

Home News Markets Personal Finance Infotech Jobs Opinion F

News By Company News By Industry Economy International Business

Auto | Banking/Finance | Cons. Products | Energy | Ind'l Goods / Svs | Healthcare/



Latest » ig expected to be at \$500 mn: Sources

## Indians switch to high-priced, power-efficient air conditioners

12 Jul 2010, 0251 hrs IST, Pramugdha Mangain, ET Bureau

IIM Management Programs - for 3+ yrs Working Professionals. Join 1 Yr Part Time Executive Prog : [www.niitimperla.com](http://www.niitimperla.com)

Ads by Google

Save Print Email Share Comment Text: + -

Topics: [power efficient](#) [indians](#)  
[godrej consumer products ltd.](#) [air conditioners](#)



To explore new avenues in global finance  
 click here or register online on  
[www.cfainstitute.org/India](http://www.cfainstitute.org/India) before  
 24/08/2010 and enjoy lower rates  
 on your fees.

NEW DELHI: Indian consumers have started upgrading to higher priced, but less power consuming airconditioners to snip mounting electricity bills after the government made it mandatory for appliances to be rated on energy efficiency.

While some companies had introduced star rated products in India in 2007 based on their energy efficiency, the Bureau of Energy Efficiency made it mandatory for all ACs to be star rated only in January this year.

Five star rated ACs or products with lowest power consumption accounted for a third of the total sales of brands such as LG, Samsung, Voltas, Carrier and Godrej in the first half of current year compared to just 5-10% in whole of 2009.

Krishan Sachdev, director (marketing) at Carrier India said the awareness level for energy-efficient products is growing rapidly among the consumers. "A product with higher energy efficiency may cost a few bucks more initially, but it pays back within two years depending on the star rating," he said.

A 1.5 tonne two-star rated split AC is priced around Rs 21,000. Every additional star rating for an AC costs between Rs 1,000-2,000 depending on the model.

Overall AC sales shot up over 50% in India during the first half of the year, boosted by prolonged summer and higher mercury levels in the country, say top consumer durable firms. Products with a two-to-three star rating that have average energy consumption, account for a majority of the sales as they are cheaper, attracting the first time buyers.

"While most consumers are still opting for products with three stars, demand for a five star product is catching up as its running cost is lower and it helps consumers save money on electricity bills," said Kamal Nandi, vice-president (marketing), Godrej Appliances.

Although almost three fourths of AC sales are concentrated in large cities, consumption also soared in the rural and semi-urban markets giving a push to the overall market. For top brands such as LG, Samsung, Voltas and Carrier, sales growth was largely led by high-valued split models that outsell cheaper window ACs.

India's AC market was estimated at 2.5 million units in 2009 and is expected to grow 40% to reach 3.5 million units this year. "The AC industry is witnessing high growth as the base is still very small," said YV Verma, COO of market leader LG India.

Health Insurance- 50 Lacs - Health Insurance policy that provides cover upto 50 lacs. : [MaxBupa.in/Health\\_Insurance\\_50\\_Lacs](http://MaxBupa.in/Health_Insurance_50_Lacs)

Ads by Google