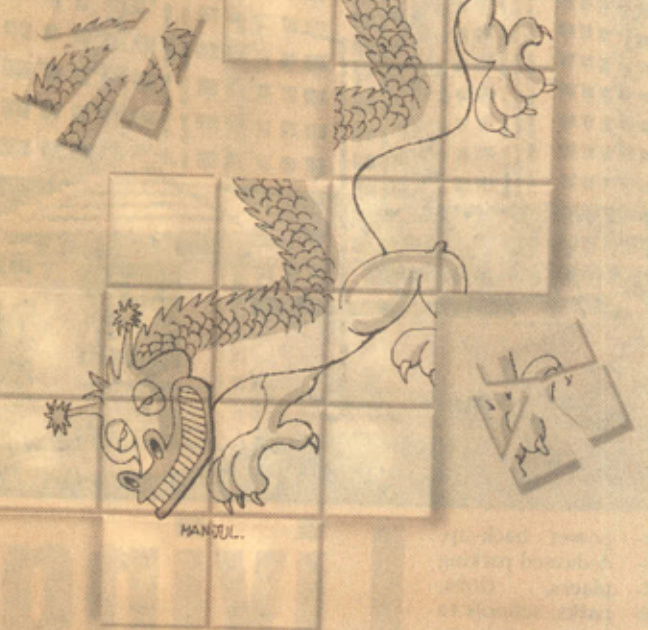


Defeating the dragon

THE FLOOD of Chinese goods in the consumer market has overflowed, in recent months, into the construction industry as well — building hardware, flooring tiles, vitreous floor tiles, bathroom fittings etc. The first few months of the calendar year saw a deluge of products coming in, some at almost half the price of similarly placed Indian goods. But after the first rush, both the pace and the variety has stabilized considerably. This so, because the Indian consumer has always been conscious of the post purchase service he expects, and also looks for a certain permanence in the products he buys. For him, construction is a serious once-in-a-lifetime affair and not a "chalta hai" affair. So in things which he can apply his mind on, he is an extremely fastidious customer — asking his friends and confidants before he

Free imports have rendered the Indian consumer more discerning and the manufacturers quality conscious, says
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buys. It is not surprising, therefore, that the Chinese manufacturers, and the corresponding Indian importers have not been able to make much headway in the bathroom fittings segment of the industry. The customer who buys bath fittings also demands spare parts for them; also he takes the advice of his plumber / fitter on matters regarding future maintenance.

In the other hardware segment — that which deals with door locks, hinges, and items associated with wooden works and cupboards etc. — the influx has also not been very significant, even though some of the Chinese stuff is considerably cheaper. Here again, the reason is unusual. The Indian consumer intuitively feels insecure with light hardware — the heavier the product the more "value for money" is the perception. Latches and locks need to be heavy in weight — only then do they feel secure. And door locks also feel better if they are produced by a branded lock company (remember Godrej Storewell and Harrison Ka Tala)? Most of the Chinese stuff is cheaper both because of lower production costs as well as because less material has been used in it.

On the other hand, a lot of Italian and some German and Japanese building hardware is making inroads into the Indian market. These are products used mainly in showrooms, restaurants and hotels the commercial segment of the industry.

This segment, typically, needs heavy use hardware — rough and tough use by impatient customers. While these items are more expensive than those offered by Indian Manufacturers, they are of much better quality, and some of the imported items are not offered by the latter. The changing environment of MNC's coming into the Indian market with better looking showrooms, restaurants and the like has brought with it better hardware for various commercial usage — glass fronts, display systems etc.

Fortunately, the reverse flow has also begun. Some foreign hardware suppliers now have

developed Indian sources, and get their material made in India. Of course, quality controls are specified by the foreign company — this is helping the Indian Industry segment improve. But the Indian Hardware Industry continues to live in the Dark Ages. While dwelling units become smaller and more compact with the pressure on accommodation and housing, increasing, the natural movement should be towards better fittings, storage spaces and devices, and better usage of space. This should mean better building hardware for closets utility, work spaces, kitchens and toilets. Kitchen implements and machines increase in number everyday, but space does not — this results in the demand for better planning, better detailing and better hardware.

In the tiny little segment of flooring tiles, however, the Chinese invasion has done wonders. Indian manufacturers — eager, no doubt, to break even on the investments made in their factories in shorter periods, had kept prices high. Chinese vitrified tiles came in at half the price. The same products, made with the same machinery and collaborators as the Indian companies, and therefore the same quality of material is now available. The result was quick: Indian manufacturers dropped their prices by as much as 30-40 per cent in six months.

How will markets react? A tricky question, given the volatile global scenario. However, one thing is quite certain. Materials which need no servicing — timber from Malaysia and Nigeria; tiles from China and Spain, and possibly other stuff which is presently expensive in India — will flow in.

Hopefully, the Indian manufacturer shall react, and not wait too long to do so (even though the typical Indian Industrialist depends more on what his social friends tell him in the evenings, than his professional advisors), and hopefully, he will learn to live with lower profits and a better vision of the future.

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