

Impact of GST on Sales of Indian Baby Diaper Market

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Abstract: Indian baby diaper market ranks first in sales of baby care product market in India. Disposable diapers are the most convenient option chosen by the customer when they are travelling or when they need more freedom to play. The global diaper market is expected to grow 59.4 billion dollars. The key factor which drive the baby diaper market is frequent use of diapers. Additionally, increase in birth rate, income level and more awareness on hygiene. The present paper focus on the effect on sales after implementation of GST on baby diaper market. There is a 12% GST on baby diapers in India but did not affect the sales.

Keywords: Diapers, GST and market share analysis

1. Introduction

Diapers have become an integral part of baby which is very essential till the baby is trained with the potty and the toilet. A baby diaper is a kind of underwear having the feature of absorbent keeps the baby hygiene. They are different diapers available in the market. The different diapers manufactured around the global market are cloth diapers, disposable diapers, training nappy, swim pants and bio-degradable diapers. The move towards disposable baby diapers began in the early 1960s. Before that, diapers were either cotton towelling which are reused after every wash. The early disposable diaper comprised wadding made from cellulose as the absorbent core with a plastic backing and a synthetic fabric sheeting material as the surface closest to the baby's skin. Since then, the product was improved with a continuous innovation which includes super absorbents, elastic based pants, new design and fragrance. Now the diapers are available in much thinner and more comfortable to wear and dispose. The most important manufacturers are Procter & Gamble, Kimberly-Clark and Unicharm which produce both under their own brands as well as for retailer brands.

2. Classification of Baby Diapers

Baby Diapers are broadly categorized into two type's i.e. disposable diapers and cloth diapers. Disposable diapers constitute the largest market share and are seeing increasing investments by manufacturers in their research and development. In the last few years modern cloth diapers have become a fast moving trend worldwide for families looking for a natural modern way to diaper their babies. Sales of cloth

diapers were 140 lakh units in 2014 and are expected to climb up in the forecast period, owing to environmental benefits. Other type of diapers includes swim pants and training pants which has a marginal market share in India.

A. Baby diapers market segment by product types

- Cloth Diapers
- Flat Cloth Diapers
- Fitted Cloth Diapers
- Pre-Fold Cloth Diapers
- All in one Cloth Diapers
- Other Cloth Diapers
- Disposable Diapers
- Ultra-Absorbent Disposable Diapers
- Regular Disposable Diapers
- Super Absorbent Disposable Diapers
- Bio-Degradable Disposable Diapers
- Training Nappies
- Swim Pants

1) Cloth diapers

These diapers are mostly homemade and eco-friendly than disposable diapers. They are reusable and available for a less price. These diapers are mostly used at home. Cloth diapers does not irritate your baby's tender skin as it does not contain any chemicals to keep them absorbent. Cloth diapers can be washed and reused many times as it contains a pure cotton fabric Type, (% Comparison)

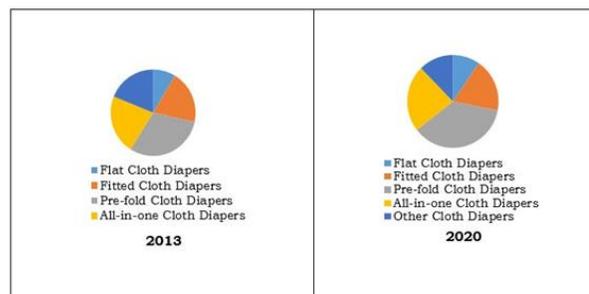


Fig. 1. Market share analysis of cloth diaper

2) Disposable diapers

Disposable diapers are comfortable and popular to all the customers with no leakage and high absorbent in nature. They

are use and throw diapers with less harm to the child. So most of the consumers prefer to this type diapers.

3) *Training nappy*

Training nappies are those pants which bridges the gap between baby diapers and normal underwear during the toilet training process. They are less absorbent.

4) *Bio-degradable diapers*

These diapers are also known G-diapers (green diapers), they are eco-friendly. Though the disposable diapers are moms best friend, but they are very dangerous to the environment and also pose a danger to the baby's health. Many disposable diaper brands contain chlorine and harsh chemicals that cause irritations and rash. Some diapers also contain latex, perfumes and dyes that cause severe allergic reaction. Along with the environmental impact, disposable diapers are believed to pose a danger to baby's health. Many brands contain chlorine, a harsh chemical that can cause skin irritations and rash. Research also shows that if a person is exposed to it over long periods of time, chlorine can lead to cancer. Disposable diapers also contain latex, perfumes and dyes that can cause allergic reactions.

Eco-friendly diaper options

When eco-friendly diapers first hit the market, many parents complained about leakage. But they've come a long way, and today's options are not only chlorine-, latex- and dye-free, but they also keep baby dry. Some of the eco-friendly diapers includes

- *Earth's Best Organic:* These diapers are available in seven sizes and are made from non-chlorine bleached materials and contain natural absorbent material such as corn and wheat. It's also made with fewer petrochemicals, and has breathable sides, a moisture barrier cuff and refastenable tabs.
- *Whole Food's 365 Everyday Diapers:* With absorbency gel made from a non-toxic, super absorbent polymer, these diapers are sure to protect against leaks.
- *Nature BabyCare:* The surface of each diaper is covered with a film made from natural maize and is made from 70% natural materials.
- *Seventh Generation:* These are made from chlorine-free wood pulp and nontoxic absorbent gel. They're also latex- and perfume-free, as well as hypoallergenic.
- *Tushies:* Tushies is the only baby disposable diaper that contains real cotton and was created for babies with sensitive skin.
- *Broody Chick 100% Natural Fully Compostable Diapers:* Broody Chick products contain only natural, fully compostable material from annually renewable resources, with 90% reduction in greenhouse gases.
- *Swim diapers:* swim nappies allow water to escape

which helps the baby while swimming.

The Market research report also focus on the entry barriers for baby diapers. The entry barriers for the disposable diapers are high. The manufacturer are need to undergo many regulations and the numerous clinical trials are required. When compared to the disposable diaper bio-degradable diapers are expected to have lowest entry barrier as these diapers face less regulatory issues and low-cost development. The unorganized sectors facing a heavy competition from the organized manufacturing sectors.

3. GST

GST (Goods and Services Tax) is one indirect tax for the whole nation. It is the resultant tax after subsuming major Central and State indirect taxes. GST is a destination-based tax levied on the consumption of goods and services across the nation, thus rendering the country one unified common market. The main GST rate slabs are categorized

- Essential goods and services: 5%
- Standard goods and services: 12% and 18%
- Luxury goods and services: 28%

Impact of GST on Baby Diaper Market in India:

The GST is a goods and services tax implemented on all goods and services across the nation. Baby diapers comes under Standard Goods and Services fall under 1st slab According to the GST regulation 12% tax levied on baby diapers across the nation. As the above information tells us the demand for baby diapers in our country. The composition of diaper market plays a very vital role in the overall sales contribution of Indian baby care product market. We can clearly observe that there is no much variation in the sales of baby diaper market after GST. The main threat to the Indian Baby Diaper market is heavy entry barriers and low penetration in to the rural areas. the consumption pattern of baby diaper will be differing from one customer to another. Some of them will use on a regular basis and some occupationally. There was a very less penetration into rural market, this may be due to lack of awareness, lack of affordability or lack of availability. So, the marketer needs to design a strategic planning to have high penetration of the product in every possibly ways.

4. Conclusion

This paper presented an Impact of GST on sales of Indian baby Diaper market.

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