

Journey from Geysers to Water Heating Solutions

Increasing disposable income, growth in construction sector, and increased adoption in commercial and residential spaces has given a boost to water heaters market in India. Residential sector is currently the largest revenue contributor in India as this sector can be credited with the increase in housing projects in the country. However, water heater use in India is not limited to residential sector as they are increasingly being adopted in industrial and commercial sectors as well. Currently, the industry is valued at ₹1500–2000 crore. The Indian water heaters market is expected to be to the tune of ₹10,000–120,000 crore in the next 10 years.

On market trends

Water heaters in India are emerging as technologically upgraded and innovative products. Electric water heaters are currently the most popular among consumers. Although electric water heaters market is moving toward maturity, continuous innovations on the part of manufacturers are driving growth in the market. In addition, solar water heaters (SWHs) are anticipated to gain prominence in Indian water heaters market over the next five years. Growth in SWHs market is being propelled by government efforts and demand among consumers for energy-efficient and eco-friendly products. Gas water heaters market in the country is still at a nascent stage, but is expected to pick up pace on the back of government plans to extend piped gas network. More innovations are expected to make water heaters modern, digital, and more efficient in the coming years.

On price trends

The price of a water heater ranges from ₹1500 to ₹25,000, depending upon its storage capacity, technology, safety measures, and efficiency.

On technology trends

If you look at the water heating methods in India, they are primarily boiling, immersion heating rods, electric water heaters, solar water heaters, and gas water heaters.

In terms of organized water heating, electric water heaters are the most common water heating method with a penetration of close to 10 percent. While electric water heating is the conventional method, solar water heating is gaining significance in the last 5 years or so. Gas water heaters have grown significantly over the last few years. Since availability of hot water for bathing purposes becomes a necessity during winter months, boiling of water is the most common and affordable practice in the lower socio-economic classes (*SEC C* and below). Higher *SECs* use electric or solar water heating. There is a relatively new technology, heat pump, which has the potential to grow fast. Heat pump draws heat from air to heat the water. The product continues to supply hot water in all weather conditions irrespective of the water heater location. Racold has introduced this product across all markets in India.

The water heaters industry is currently in the stage of significant growth after recently being freed from government restrictions of the small-scale industries tag. With penetration still low, we have seen many large players, both national and multi-nationals, entering the category. The category is rapidly moving toward higher involvement with consumer becoming more discerning toward brands while purchasing water heaters. Consumer behavior and habits are changing, with higher focus on having a trendy bathroom and luxurious lifestyle. We see a trend shifting from bucket bath to shower bath, especially in the



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metros and Tier-1 cities. Keeping this in perspective, Racold Thermo has introduced the *smart bath logic* in its select range of electric water heaters. This allows the user to customize the water heating requirement as per his/her need.

The interface has been made user friendly based on inputs from consumer research. Depending on whether the consumer wants to have a bucket bath or a shower bath, he can choose the amount of water to be heated. This innovation allows for saving up to 40 percent. The conventional methods of water heating in India are usage of immersion rods and boiling water on the stove. These methods prove to be extremely hazardous and can lead to accidents and even fatalities. Hence, it is very important to have a safe water heating method and water heaters are the safest option for the same.

On challenges and opportunities

The challenges and opportunities for the industry as a whole signify that the potential for the category to grow is immense. With disposable income in the Indian households going up, the penetration is definitely going to increase in the next few years. It is also pertinent to note that water heater ownership is not restricted to a single unit in a household but has a potential of multiple units, with

multiple bathrooms and sometimes even kitchens. So that expands the scope of the category further.

The growth of the Indian water heating market is driven by new households and largely depends on the construction growth. Construction is the major market driver as many water heaters are installed in new homes. The replacement and refurbishment market is still small due to longer product replacement cycle.

However, we have challenges in terms of infrastructure with electricity shortages and frequent outages being major constraints for higher penetration of electric water heaters, especially in Tier-2 and Tier-3 towns. Also, the poor quality of water in certain regions can corrode the storage tanks in water heaters, if they are not subject to adequate protection methods. Racold has launched its SPHP technology precisely to protect against corrosion even in worst water conditions. Product durability of storage heaters depends to a large degree on resistance to corrosion.

Continuous supply of running water in ample amount is a necessity but many municipal corporations and societies struggle to provide it even in Tier-1 and Tier 2 cities. This is also one of the big challenges for our industry. Also, as per our internal estimates, roughly 15–20 percent of the household electricity consumption is by water heaters. Bureau of Energy Efficiency (BEE) has introduced star ratings for electric water heaters category as well. This has ensured that manufacturers invest in R&D and bring out products beneficial to consumers. Racold has won the first prize for energy conservation from BEE consecutively six times for electric storage water heater since 2010.

As far as solar energy is concerned, India is endowed with vast solar energy potential. Being environment- friendly and abundantly available, solar is the most secure and low emission-causing energy source today. The government has made it mandatory to install SWHs

in all government buildings/hospitals, projects, etc. Under the Jawaharlal Nehru National Solar Mission, MNRE is offering a subsidy of up to 30 percent to encourage the installation of SWHs. There are also some state governments incentivizing housing projects which are encouraging SWH installations. All these factors should help Racold in improving its penetration of SWHs and resulting in increased sales volumes. At the end of it all, the consumer reigns supreme, with the manufacturers engaging actively with the consumer in order to meet expectations. The product offerings are getting more superior and sophisticated and consumer centric.

Industry outlook for 2017

With the evolutionary concept of smart homes for residential spaces, the primary aim is to make living more comfortable, convenient, secure, entertaining, and sustainable. Powered by computing devices and information technology, smart homes that were the prerogative of the super rich are today available at affordable rates. To a greater extent, developers are also drawing more buyers in India. A couple of years ago, smart Indian homes were largely identified as the ones with advanced security features like cameras, smart door locking systems, and similar surveillance.

In India, the market for smart homes has been growing gradually. It is estimated that the uptake of smart homes is increasing by 15–18 percent in Tier-1 cities and by 5–10 percent in Tier-2 and Tier-3 cities. Experts believe that safety measures, amenities, and energy efficiency are encouraging the growth of smart homes in India. This dynamic has especially been driven by the increase in the number of working couples with dual incomes in metro cities, who are economically proficient in selecting gadgets for a smart home.

The industry is poised to grow at 15 percent in the next 5 years. The future is bright with realty build up, government focus on solar, and reforms to provide electricity in all towns in the coming years.

Product Guide

Range	Capacity	MRP (₹)
Eterno 2	10V	9,110
	15V	10,400
	15H	10,860
	25V	11,670
	25H	12,130
	35V	13,540
	35H	14,000
Altro 2	10H	7,680
	10V	7,240
	15H	8,810
	15V	8,370
	25H	10,280
	25V	9,840
	35H	12,170
	35V	11,730
	50H	14,950
	50V	14,320
CDR	10V	6,630
	15H	7,600
	15V	7,190
	25H	8,720
	25V	8,310
	35H	9,750
	35V	9,330
Platinum	50V	14,910
	50H	15,590
	70V	22,520
	70H	23,190
	100V	27,710
	100H	28,390
	150V	32,530
	200V	41,380
Eterno Swift	15V	10,810
	25V	12,570
Altro 2 Plus	15H	9,350
	15V	8,910
	25H	10,930
	25V	10,480
	35H	13,040
Pronto Neo	1L 3 kW	3,400
	1L 4.5kW	3,560
	3L 3 kW	4,320
	3L 4.5kW	4,520
	6L	7,380
Pronto Stylo	1L 3 kW	3,540
	1L 4.5kW	3,710
	3L 3 kW	4,510
	3L 4.5kW	4,710
	6L	7,690