

Consumer Durables Review: H1FY21

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Consumer Durables, as defined under IIP includes cooking appliances, Air Conditioners, television sets among other products.

Consumer durables index saw a y-o-y fall of 39.1% for the period of H1FY21 in comparison with a fall of 5.1% in H1FY19. This decline in first half of FY21 reflects the impact of nationwide lockdown and consequent fall in consumer demand. Surrounded by uncertainties due to Covid-19 and with reduced income in their hands, consumers became prudent in terms of spending their money for discretionary items. Interestingly, some of the products reported nil sales during the month of April 2020.

An analysis of some of the industry segments falling under IIP consumer durables is provided in this report.

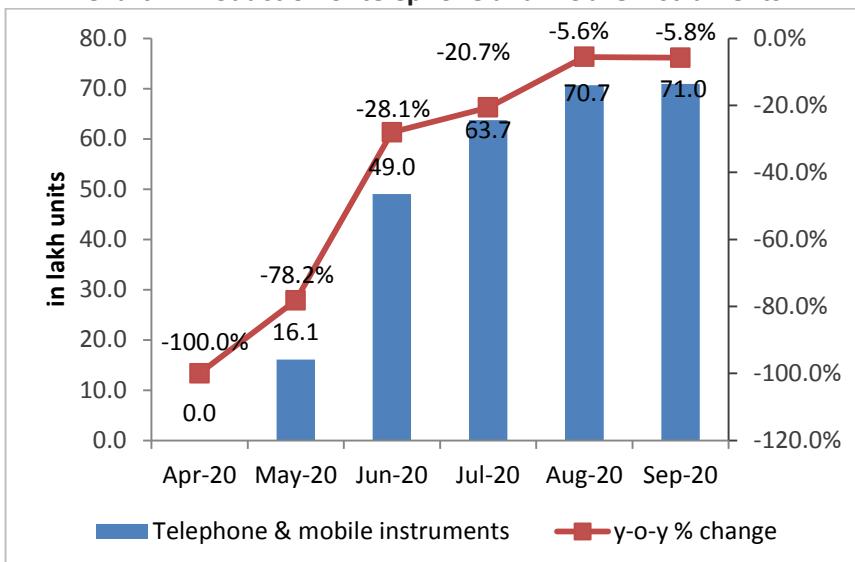
Air Conditioners (ACs)

ACs, essentially a seasonal product and heavily dependent on summer season for sales, witnessed a sharp decrease in production by 79% in H1FY21 to 3.4 lakh units from 16.2 lakh units in H1FY20.

Telephone & mobile Instruments

The production of telephone and mobile instruments declined on a yearly basis from 43.6 million units in H1FY20 to 27.1 million units in H1FY21. The first month of the financial year reported nil sales. Thereafter, it has been increasing sequentially on a month-on-month basis during H1FY21. This growth could be attributed to increase in usage of mobile phones during lockdown.

Chart 1: Production of telephone and mobile instruments



Source: CMIE

Television sets

The production of television sets fell from 13.2 lakh units in H1FY20 to 9.5 lakh units in H1FY21, a fall of 28%. However, the production gradually started increasing from May. This rise in demand could be driven by increase in screen time as people spent more time at home during lockdown. Also, absence of theatrical experience due to closure of theatres may have led to rise in demand for large screen TV sets.

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Travel goods

The production of travel goods, handbags, office bags etc declined by 71.3% during H1FY21 to Rs 2.9 billion from Rs 10.1 billion in H1FY20 mainly due to work from home for a lot of employees and imposition of travel restrictions.

Computers & peripherals

Covid-19 induced lockdown led to work from home for a lot of people. Also, due to schools and colleges being shut, classes/lectures were conducted online. This in turn supported the growth in the production of computers and peripherals by 2.1% in H1FY21 to Rs 9.7 billion as compared with Rs 9.5 billion in the same period last year.

Washing/laundry machines, refrigerators & electric cooking appliances

The production of items that enhance personal home convenience such as refrigerators, washing/laundry machines and electric cooking appliances like toasters, food processors etc witnessed a decline in H1FY21 but increased sequentially on a month-on-month basis from May onwards as can be seen from the charts below. This growth was particularly driven by change in consumer behaviour during lockdown as people focussed on making their lives at home easier and simpler.

Chart 2: Production of Washing/Laundry machines in H1FY21

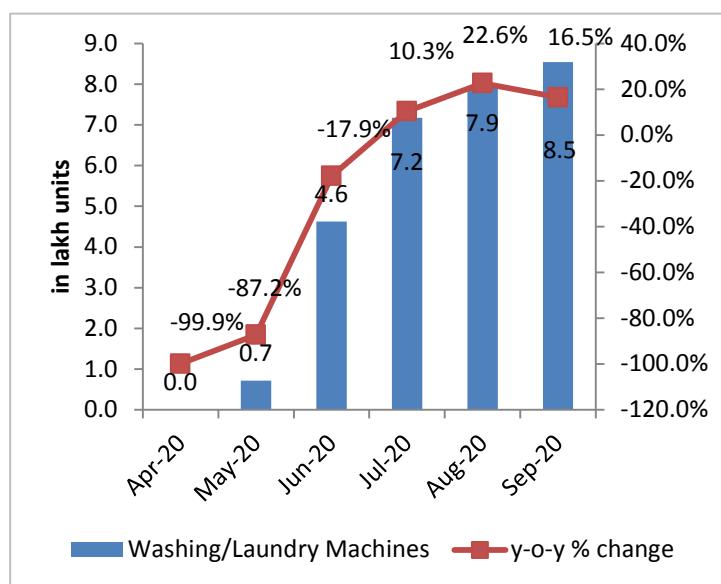


Chart 3: Production of Electric cooking appliances in H1FY21

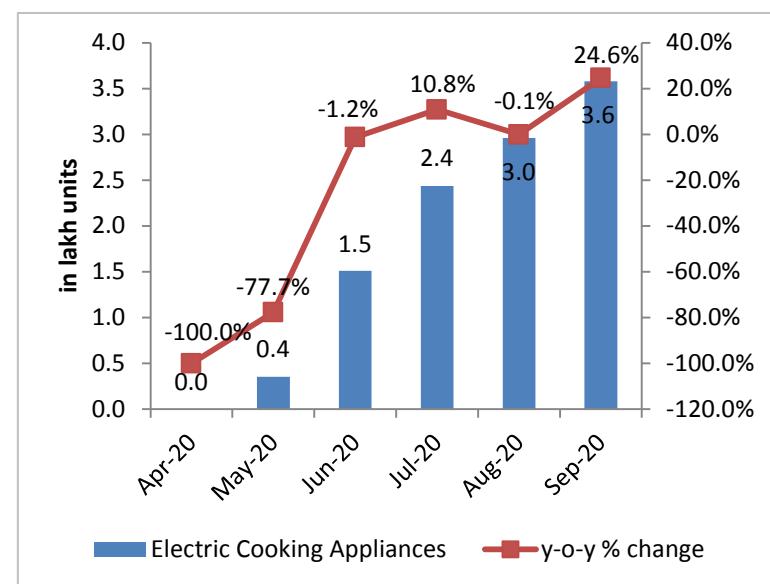
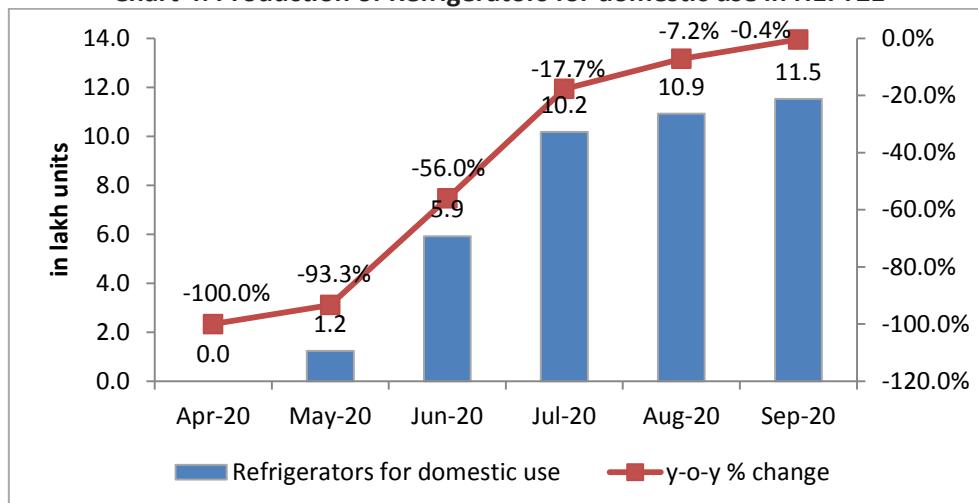


Chart 4: Production of Refrigerators for domestic use in H1FY21

Source: CMIE

Concluding Remarks:

- Covid-19 induced lockdown affected the sale of varied consumer durables during H1FY21. A lot of consumer durable products that are essentially discretionary in nature witnessed a decline as consumers began spending cautiously with reduced income in their hands and their need to preserve money. With the exception of computers, the production of most of the products such as TV sets, washing machines, refrigerators etc fell but started increasing from the month of May.
- It is expected that as Covid-19 induced restrictions are being eased gradually and retail stores and malls are allowed to operate, consumer demand will continue to gain traction albeit at a slow pace and will take time to reach pre-Covid levels. It is depend on the containment of the spread of the virus domestically as well as globally.