

Durable Companies Expect Growth Clip To Return In 2017

With a fairly profitable year of 2016, the consumer durable industry is looking forward to maintaining the momentum by cashing in on GST, likely to be rolled out in 2017, and overcome the short-term issues thrown up by demonetisation.

The makers have plans to introduce new technologies along with premiumisation of their existing offerings, increase in localised production and retail visibility focusing on enriching consumer experience next year.

Terming the setback from demonetisation as "a short-term phenomenon", the consumer durable makers are eyeing a bigger benefit from GST as it is likely to reduce tax burden, logistical and transactional costs.

"Samsung plans to outpace market growth by making continuous investments in making products that address the distinct needs of Indian consumers. Second, we wish to increase retail visibility and focusing on enriching consumer experience," Samsung India Vice President, CE Business Rajeev Bhutani told PTI.

LeEco India COO Smart Electronics Business Atul Jain said: "In 2017, we will focus on growth and consolidation of the gains we have made in 2016. We aim to realise this through the launch of our next generation Superphones and SuperTVs. As part of LeEcos online to offline strategy, we will be launching our own branded stores."

According to the Consumer Electronics and Appliances Manufacturers Association, in 2016-17 (which still has 3 months to go), the industry is expecting sales "of airconditioners, refrigerators, televisions and washing machines to touch 4.10 million units, 11.13 million units, 16.5 million units and 5.27 million units, respectively."

The industry, which had almost flat growth from last two years, has a very good festive sales this year coupled with factors such as good monsoon and implementation of the Seventh Pay Commission.

"Progressive government policies had a positive impact on the overall economy augmenting the overall spending. This has resulted in an approximate CAGR of 10-12 per cent," said CEAMA President Manish Sharma.

The industry, which had almost 25-30 per cent average growth in the first seven months of 2016-17, took a hit in November by the demonetisation move. However, after having a degrowth in November and flat sales in December, it is expecting to bounce back next year.

"In the first seven months we have a good run with a 26 to 30 per cent growth, however, last two months, we have a degrowth of up to 35 per cent. October-December quarter would be flat quarter because whatever growth we had in October, will be nullified by degrowth in November and flat growth of December," said Godrej Appliances Business Head & EVP Kamal Nandi.

<http://indiatoday.intoday.in/story/durable-companies-expect-growth-clip-to-return-in-2017/1/845255.html>

