

# GST-cut hope: Dull early festive sale seen for auto, white goods

**DELAYED DANGO?** Bulk of sales seen happening closer to Deepavali when tax reforms kick in

## Our Bureaus

Mumbai/New Delhi

Automobile dealers and consumer durables makers are bracing for a muted start to the festival season this year as shoppers defer high-value purchases in anticipation of a cut in the Goods and Services Tax (GST).

Typically, September-October is a period of strong demand for cars, air-conditioners, refrigerators and television sets, but companies now expect the bulk of the sales to happen closer to Deepavali when the government is likely to announce GST rationalisation.

"Since the implementation of revised rates is expected around Deepavali, coupled with festival offers and easy financing schemes, we do expect to see consumption being deferred now and the same to pick up during the festival months," said Kamal Nandi, Business Head and EVP, Appliances Business, Godrej Enterprises Group.

In Kerala, where the festi-

## PROCESS OF GST RATE CUT

- GoM on rate change to meet on August 21
- Based on GoM advice, Fitment Committee will prepare final agenda
- GST Council, to meet on Sept 16-19, will give final recommendations
- Centre/States will then notify the rate change



val season sales have already begun ahead of Onam, Jerry Mathew, Managing Director of White Mart, a consumer durables retailer, said that many companies had drastically dropped prices of several products in the last 20-25 days.

"I don't think the Kerala consumer will wait for a GST reduction till Deepavali because he is getting products at a much lower price right now through various offers," he said.

Auto dealers admit that customers are enquiring about possible price reductions. "Some buyers are asking whether they should wait

till the end of September or October, so depending on the situation there could be some additional discounts. It is too early to decide, but precautionary measures are already being considered," said a dealer of a leading automobile company.

## LAUNCHES, OFFERS ON

Consumer electronics brands are preparing strategies to soften the impact of the wait-and-watch mood.

"In televisions and smart appliances, buying behaviour is not driven by price alone. Early indicators suggest strong consumer sentiment

and with positive macroeconomic factors, we expect double-digit growth compared to last year. When the GST reforms are implemented, we will look at a new strategy but for now, launches and offers remain as per the plan," said Avneet Singh Marwah, CEO, SPPL.

FMCG makers, however, expect little disruption. "Any rate revisions may take time to come into effect, and the actual benefits might not be passed down immediately. Therefore, while a marginal impact is possible, the overall festival demand may remain resilient," said Krishna Khatwani, Head of Sales (India), Godrej Consumer Products Ltd.

With Deepavali likely to coincide with tax rationalisation, the industry hopes the current lull will give way to a surge. "GST reform by the government is an excellent move. Let us wait for full details after the [GST] Council meeting," RC Bhargava, Chairman, Maruti Suzuki India, told *businessline*.

(With inputs from Kochi and Chennai bureaus)

Also read p12