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Consumer Durables and Information Technology Consumer Electronics Union Budget LED lighting Job creation GST rate Tax

Orient Electric demands GST rate reduction in energy efficient products

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By: Rakesh Khanna CEO, Orient Electric Limited

It would be interesting to see how the government addresses high expectations of various sectors with the upcoming **Union Budget 2018-19**. As far as the electrical appliances industry is concerned, a hike in personal **tax** exemptions and revision in income tax slabs would be a welcome move, as this will put more disposable income in the hands of taxpayers thus giving a fillip to the demand.

The electrical appliances segment had its share of impact of demonetisation and GST, however,

it started showing signs of recovery in Q3. Going forward, we have high expectations in this quarter as well as throughout 2018-19. GST rates of many items have already been slashed in the last few months and we expect the government to also look at categories like fans which is a product of basic need and still being taxed at 18%. We also feel GST rate for energy efficient products should be reduced to promote energy efficient products. We are also expecting the budget to put special focus on indigenous manufacturing leading to **job creation**.

Industry is also expecting a cut in the Corporate tax rate to further help the industry in making future investments and building capacities. We also hope that the government will provide more support for the "Make in India" initiative by imposing duties on low quality imported components like what they have done in LED lighting and continue with its effort on ease of doing business.

We expect the budget to have a special focus on housing, employment, agriculture and rural development, while continuing with its efforts on building infrastructure, which is likely to give boost to allied segments and spur consumer spending in home electrical space. While real estate and housing segment has largely remained stagnant in 2017-18, we are hopeful that the government will take necessary steps to boost this sector, whether through the budget or outside of it.

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