

White goods set to get costlier once 28% tax rate kicks in

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With consumer durables such as refrigerators, washing machines, air-conditioners expected to attract a good and services tax (GST) rate of 28 per cent, some industry players fear a rise in prices of these goods, which could hit demand in rural areas.

"As we understand it, the current proposal of a 28 per cent rate for consumer durables is slightly more than what we expected since it is a few points higher than the current effective taxes on our products

While this might have some impact on our prices, I am sure that at an overall basis, GST will benefit the end consumer in the long run," said Sunil D'Souza, Managing Director, Whirlpool of India.

Expecting rural demand to take a hit, Mahesh Gupta, President, PHD Chamber of Commerce and Industry, and CMD of Kent RO, said that the 28 per cent tax on white goods is not in sync with the present tax reforms. The high tax rate will have a cascading impact on the consumer goods segment and hit demand in a big way in the rural segments.

Another senior executive at a leading consumer durable company said: "Products such as refrigerators and washing machines are now a necessity and not a luxury. They should be kept at the 18 per cent rate structure. At 28 per cent, the price of these goods is expected to go up by about 2-3 per cent."

KanwalJeetJawa, CEO and MD, Daikin India, said that GST was overall a positive development for the consumer durable industry.