

# White Goods Cos Fear Damp Festive Demand

Prices of ACs as well as premium refrigerators, washing machines, shoes and suitcases to go up by 3-5%

## Our Bureau

**Kolkata:** Prices of air-conditioners are set to go up 3-5% across the range, while premium refrigerators, washing machines, shoes and suitcases will see a similar price rise with the government increasing custom duties to curb non-essential imports.

Companies have become anxious that the price hike may impact festive season demand and wipe off the price drop on washing machines and refrigerators in last two months when goods and services tax (GST) was reduced by 10%.

However, there will be no price impact on the entry to mid-range refrigerators up to 400 litres and washing machines up to 8 kg capacities since these are all manufactured locally.

Largely, refrigerators above 500 litres which are priced above ₹50,000 and the 8-10 kg washing machines priced above ₹30,000 will witness the price hike.

"Timing wise, the import duty hike is going to make it very challenging since the festive season is round the corner," said Gunjan Srivastava, managing director at BSH Household Appliances, which sells the Bosch and Siemens range in India. "While we were expecting this, but we thought it will not happen so soon," he said.

The government doubled custom duties on refrigerators, washing machines up to 10 kg capacity

and ACs to 20%, while that of compressors for ACs and refrigerators is increased from 7.5% to 10%. The duties have increased effective Thursday to narrow the current account deficit.

Manufacturers said AC prices will increase across the product range for almost all brands since the domestic compressor manufacturing capacity is negligible and a lot of brands, including the hi-end and online exclusive, import ready-made air-conditioners.

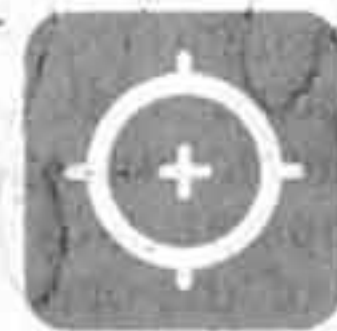
Voltas managing director Pradeep Bakshi said with summer sales being a washout this year, the AC industry was pinning hope on festive season which now might be a challenge.

Godrej Appliances business head Kamal Nandi said India is largely self-sufficient in refrigerator compressor manufacturing and hence there will be no price hike in entry to mid-segment. "In refrigerators and washing machines, the premium range which will see the impact is just 3-4% of the total market by volume," he said.

In footwear, the government increased

duties from 20% to 25% whereby premium products which are imported and priced above ₹4,000 will see a hike. Puma India managing director Abhishek Ganguly said prices are likely to go up by about 5%.

"This definitely doesn't mean that we can shift the sourcing to India because some of the products just can't be made in India. We source 35% our products within India and rest is imported since domestic factories cannot make them and raw material too is not available," he said.



**Price hike may wipe off drop in cost of washing machines & fridges when GST was cut by 10%**