

# BusinessLine

## LED bulbs scheme dims retailers' growth

Concerns about black marketing, continued role of government in distribution

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The government's intent to grow the market for LED bulbs through procurement and distribution of such products by Energy Efficiency Services Ltd is in fact starting to restrict future growth for lighting equipment retailers, with black market acting as a disruptor.

While the industry has appreciated the government's efforts to grow the market and bring LED bulbs into the mainstream, concerns are now being raised on the Unnat Jyoti by Affordable LEDs for All (UJALA) scheme starting to impede the growth of the market.

### Overstayd welcome

"In the B2C space, initially, the adoption of LED lamps was slow due to higher upfront price. Large-scale government procurement provided the initial critical mass and lowered the costs. However, we hear many retailers and distributors complain that continued govern-

ment role in distribution of these lamps to consumers is impeding further growth. Many retailers are now shying away from LED lamps because they see government distribution as a potential threat to their livelihood," Harshvardhan Chitale, Vice-Chairman and MD, Philips Lighting India, told *BusinessLine*.

He also suggested that the government should now hand over the responsibility of distribution to well-established retailers. "The *Prakash Path* vision of the PM will truly come alive when every electrical and *ktrana* store in the country that sells light bulbs start selling LED lamps."

Leakage of the bulbs sold under the scheme into the black market is also acting as a disruptor. Individual sellers are making a quick buck by selling the EESL-sold bulbs at higher rates on classified advertising websites. While EESL sells the bulbs at ₹70-75 per piece, the sellers are often found selling them for



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₹90-₹100. An EESL spokesperson said the company's efforts to curb black marketing go beyond more than just the warning of 'Not for Resale' on packages.

"EESL has a stringent mecha-

nism in place, leaving no scope for easy and feasible resale. We ensure that the supply of UJALA LED bulbs is abundant and our regional officers ensure frequent and high number of distribution kiosks," a company

spokesperson said. "As we have made LED bulbs affordable and readily available, it throws a damp cloth on the enthusiasm of black marketers. If such a case is brought to our notice, we will initially try to demotivate the at-

tempt to resell the bulbs, following which we will resort to appropriate legal action against the perpetrators," the spokesperson added.

The company also said its distribution is complimented by a "massive awareness campaign" to educate consumers about the UJALA scheme and make sure it becomes immune to any type of pilferage.

### Ray of light

Despite emerging problems, domestic manufacturers admit the scheme has helped bring down prices.

"It is a fact that LED prices have dropped to almost 30 per cent of what it used to be in 2014. The business has increased multi fold due to constant higher volume and overall growth of the industry," said Gautam Seth, Joint Managing Director, HPL Electric & Power Ltd.

"Branded products are loaded with high cost of branding and marketing efforts. However, government nodal agencies such as EESL provided a platform of no-frill marketing which enabled us to produce in large quantities."