

**An in depth study on the market size and growth rate of the Indian detergent market; with special reference to detergent produced by MNCs and Indian firms**

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**ABSTRACT**

*The role of Home-grown detergents has shaken the monopoly power that the Multi-National Companies (MNC's), had on the Indian domestic market. They concentrated on a niche market, primarily in rural and semi urban areas, convincing them through their simple marketing techniques about the power of their product. They aimed to provide quality products at affordable prices to their customers. Data shows that they managed to capture a huge market share in the process. Their penetration was so deep that Hindustan levers brought out a cheaper version in the form of "Wheel", to counter the products that they were marketing. The paper analyses other factors which have increased the demand for their products.*

**Keywords:** Detergent powder, Liquid, Detergent Bar, pricing strategy, rural areas, semi urban areas

**Research question:** An analysis of how home-grown companies have fared with respect to MNCs with respect to detergent produced by them. What impact has this had on price, sales and revenue. Has the competition by home grown companies forced MNCs to reduce their prices? These and many such questions would be attempted in the course of this paper.

**1.Introduction**

Hindustan Lever's entered India as Lever brothers way back in 1933. This company was established after independence in 1956 with the merger of Hindustan Vanaspati Manufacturing Company, Lever Brothers India Limited and United Traders Limited. It was now known as Hindustan Lever Limited and it was the first company that offered 10% of its shares to the public in a form that is now known as IPO (Initial Public Offering) . Over the years the company has

expanded its products and has entered many areas including healthcare, aggrofeeds, diagnostics and retail.

In 1960 Hindustan lever introduced *Surf* and simultaneously Swastik Industries launched *Det*. The total detergent industry at that time was 8000 tonnes out of which HLL commanded 75% and the balance was with Det. These were the only two firms that were catering to this market. Initially both these companies depended on vegetable oil base to manufacture detergent powder. This was natural based and did not depend upon petroleum products.

When the shortage of oil loomed large these companies shifted to the use of synthetic chemicals in manufacturing detergent powder. The synthetic process was based on petroleum and chemicals. This shift was neither environment friendly nor following sustainable practices. Towards the 1960s and 70s there were a large number of companies that entered into this segment including the Tata company called TOMCO and Godrej. Subsequently with increased urbanisation, digitalisation, globalisation and awareness there were a number of players that entered into this area, including completely home grown small enterprises that gave a run for money for multinationals like HLL and big firms like Tata and Godrej.

By the 1990s after the second set of economic reforms when other multinationals were allowed to enter the country, companies like Ariel under the Proctor and Gamble umbrella added to the competition for detergents in the Indian market.

## **2. Research Gap and Methodology**

This paper analyses the impact that home grown detergents had and has on the pricing strategy of the ones produced by MNC's; did these big conglomerates change their pricing strategy? What is the present market share of the Indian industry? Given the growth of this market, what is the future?

The methodology used would be the mixed method one. Both quantitative and qualitative data would be adopted. The data would be from authentic sources. The quantitative data would be the basis for the qualitative analysis in filling the research gap.

## **3. Growth of Indian home grown detergent industries**

The detergent market can be divided into three segments namely

- Powder; this is the segment that has the maximum market share for both the Indian grown companies as well as for MNC's

- Liquid; this segment is an emerging one and is an opportunity for all companies to enter and earn profits. Quality would be an overriding concern for the consumers of this product.
- Bar; this was extremely popular till recent times. But currently its share has reduced, and consumers shifted to purchasing and using powder as their main product.

**Table 1**

Year	Powder	Liquid	Bar/Cake
1980	7.2 lakh tons	-	4 lakh tons
1990	13.35 lakh tons *	-	5.34 lakh tons
2000	25.5 lakh tons	0.2 lakh tons	10.2 lakh tons
2010	27 lakh tons	0.23 lakh tons	10.19 lakh tons
2020	30 lakh tons	2.7 lakh tons	8.32 lakh tons <sup>#</sup>

Source:A comparative study of detergents in india-DU Journal

DU Journal of Undergraduate Research and Innovation

Department of Chemicals and Petrochemicals (Ministry of Chemicals and Fertilizers)

Federation of Indian Chambers of Commerce & Industry (FICCI)

\* One of the main reasons for this was the entry of Nirma, a cheaper alternative to the expensive detergent powder that was being sold by MNC's like Hindustan Lever.

# This decline in the use of bars indicates that there has been an increasing consumption of powder and liquid detergent from 2020 onwards.

### **3 Detergent powder**

#### **3.1 Luxury-Ariel, Surf Excel-Growth over the years**

Surf Excel, Ariel Excel, Tide, and other similar detergent brands have experienced phenomenal growth in recent years. This is mainly due to the following reasons:

- Immense amount of innovation in all these products in recent years. Besides the product there has been an ever-increasing improvement in the technology of washing machines; both front load and top load. Washing machines have become an integral part of an Indian household. Given the household income, there exists the availability of washing machines for every level of income. With the Indian economy growing at a very fast pace the demand for these so-called *luxury durable* commodities have been growing.
- The penetration of washing machines in both rural and urban households
- Greater urbanization has led to increasing demand for these luxury products, and due to the linkage impact, there has been a simultaneous enhancement of demand for luxury detergent products.
- Besides the above, the companies have constantly worked on the evolution of the product, constantly producing new formats, like liquid detergents, and concentrated formulas to cater to changing consumer preferences.
- Aggressive and rate-approved advertisements, and a well-connected distribution network, both in urban and rural areas, have increased the demand for their products.

#### **4. Valuation and Market Share of the current Detergent Market**

The main type of detergent that has grown phenomenally over the years is the '*powder variety*'. The surprising development is the increase in demand for the powder variety, and more so from the rural areas. The reason being many folds;

- Firstly-The rise of incomes across the economy- both in the urban and rural areas
- Secondly the availability of detergent powder across the price spectrum, right from the ones that the MNC'S (Multi-National Companies) provide namely Hindustan Lever, Proctor and Gamble, along with the ones provided by Indian grown companies namely Nirma, Ghadi, Fena, Henko and, Patanjali.
- Increase awareness of hygiene.
- Access to water, both in rural and urban areas.

The above range of powders have provided a vast segment of price choice for consumers, earning a varied level of incomes. The penetration of this segment of washing has led to an increase in demand that has resulted in 65% of the population using this variety.

The market for these products is continuously on the rise. MNC'S have manufactured products that not only cater for the luxury segment, but also products like *Wheel* (manufactured by Hindustan Lever), to compete with the inexpensive home-grown products.

**Table 2: Comparison of the categories of various Types of Detergent and market shares of various companies**

Category	Key players & Brands	Market Strategy/share
Market Leader	HUL (Hindustan Unilever Limited) Products: Surf Excel, Rin, Wheel, Sunlight	Market share-38%
Premium Competitor	Proctor & Gamble(P&G): Tide & Ariel.	Market Share-20-31% ; has started specializing in the stain removing category.
Home Grown Value	RSPL Group: Ghadi	Market Share 20%- due to its affordability and vast rural distribution
Economic Pioneer	Nirma Limited: Nirma	Market Share- 12% ; value for money products. These products are extremely popular in rural areas.
Fabric Specialists	Jyothy Labs: Henko, Ujala.	Specializes in fabric whitening, and stain removal- 3%

Source: Jadhavar Business Intelligence(2030Outlook)

Ken Research & Statista (2025-2026)

Ghadi financials (2024-2025)

ICICI Direct Research (October 2025)

### **3.2 Mid-Sized- Tide- Growth and how have they progressed**

The key players in the mid-sized segments are Rin, Wheel (Hindustan Levers), Tide (P&G), and Henko (Jyothy Labs). This segment consists of the above-mentioned popular brands. The growth of these brands came up after the entry of Nirma in 1985. The entry of this product shook the monopoly position that was held solely and wholly by 'Surf'. Its main strategy was to produce a low-price product, that targeted India's huge middle- and lower-income groups.

Nirma was founded by Karsanbhai Patel in 1969. It started its operations in Gujarat. Patel was a chemist who formulated an affordable detergent powder which he initially sold door to door. It was launched at an aggressive price of **Rs 3.50 per kilo** as compared to Surf which was at that time selling at **Rs 15 per kilo**. India has and is a price driven market. This enormous difference in price made Nirma a viable alternative for the huge middle class that existed, who were keen to shift out of detergent soaps to using powders.

The greatest attraction was in the claim that it was 'value for money', emphasizing a quality product at an affordable price. The popular jingle that Karsan Bhai launched made Nirma a household name in an extremely brief time. The product and the accompanying jingle increased the acceptability of the product among the mid income households.

### **3.3 Mass- Ghadi, Fena**

Ghadi was launched by the Gyanchandani family through their company RSPL in 1988 near Kanpur. The brothers had been working in their family business of manufacturing and selling oil soap at Farrukhabad before they entered the detergent line with 'Ghadi'. It started at a very basic level and only targeted Uttar Pradesh before reaching out to the rest of India. They created their brand image as a good quality, low cost detergent which allowed them to gain a massive customer base with high brand loyalty. The main USP of the product was that it kept its price steady despite the increase in raw material price. It marketed itself as a 'good quality, cost effective detergent. Absorbing the increase in raw material cost meant a decline in profit margins, but the increase in numbers of people buying it meant that profits increased. Their strategy of maintaining low prices meant that the product had a loyal customer base. It is the largest selling product in the 'economy segment'. The company prides itself in maintaining "to keep clothes clean and spotless at affordable prices, along with the fact the detergent does not shrink clothes, is pleasant smelling as well as keeping moths away".

The 'low-cost model', that the company follows has in fact led to consumers giving up the use of bars for "Ghadi detergent powder". The spread of its popularity has been through advertisement, which clearly said "*Pehle istamaal karo phir vishvas karein*". This has increased its penetration of the product both in the urban and rural markets in India.

**Fena** - Another product of similar quality and price has been “Fena”. This product is affordable and is gentle on both hands and the clothes, making it value for money. This company uses ‘Opti- blend technology’. The main advantage being that it removes stains without damaging the fabric. It has added more products that are compatible with washing machines under the name ‘Matic’.

### **3.4 Detergent Bar**

The above product is primarily being used in the rural economy, due to their low cost and ease of use where there is limited availability of water. In recent years in India, the demand from the rural areas have outpaced that of the urban segment. Companies producing this product have improved their technology, such that their breakdown when left in water has reduced, subsequently increasing the life term of the product.

There also seems to be a perceptible movement towards shifting out of detergent bars even in rural areas towards using detergent powders. This indicates higher levels of income and the shift in consumption pattern towards detergent powders.

### **4. Impact of advertisement on the increasing sales and revenue of the company.**

Advertisement has been the mainstay for home grown brands like Nirma and Ghadi. This was an important medium for these companies to portray their “value for money” approach. Nirma used a cost effective, high frequency advertising to bring the existence of the product to the common person. The advertisement portrayed a young girl in a frock showing the cleanliness of the product on her clothes. The fact that the girl was young and very relatable led to the increased faith in the product leading to high sales, profits and revenues. The company aired their advertisement extensively on radio and television to increase their reach among rural and semi-urban areas. They used this simple concept to target their consumers completely opposite to the glittering advertisement of ‘Surf’. ‘Surf advertisements’ primarily cater to the urban population. Nirma was astute enough to realize its target population and used its resources and advertisement content and budget effectively to increase its reach. This is shown in the table below:

**Table 3: Growth of Nirma**

year	Market share	Sale volumes	%age share on marketing
2000	38%	Rs 12.17 billion	
1989	60%	1.72 lakh tones	3-4% of revenue

			on marketing
1969	-	15-20 packets per day @ Rs 3-3.50 per kg	-

Source: CMIE; <https://www.icmrindia.org;www.scribd.com>

**Table 4: Growth of Ghadi**

year	Market share	revenue
2023-24	16%	Rs 5902 crores
2002	-	Rs 500 crores
1990	-	Rs 250 crores

Source: <https://mpira.ub.uni-muenchen.de/74291>.

Ghadi’s punchline “Pehle Istemaal karein, phir vishwas karein”, tagline made Ghadi a household name. It built trust by encouraging people to try it first and then repose their trust in the product. This directly addressed consumer satisfaction and humbly asked people to try its product before passing judgement. This campaign followed the same steps that ‘Nirma’ did. Both were low-cost campaigns, regional specific in the beginning, posters in local languages, and complete faith in the quality of the product. They used a unique platform of advertisement; covering up entire trains with images of their tagline and product. These trains targeted consumers in rural and semi- urban areas. It was an extremely effective way of advertising as it chose its target audience judiciously.

Both Nirma and Ghadi are unique cases of home-grown detergent powder industry, that realized their potential and capability as well as who their customers were. The price and quality as well as the advertisement were directed towards them.

The main reasons of their acceptability were the following:

- Increase in disposable incomes of consumers in both rural and semi urban areas; this was a result of increasing GDP levels of the economy.
- Increase in the pace of urbanization.
- Increase awareness of products; this was made possible through the various advertisement techniques that the companies adopted and word of mouth.

- Spread of these products further gained momentum in the 21<sup>st</sup> century due to increased digitalization, spread of internet facilities and access to smart phones

### **5. Impact on sustainability and the use of toxic substances**

All the Detergent products whether they are manufactured by MNC's or by Indian grown manufacturers all pollute the environment in terms of the extent of phosphate used in the process as well as in the packaging that they are sold in. In fact, there are studies that say that substances like Ariel and Surf excel contain higher levels of phosphate, than Nirma and Ghadi, so that better cleaning is possible even in hard water.

The word 'Matic', added to the name, ensures economizing water. These variants are mostly used to operate washing machines.

### **6. Limitations**

The main limitations were the availability of data, especially for home grown brands like Nirma and Ghadi. But whatever data was available indicated an extremely important impact that home grown detergent powders made on the market share as compared to powders sold by MNC's.

### **7. Analysis**

The production of home manufactured detergent powder definitively acted as an able competitor to the MNC's. Their entry reduced the prices of products sold by the MNC's as also resulted in them producing products for the rural and semi urban markets.

The type of advertisement developed led to the realization of using cheaper mediums in a manner that effectively targeted their concerned customer base.

This is clearly seen in the extent of market share that these two companies captured since their start.

The detergent market in India is one that is growing at an amazingly fast pace and growing exponentially. It is expected to grow at a CGAR OF 5.5% to 10% (Staista-2024). All the companies have an increasing profit margin that is sustained and expected to increase over the years.

### **8. Conclusion**

The detergent market in India is extremely robust and lucrative for all its players; whether "home grown", or 'MNC's'. The entry of the home-grown manufacturers shook the detergent market

and ensured quality product at a competitive price. This turned out to be a huge advantage for consumers.

There has in recent years been a shift from detergent cakes to detergent powder due to various factors like urbanization, higher disposable incomes and greater awareness. All of them have further increased the reach of home-grown products in rural and semi-urban areas.

This market is growing at a phenomenal pace, enough that all the companies given efficiency of their manufacturing operations can continue to achieve high percentage of profits.

The most important thing that needs to be ensured by both the State and Central Government is reduction in pollutants, whether in the form of use of phosphates or in the packaging that is used. Stringent laws with respect to 'sustainability' need to be addressed and adhered to by all detergent powder manufacturers.

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