

Ceiling fans get costlier as BEE's revised norms mandate star labelling

PTI Last Updated: Jan 08, 2023, 01:40 PM IST

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Synopsis

Leading brands operating in the segment are Orient Electric, Havells, Crompton Greaves Consumer Electricals, Usha International, Luminous Power etc. The category is witnessing a rise in rural penetration with increased electrification, while in urban markets, the replacement cycle is getting shorter due to premiumisation, the IFMA report said.



Ceiling fans would get costlier by 8 to 20 per cent as the category comes under the ambit of mandatory star labelling from January 1, as per the revised Bureau of Energy Efficiency (BEE) norms. Star labelling denotes energy savings of minimum 30 per cent for 1-star rated fans to over 50 per cent for 5-star rated fans.

Though leading manufacturers such as <u>Havells</u>, <u>Orient Electric</u> and <u>Usha</u>
<u>International</u> have welcomed the move, they also believe it would lead to cost increase of 5 to 20 per cent as high energy efficient 5-star rated fans will require new imported motors and electronic components.

Under the new mandate, now manufacturers would have to display star ratings between 1 to 5 stars on their fans. The star rating is dependent on service value (air delivery in cubic meters per minute divided by energy consumption in wattage).

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Terming it a "massive shift", Orient Electric MD & CEO Rakesh <u>Khanna</u> said, now consumers will get access to a superior product that consumes far less energy.

However, he also added there will be price increase to a certain extent as manufacturers will incur additional costs on account of modifications required in non-star rated fans to make them more efficient and compliant with the new star ratings.

"While we are trying to absorb the price hike to a feasible extent, it will be imperative to pass on some impact to customers. We are looking at containing the price increase to the tune of a reasonable 7-8 per cent across the range," Khanna told PTI.

On an average, ceiling fans account for 20 per cent of the electricity consumed by an average Indian household. These star-rated fans are ultimately going to benefit the end consumer and save energy and reduce carbon footprint, he added.

<u>Usha</u> International CEO Dinesh Chhabra said the star labelling denotes energy savings ranging from a minimum of 30 per cent for 1-star rated fans to over 50 per cent for 5-star rated fans.

On the price hike, he said:" Yes, there will be an increase in the prices of Usha fans ranging between 5-7 per cent for 1-star rated fans going up to 20 per cent for 5-star rated fans."

The cost of fans depends on the existing design of the product, star rating (1 to 5) and performance (air delivery), Chhabra added.

"As for the 5-star fans the cost implications will be higher at almost 20 per cent as these fans will have the newer BLDC (Brushless Direct Current) motors vis-a-vis the older induction motors, which need electronic components and magnets, both of which are imported," he said.

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fans will provide an opportunity for the manufacturers to raise consumer awareness about energy efficiency.

The marginal cost increase will be passed on to the consumers, said Havells India President Saurabh Goel.

The Indian fan market is estimated to be around Rs 10,000 crore.

According to a report by Indian Fan Manufacturers Association (IFMA), there are over 200 entities operating in the segment.

Leading brands operating in the segment are Orient Electric, Havells, Crompton Greaves Consumer Electricals, Usha International, Luminous Power etc.

The category is witnessing a rise in rural penetration with increased electrification, while in urban markets, the replacement cycle is getting shorter due to premiumisation, the IFMA report said.

Moreover, there is also a faster shift towards the organised sector.

The demand for premium fans with better aesthetics has been on the rise over the past 3-5 years with increasing consumer preferences towards enhanced and appealing interiors, it added.



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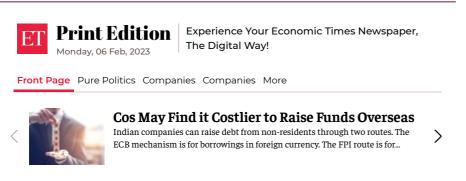


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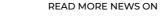
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Sale of winter products, including appliances and garments, picks up after weak start

By Writankar Mukherjee, ET Bureau

Last Updated: Jan 23, 2023, 08:07 PM IST

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Synopsis

This has come as a relief for consumer goods makers as sales in November were dull and most of December. The winter period — December-January — is crucial for categories like skin cream, moisturiser, chyawanprash, tea, coffee, winter wear and room and water heaters, accounting for up to 80% of their annual sales depending on the category.



Several places in the North also reported a prolonged cold wave earlier this month with minimum temperatures dropping below the normal level. This boosted consumption.

After a weak start due to delayed onset of winter, sales of winter-related fast-moving consumer goods, <u>appliances</u> and <u>garments</u> picked up since the last week of December, with year-on-year business up 25-30%, several leading companies said.

This, they said, will lead to a further recovery of the market in the quarter through March.

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Reliance Retail's head of strategy and business development, Gaurav Jain, told analysts last week that there was a little bit of a delay in winter which impacted some of the categories related to winter in the North and East. "But over the fag end of December, we saw a strong pick up," said the senior executive at India's largest retailer, adding that this came after discretionary spending got impacted in November.

Even for winter appliances like room and water heaters, retailers and manufacturers were worried about stocks piling up, but the pickup in demand has now eased inventory pressures.

Electronics retail chain Vijay Sales director Nilesh Gupta said sales of water heaters had grown 15% and room heaters expanded 7-8% in the past four weeks over a year earlier. "The stock position is now fine," he said.

Several places in the North also reported a prolonged cold wave earlier this month with minimum temperatures dropping below the normal level. This boosted consumption. Marketers say the pickup in sales — coinciding with end of season sales for categories like apparel — indicated improvement of consumer sentiment which is expected to continue with inflation abating.

"We have sold out most of our winter wear stock," said <u>Woodland</u> managing director Harkirat Singh. "Sentiments are not bad though we were cautious due to post-Covid impact, inflation and fear of recessionary trend. Sales are up by 15% over 2019 (pre-Covid) winter," he said.

<u>Hindustan Unilever</u> reported an impact on the performance of skin care and colour cosmetics in the December quarter due to delayed winter.

<u>Dabur</u> in a recent investor note said demand trends for the industry remained weak during the December quarter with rural markets continuing to remain under pressure. "This was further accentuated by the late onset of winter in North India. However, early signs of moderate recovery were visible towards the latter part of the quarter," Dabur said.

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