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AC prices up 13%, 2nd hike since Jan

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Chennai: Airconditioner manufacturers have raised prices by 8-13% for the second time in less than 100 days. The reason being cited is increasing input costs such as those incurred on AC parts and ocean freight.

Blue Star managing director B Thiagarajan said, "Input costs of steel, copper and ABS plastic are up 25% on an average since March 2020. After raising the selling price of ACs 5-8% in January 2021, we have raised another 3-5% as on April 1. We also expect to hold it." However, in select categories, prices were kept 10% lower than last year to gain market share.

Panasonic officials said

that given the market conditions, they plan to raise prices of ACs by 6-8%, while refrigerators will see an increase in the range of 3-4%. This is due to the rise in cost of commodities, thereby increasing the price of production. Panasonic India and South Asia president & CEO Manish Sharma said, "As an organisation, we try to absorb maximum costs at our end and not pass it to our consumers. In the last 3-4 months, there's been 25% growth in sales of air conditioners."

While LG Electronics India has increased prices 6-8% this year, Voltas said ACs and cooling appliances have witnessed an overall 3-5% increase in average market price. Customs duti-

COSTLY SUMMER

Tremendous price rise on ocean freight, up to 3x, compared to pre-Covid levels is resulting in a shortage of containers coming to India

AC PRICE HIKE (%)	
Blue Star	8 to 13
Panasonic	6 to 8
LG	6 to 8
Godrej Appliances	6 to 10

es on some of the components have also gone up.

Godrej Appliances said after rising prices by 3-5% rise in January, an additional 3-5% hike is happening again in April. Its ACs product group head Santosh Sallian said,

"Commodity prices are not coming in control. In the initial stages of commodity prices going up last year by around 13%, manufacturers did not pass on the entire cost to customers at that time. They waited till demand picked up in the summer season to pass on the price increase."

There is a tremendous price increase on ocean freight too—up 3x as compared to pre-Covid levels. Besides, this channel is also witnessing a shortage of containers coming to India, manufacturers said. "Most input parts like steel, compressors are imported, and the freight price has gone up by 200-300% to \$3,300 per container from \$900 in pre-Covid times," Sallian added.