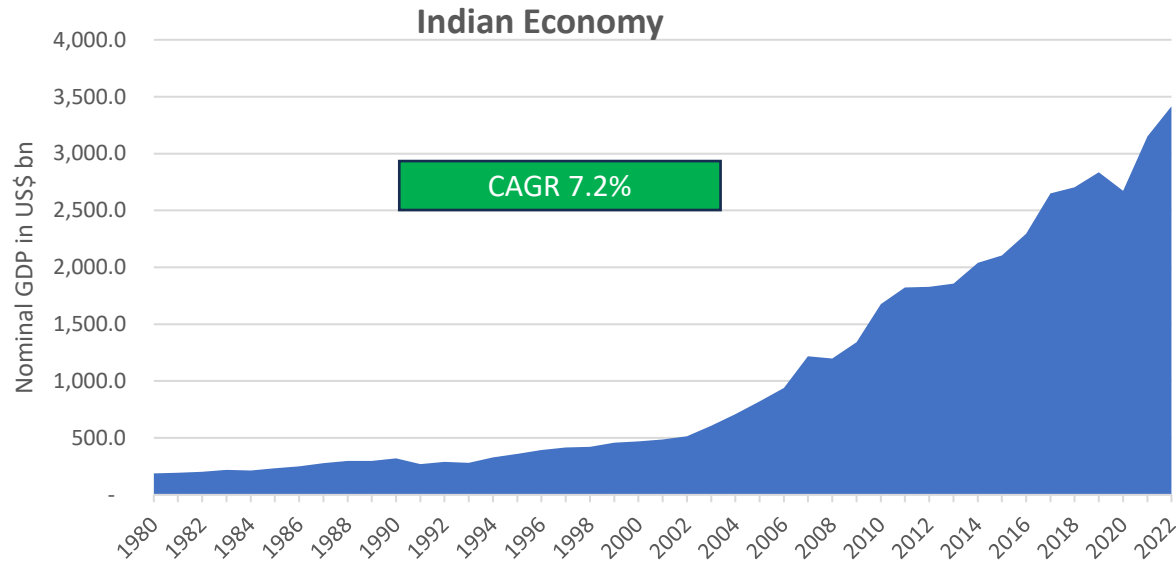
A large, stylized graphic of a flower or leaf with five petals, rendered in white outlines. The interior of the petals is filled with horizontal stripes in shades of green, brown, and blue. The graphic is centered on the left side of the page.

# Indian Economy and the Furniture Industry: --- at an Inflection Point

**Manoj Tulsian**  
4-April 2024

# India –at an Inflection Point : India is more relevant now

India's economy has grown at rapid pace in past decade ...



India's Macro Economic indicators show strong fundamentals

	2000	2010	2020	2022
Nominal (USD tn)	0.5	1.7	2.7	3.5
Per-capita GDP (USD)	460	1,413	2,000	2,450
Household consumption (USD tn)	0.3	1.0	1.6	2.1
Investment (USD tn)	0.1	0.7	0.8	1.0
Gross goods trade (USD tn)	0.1	0.6	0.7	1.2
Gross total (goods + services) trade (USD tn)	0.1	0.8	1.0	1.7

Source: World bank

Source: CEIC, Standard Chartered Bank

## Drivers of growth (... future growth)



# India –at an Inflection Point : Economy growth and resultant impact

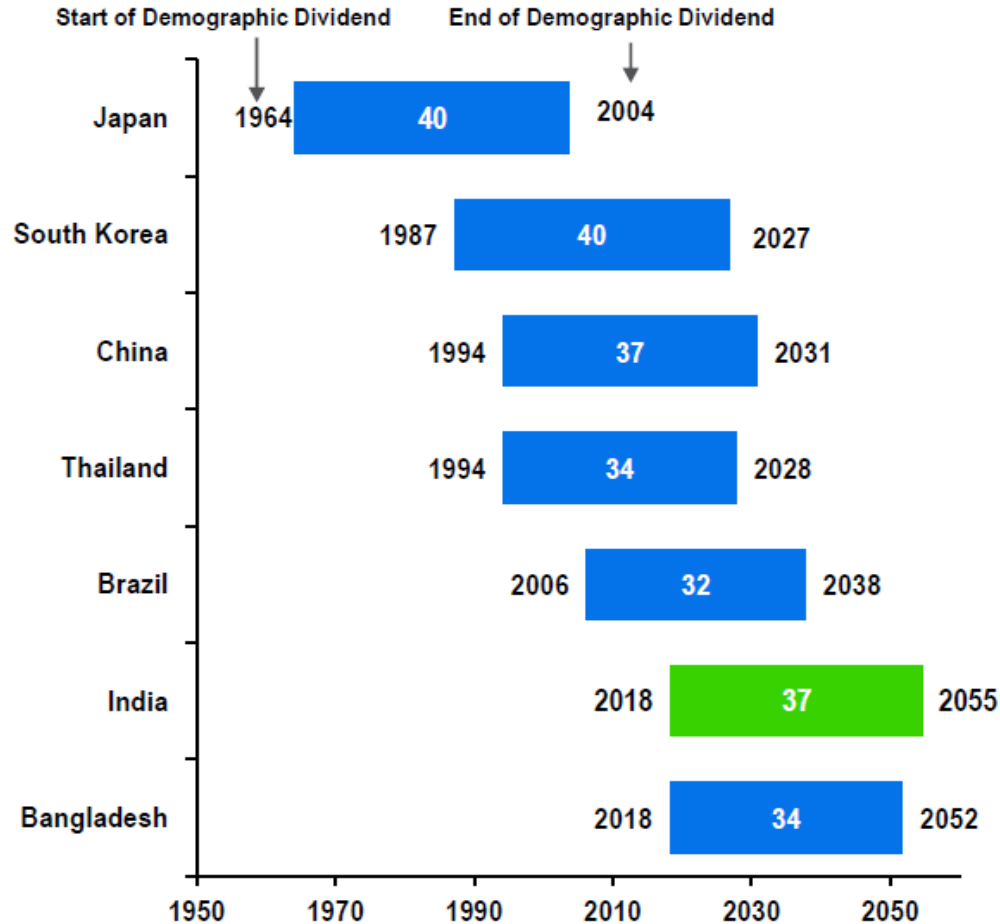
**From being among the top 10 economies in 2010, to the third largest by the end of 2030**  
*As per nominal GDP, current USD prices*

	Country	1990	Country	2000	Country	2010	Country	2022	Country	2028
1	USA	6.0	USA	10.3	USA	14.9	USA	25.5	USA	32.4
2	Japan	3.2	Japan	5.0	China	6.1	China	18.1	China	27.5
3	Germany	1.6	Germany	1.9	Japan	5.7	Japan	4.2	India	5.6
4	France	1.3	UK	1.7	Germany	3.4	Germany	4.1	Japan	5.3
5	UK	1.2	France	1.4	France	2.6	India	3.4	Germany	5.0
6	Italy	1.2	China	1.2	UK	2.4	UK	3.1	UK	4.2
7	Canada	0.6	Italy	1.1	Brazil	2.2	France	2.8	France	3.4
8	Iran	0.6	Canada	0.7	Italy	2.1	Russia	2.2	Brazil	2.8
9	Spain	0.5	Mexico	0.7	India	1.7	Canada	2.1	Canada	2.6
10	Brazil	0.4	Brazil	0.7	Russia	1.6	Italy	2.0	Italy	2.5

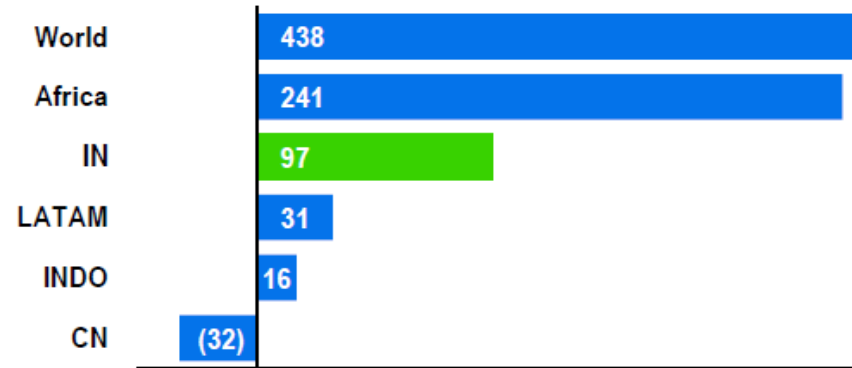
Source: IMF, Standard Chartered Research

# India –at an Inflection Point : Population Dividend

## Demographic dividend places India better than global peers



## Largest contributor to world's working population by 2031; change in working age population (2031 vs 2021; mn)



## Higher share of working age population to be a driver of growth; % share working age population

	2020	2030	2040	2050
India	64.2%	64.8%	63.6%	61.1%
Africa	54.4%	56.3%	58.3%	59.7%
Indonesia	63.9%	63.7%	61.8%	60.1%
China	64.2%	60.7%	56.6%	49.7%
LatAm	63.3%	62.9%	60.9%	58.0%

Countries with larger shares of working age population to total population are likely to witness higher GDP growth rates

Source: IMF, Standard Chartered Research

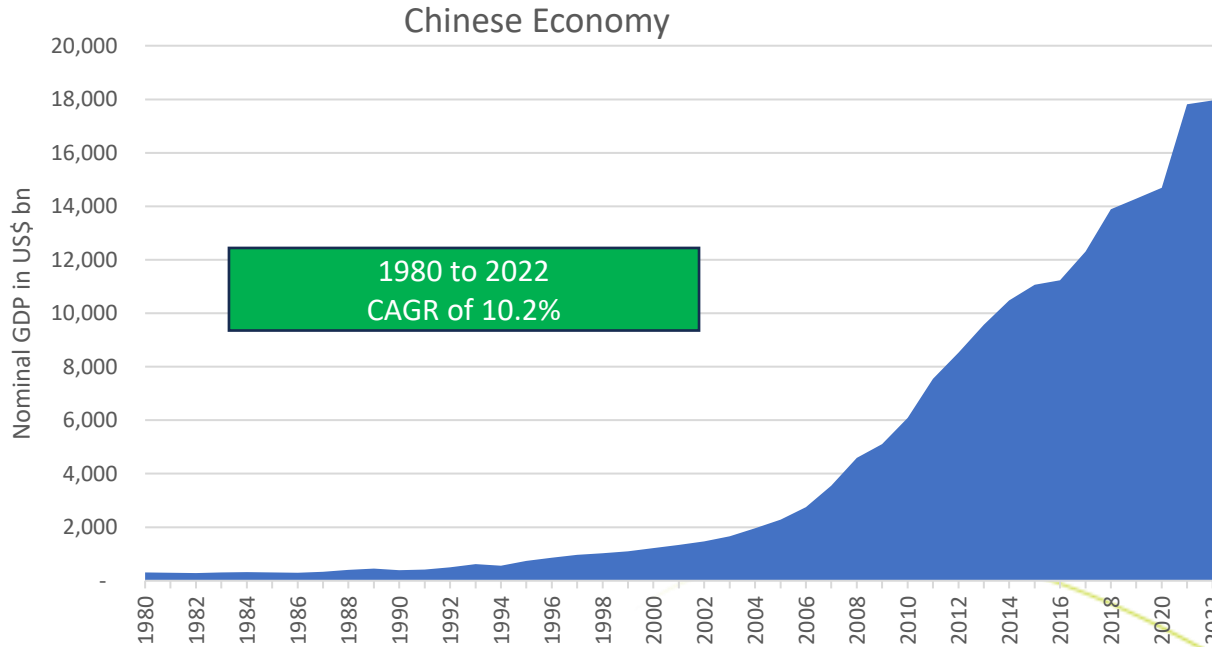


# What Happened in China during the Period of Hyper Growth

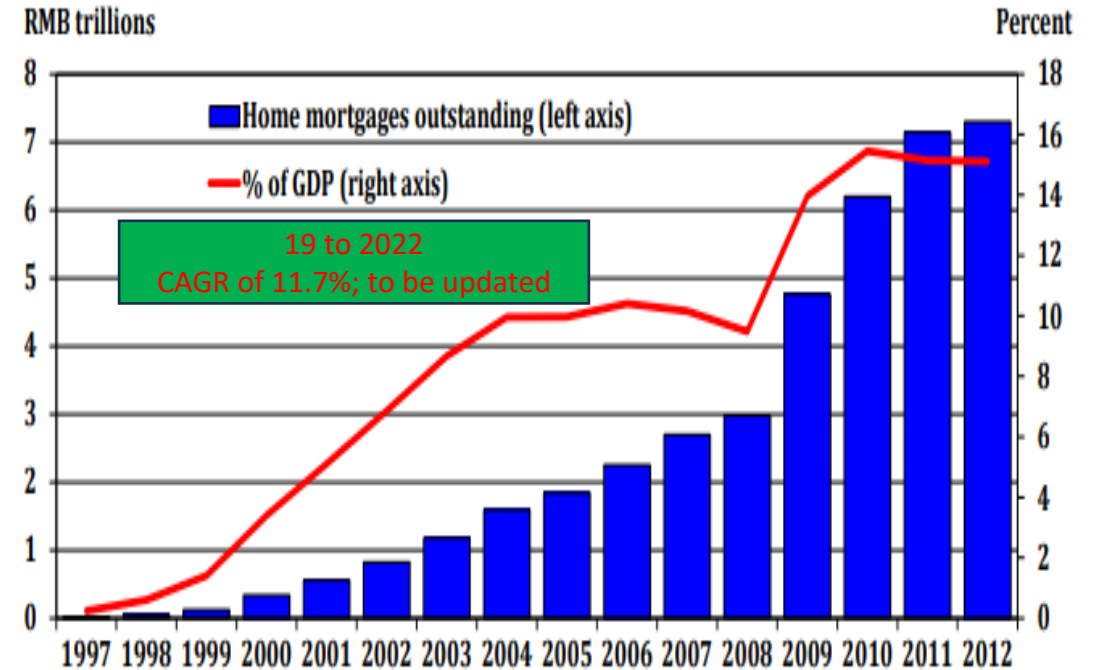
# Example – Growth Parallel

Post introduction of open-door policy in 1980s, Chinese economy is grown multi-fold (38x)

... and so does the Real Estate sector at a faster pace than the economy represented by home mortgages growth



Source: World bank



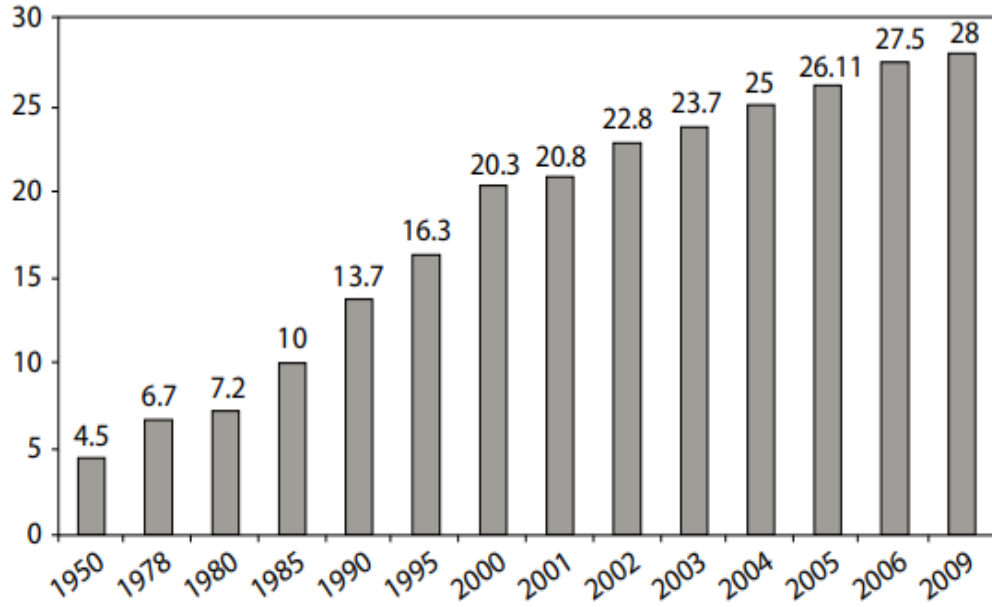
Source: Sources: People's Bank of China, Chinese National Bureau of Statistics etc

- China was viewed as the “world’s factory” thanks to rapid urbanization, the transformation of economic and industrial production bases, and maintenance of relatively low production costs. China became the largest exporter of furniture products
- The increasing per-capita income levels led to dramatic demand for real estate
- Household mortgage levels are at nearly 30% in 2022 (source: Knight and Frank)

All of the above factors resulted in multi-fold increase in associated sectors like furniture/building materials.

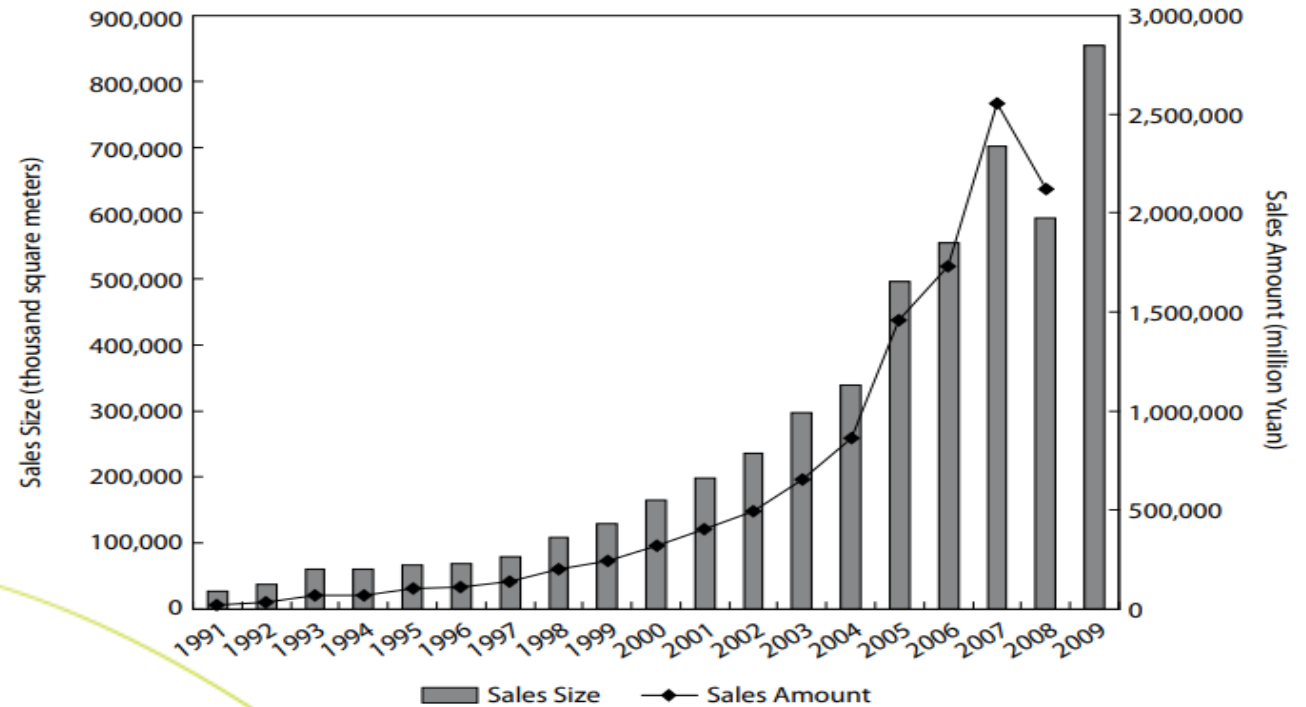
# Example – China Economy and Real Estate Sector Growth

Changes in the PRC's Average Housing Space per Capita (square meters)...



Source: MOHURD (2009).

... sale of real estate also showed a very strong growth in the similar period



Source: China Year Book 2009 (NBSC 2009)

- Rising household incomes, rapid economic growth, and massive rural-to-urban migration are expected to continuously fuel the demand for housing in mainland cities.
- Per capita housing space has also gone up substantially

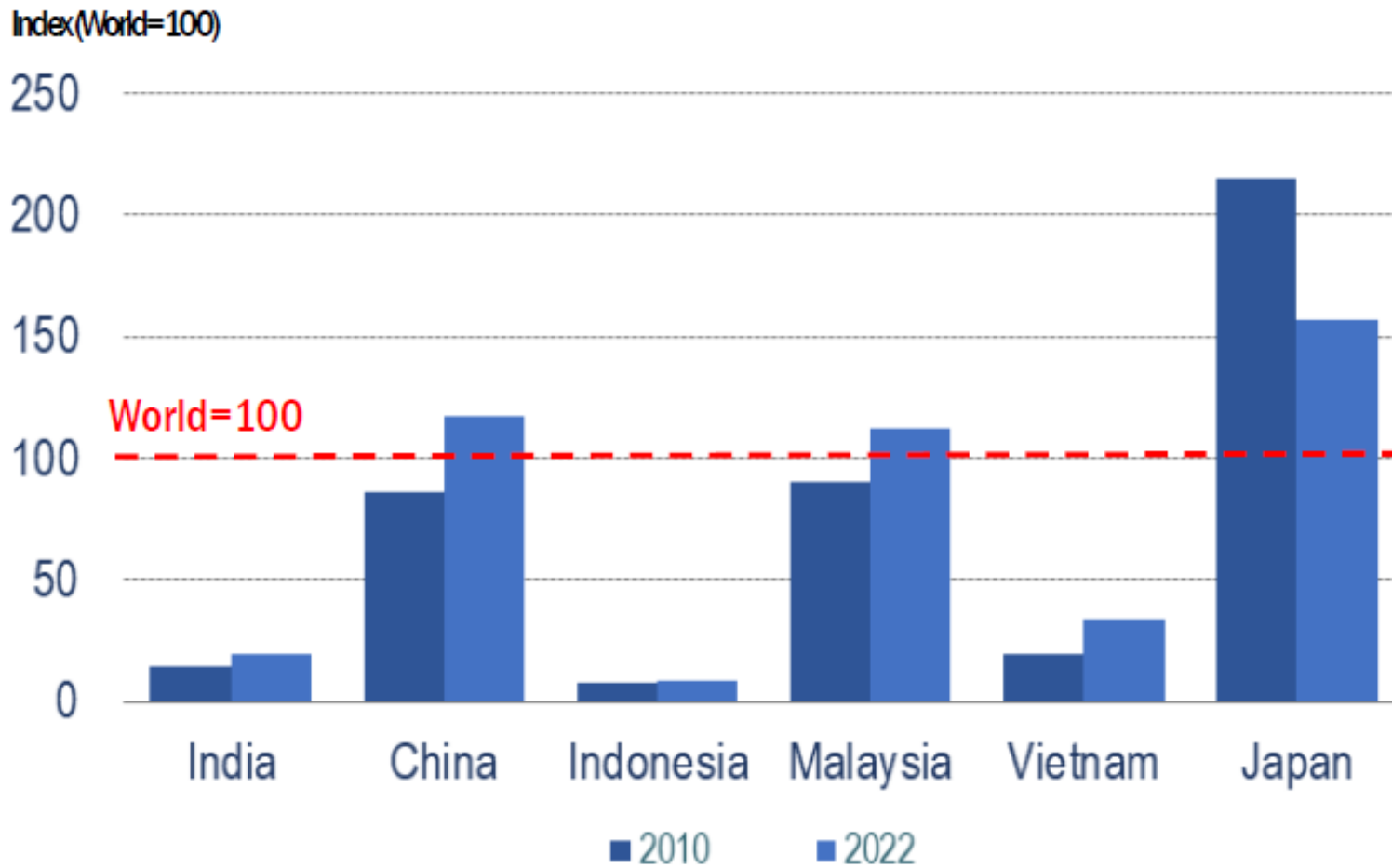


# Indian Market Vs Global Furniture Markets



# India –Furniture Products Consumption :one of the lowest per Capita

Per Capita Consumption of Furniture by country (FY2019)



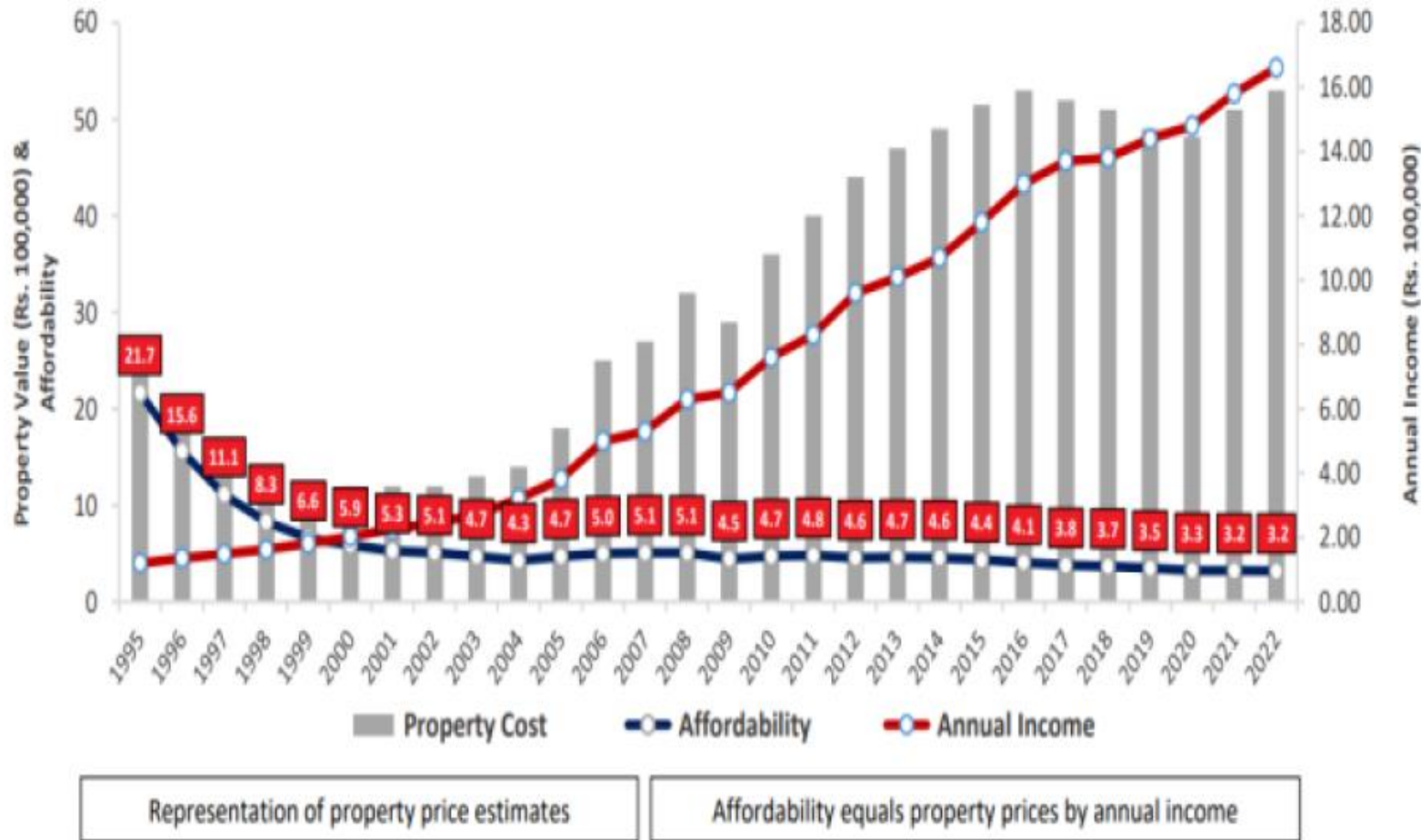
- Total market size of Indian furniture market is around USD 22 billion.
- The per capita consumption of furniture in India is at one of the lowest level globally and within Asia
- In a phase of rapid industrialization and high GDP growth scenario this is likely to increase manifold
- Even half of China's current per capita consumption would mean substantial increase in the market size of India Furniture

Source: CSIL



# Opportunities that lie ahead and Outlook

# India at best affordability in last 25 years

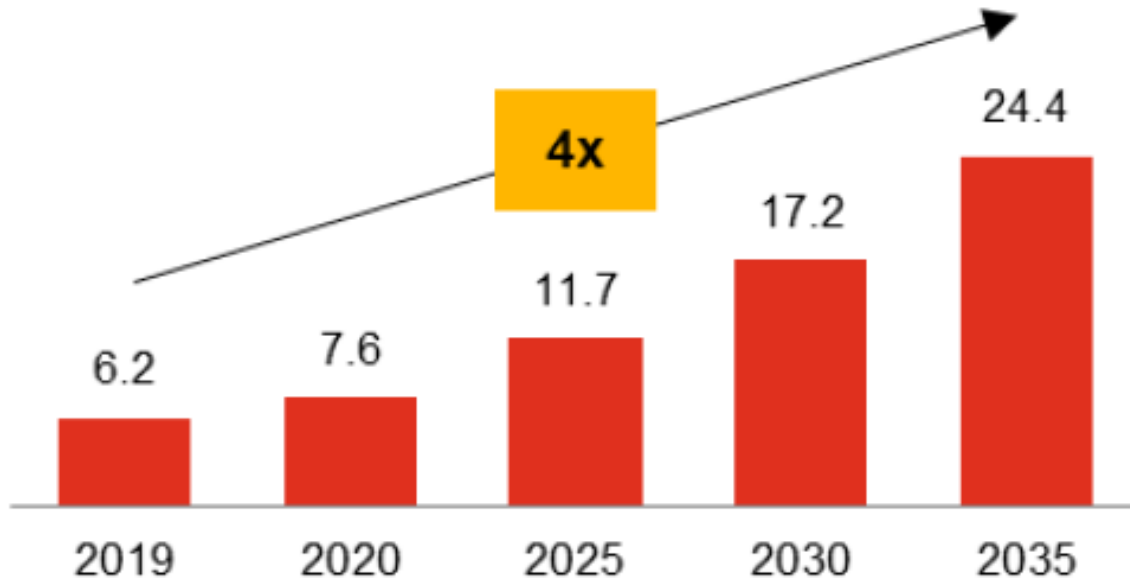


Based on customer data

Source: HDFC Limited, Investec

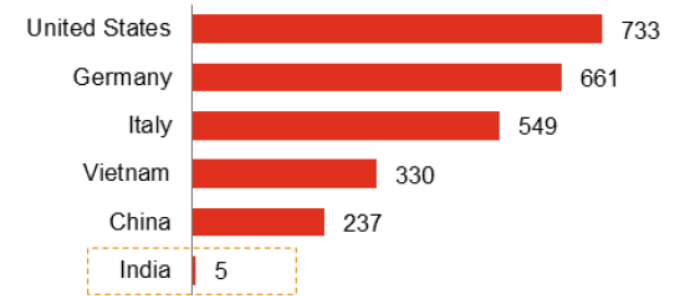
- Rising household income levels, outpacing the property price increase has resulted into increase in affordability
- Higher affordability leads to increase in ticket size and higher spend on accessories – i.e. Furniture and Interiors
- Average spend on Furniture and Interiors too have gone up substantially vs what was 3 decade ago

**Figure 6: Demand projection for furniture industry in India (\$ billion)**



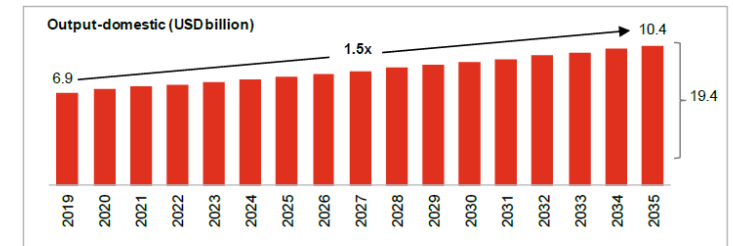
Source: PwC analysis

**Figure 5: Annual per capita consumption of furniture products (in \$, in 2019)**



Source: IHS Markit

**Figure 7: Projected Output of Furniture industry in India**



Source: PwC analysis



## • In Sum :

- ✓ India is a large furniture manufacturer and consumer, in absolute terms
- ✓ Per capita furniture spending is still relatively lower in India and there is high potential for growth
- ✓ Indian global presence is still limited (both for exports and imports)
- ✓ The way young aspirational Indian are looking at home, definitely bodes way of consumption of furniture
- ✓ Trend of shift to newer products visible
  - ✓ - shift to MDF
  - ✓ - variety vs durability



Thank You !