

**Market Research
Report
On
Toys
Manufacturing Industry
in
India in 2024**



Rao's Business Marketing

Introduction

The Indian toy manufacturing industry is undergoing a paradigm shift, with increasing localization, government backing, and growing consumer awareness shaping its trajectory. Once heavily reliant on imports, the sector is now steering towards self-reliance and global competitiveness. Valued at USD 1.7 billion in 2024, the market is projected to grow at a CAGR of 10.6%, reaching USD 4.4 billion by 2032.

This growth is driven by several factors, including favorable government policies, evolving consumer preferences, and the rising influence of e-commerce.

Market Segmentation

1. Toy Types:

- **Infant and Pre-School Toys:**
 - This segment leads the market, supported by the growing importance of toys in cognitive and motor skill development during early childhood.
 - Products like building blocks, shape sorters, and interactive toys dominate this category.
- **Educational and STEM Toys:**
 - Increasing demand for toys that combine entertainment with learning, such as coding kits, robotics sets, and science experiments.
- **Electronic and Tech-Enabled Toys:**
 - Integration of AI, IoT, and AR/VR into toys is gaining traction, appealing to tech-savvy children and parents.
- **Traditional and Handcrafted Toys:**
 - Rising demand for eco-friendly, culturally rooted toys, especially in urban and export markets.

2. Gender Distribution:

- **Unisex Toys:**
 - Shifts in societal norms have led to increased demand for gender-neutral toys that promote inclusivity and diversity.

- **Segment-Specific Toys:**
 - While dolls and plush toys are popular among girls, boys tend to prefer action figures and building sets.
- 3. **Distribution Channels:**
 - **Organized Retail:**
 - Specialty toy stores and hypermarkets offer hands-on shopping experiences.
 - **E-commerce Platforms:**
 - Platforms like Amazon, Flipkart, and FirstCry dominate the online toy market with features like easy returns, wide product ranges, and competitive pricing.

Key Drivers of Growth

1. **Government Initiatives:**
 - **Production-Linked Incentive (PLI) Scheme:**
 - The government has allocated INR 3,489 crore to develop toy manufacturing clusters, providing subsidies for advanced machinery and technology.
 - **Quality Standards Enforcement:**
 - Mandatory BIS certification for toys has enhanced the quality of locally manufactured products, boosting consumer confidence.
 - **Promotion of Exports:**
 - Initiatives to position India as a global toy hub are supported by export incentives and trade partnerships.
2. **Consumer Trends:**
 - **Growing Disposable Income:**
 - A burgeoning middle class with increased purchasing power is driving demand for premium toys.
 - **Parental Awareness:**
 - Parents are prioritizing toys that contribute to skill development, creativity, and emotional intelligence.

- **Demand for Eco-Friendly Toys:**
 - Biodegradable and sustainably sourced toys are gaining popularity among environmentally conscious consumers.
- 3. **E-Commerce Revolution:**
 - The rise of digital platforms has democratized access to toys, offering convenience and variety to urban and rural customers alike.

Challenges in the Industry

1. **Competition from Imports:**
 - Despite import restrictions, Chinese toys dominate due to their cost advantage and diverse product offerings.
 - Domestic manufacturers must innovate and scale production to compete effectively.
2. **Regulatory Compliance:**
 - Small and medium enterprises (SMEs) face challenges in meeting stringent safety and quality standards.
 - Compliance costs and the need for frequent certifications add financial pressure.
3. **Rising Costs:**
 - Fluctuating raw material prices and increased labour costs affect profitability, particularly for smaller players.
4. **Limited Domestic Supply Chain:**
 - Dependence on imported components for electronic and tech-enabled toys hampers local manufacturing efforts.

Emerging Trends

1. Technological Advancements:

- AI-driven interactive toys and AR/VR-enabled games are creating immersive experiences for children.
- Hybrid play toys that integrate physical and digital elements are on the rise.

2. Sustainability:

- Consumers are favouring toys made from recycled materials and non-toxic paints.
- Brands focusing on eco-friendly practices are gaining a competitive edge.

3. Cultural Revival:

- Traditional Indian toys, such as Channapatna wooden toys and clay figurines, are making a comeback in domestic and international markets.

4. Customization and Personalization:

- Personalized toys, including name-engraved products and DIY kits, are becoming popular gift options.

Competitive Landscape

1. Key Players:

- Major players like Funskool, Hamleys, and Mattel India dominate the organized market.
- Emerging local brands are focusing on affordability and innovation to capture market share.

2. SME Contributions:

- Small-scale manufacturers are thriving in niche segments like handcrafted and sustainable toys.
- Government support and access to financing are critical for their growth.

3. Collaborations and Partnerships:

- Partnerships with educational institutions and tech companies are driving innovation in STEM and educational toys.

Future Outlook

The Indian toy manufacturing industry is on a strong growth trajectory, supported by strategic government initiatives, rising consumer awareness, and the e-commerce boom. To sustain this growth, stakeholders must:

- Invest in **innovation** to cater to evolving consumer preferences.
- Focus on **scalability and quality** to compete with imports.
- Embrace **sustainability** to align with global environmental goals.
- Leverage **digital transformation** for marketing and distribution.

By addressing these priorities, India has the potential to emerge as a global leader in toy manufacturing, contributing significantly to economic growth and job creation.

