

AC, TV makers upbeat about sales amid signs of GST cuts

SHARLEEN D'SOUZA

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Consumer durables makers are hopeful that the government's proposal to reduce goods and services tax (GST) on air conditioners and television panels above 32 inches to 18 per cent would help revive the sector.

According to reports, the Centre is looking to rationalise GST rates soon.

Currently, these items fall under the 28 per cent GST bracket. If the two segments come under the 18 per cent GST slab, prices could immediately correct by 10 per cent and this is set to lure buyers back to the stores.

However, on the flip side, fears of dealers and customers pushing back their purchases also loom till the final GST rate for the two segments is announced.

"If the GST rate is decided at 18 per cent, then it is definitely a good and a welcome move, but we also hope that state governments are on board with the new rates. However, dealers are already sitting on high levels of inventory, as temperatures didn't run high and the expectation of lower GST rates



High on hopes

- GST on AC and television panels above 32 inches may come down to 18% from 28%
- The price of these goods could correct by 10%
- However, there is fear of delay in purchases due to uncertainty in tax rates

will make dealers wait for new prices to kick in. This will also be the case with customers, as they will hold back on expectations that prices could come down," B Thiagarajan, managing director (MD) at Blue Star, told *Business Standard*.

He also said that if prices come

down due to GST, there could be more customers opting to buy 5-star rated air conditioners.

KJ Jawa, chairman and managing director of Daikin India, expects this move to widen the net and more customers will buy air conditioners if the GST slab is reduced.

"This has been a long-pending demand of the industry. Air conditioners have become a necessity and if the segment falls under 18 per cent, the prices will come down and will push for demand for higher energy-efficiency air conditioners."

He said the category has a seven per cent penetration, which could go up if prices are lowered.

Avneet Singh Marwah, chief executive officer at Super Plastronics (television panel manufacturer), said sentiment would improve in the industry as India is a price-conscious market. "If it changes, it will definitely push festival demand much higher than expected. This will help cover up the slowdown witnessed in the last few months," Singh said.