

# Consumer durables inflation eased in FY24

In FY22 and FY23, clothing was a major driver of inflation

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Consumer durables inflation increased progressively from 2019-20 to 2022-23 (FY23) by more than 5 percentage points. However, the Economic Survey noted that with improvements in the supply of key raw materials, the inflation rate for consumer durables declined in 2023-24 (FY24).

The Survey also pointed out that in 2021-22 (FY22) and FY23, clothing, which accounts for 48 per cent of the weighting in the consumer durables index, was a major driver of inflation. This was largely due to a surge in the prices of key input materials used by apparel manufacturers, particularly cotton.

"FY22 was when cotton prices surged, causing raw material prices to rise. While market prices increased, it's important to balance this with the fact that 50-60 per cent of sales today occur during discount periods. As a result, the net realisation for apparel companies has remained relatively stable," Rahul Mehta, the chief mentor at the Clothing Manufacturers Association told *Business Standard*.

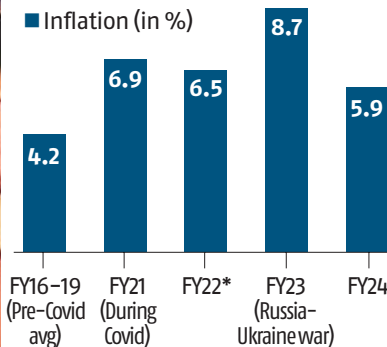
He added that the market remains sluggish, and the industry is going through a major slowdown. "I do not see any chance of prices going up," he said. The consumer durables industry faced challenges from Covid-19, which led to increased component prices. Additionally, the Ukraine-Russia crisis disrupted supply chains and caused container prices to spike, pushing up



## THE TRAJECTORY

Consumer durables

■ Inflation (in %)



\*Inflation in FY22 was around 6.5%  
Source: Economic Survey 2023-24

the prices of consumer durables.

However, in the past year, component prices have remained stable. "The movement of component prices varies across segments," said Atul Lall, managing director at Dixon Technologies (India). He observed a slight increase in component prices for lighting and open cells used in television panels, both of which had decreased last year.

Container prices, which had been rising, have now started to stabilise, Lall added. Avneet Singh Marwah, CEO at Super Plastronics said that there has been a global slowdown for consumer durables which has caused component prices to remain under pressure through FY24.

"Prices of components have remained flattish at the moment, but if demand revives globally, then there could be an increase in raw material prices," Marwah said.



## Tourism revived, foreign arrivals went up in 2023

The Indian tourism sector witnessed a revival in 2023, with foreign travel arrivals (FTAs) rising significantly, the Economic Survey 2023-24 pointed out.

"Showing positive signs of revival post-pandemic, the industry witnessed over 9.2 million foreign tourist arrivals in 2023, implying a year-on-year (Y-o-Y) increase of 43.5 per cent," the Survey stated.

The tourism sector in India is rapidly expanding, with India ranked at the 39th position in the World Economic Forum's Travel and Tourism Development Index (TTDI) 2024.

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