

7th Pay Commission: Consumer goods may see thaw in spending winter

<http://economictimes.indiatimes.com/industry/cons-products/electronics/7th-pay-commission-tv-white-goods-makers-hopeful/articleshow/52976384.cms>

Television and white goods makers are hopeful of a bumper festive season this year on back of the seventh pay commission pay hike for central government employees and pensioners and expectation of a good monsoon boosting rural income.

Top makers like LG, Panasonic India, Whirlpool BSE 1.38 %, Videocon BSE -0.48 % and Sony India said extra money in the hands of consumers should lead to a spurt in consumption of discretionary products such as white goods and televisions.

Whirlpool of India managing director **Sunil D'Souza** said the pay commission will put extra money in the hands of a large section of the Indian consumer. "This is positive for the consumer durable industry since this will definitely spur demand for discretionary and aspirational products. And therefore at Whirlpool, we look forward to this contributing to good growth in the later part of this year," he said.

Videocon chief operating officer CM Singh said this move will have an impact on the sales and trigger purchases. "Favouring a tilt in demand for premium products, we expect the new age technologies segment to boost our business," he said. The festive season, starting with Onam in **Kerala** leading to Diwali, typically contributes anywhere between 30-40% of the sales of the country's Rs 45,000 crore consumer electronics industry.

While sales started dull last festive season, it eventually picked up around Diwali. But post that the industry sales again slumped till this summer when high temperatures shored up record sales for air-conditioners and refrigerators. However, television sales were still modest since there are no major cricket event this year.

However, the companies now expect all categories growth will grow at a bigger pace. Panasonic India head of sales and service Ajay Seth said while the consumer durable industry is expected to grow by 13-15%, Panasonic is expecting an encouraging response aiming to grow by 25-30% across all product categories.

"Pay commissions have always boosted the sentiments of customers leading towards an increase in consumer spending, therefore contributing to the economy. With the implementation of seventh pay commission, we expect to increase our customer base as they upgrade to buy more aspirational and energy efficient products," said Seth.

LG India's head (corporate marketing) Niladri Dutta said the company has drawn up a robust sales and marketing plan for second half of the year. "We expect good monsoon coupled with seventh pay commission roll out will drive growth. This year festive will also start early and if pay commission roll out coincide with festive it will be a boost for durable industry as sixth pay commission implementation during festive created the platform for a robust sales," he said. Sony India's sales head said both newer consumers would buy LED televisions, while existing households would upgrade. "Since last year, we are witnessing a clear trend towards large screen sizes which will further gain pace now," he said.