

# Consumer durable financing sees 32% rise as NBFCs expand footprint

NANDANA JAMES

f t in w e 0



Around 50 per cent televisions sales are through finance schemes. File Photo - The Hindu

## MUMBAI, NOVEMBER 7

Consumer finance accounts for around 30 to 35 per cent of the consumer durable industry sale, but the pace of growth of consumer durable financing has been rapid.

“Consumer durable financing has grown at a staggering pace of 32 per cent compound annual growth rate over the last six to seven years. There has been a sharp increase in durable finance penetration to 29 per cent in FY18 from 13 per cent in FY12,” said Rahul Prithiani, director at CRISIL Research.

Various brands also reaffirmed this growth. Kamal Nandi, business head and executive vice president at Godrej Appliances, said that a spurt in the number of consumers opting for consumer durable loans have increased its contribution to sales from seven to eight per cent to 18 to 20 per cent in the last three years. He said that easy finance schemes available at interest free EMI and manufacturers majorily bearing the interest on purchase, unlike any other industry, is a major factor underpinning this preference.

“From the manufacturer’s perspective, it helps in pushing sales and entices customer into buying aspirational premium products,” Prithiani reaffirms. The increasing penetration of non banking financial companies from metros, tier 1 and tier 2 cities and beyond cities, was also a major factor, he added. Nandi felt that demonetisation facilitated more and more NBFCs to venture into the consumer finance market, thus allowing easy finance options.

Mithun Chittilappilly, managing director at V-Guard Industries Limited, stated that consumer financing for high value consumer products like solar water heater and DUPS+battery systems have been going up. He also attributed this to NBFCs becoming “quite friendly” in terms of speed and less documentation. “We find the traditional loan schemes of banks are quite tedious and tardy on delivery of finance.”

“While five years back, we witnessed about 20 per cent television sales via finance schemes, the number has now exponentially evolved to around 50 per cent televisions being financed by our customers,” said Satish Padmanabhan, sales head at Sony India. No cost to customers and affordability were the two reasons he attributed. “On top of this, finance schemes are now being actively promoted by manufacturers as well as finance companies themselves,” he added.

Avneet Singh Marwah, chief executive officer at SPPL, Exclusive Brand Licensee of Thomson in India, also said that consumer finance within the last five years have seen “multiple growths as the demand for bigger size and premium televisions grew.” He said that many finance companies provide special rates, making TVs affordable with easy instalments.

“Better availability of credit information, manufacturers continuing to provide subventions, increase in consumer durable product penetration, rapid urbanisation and increase in spending power, and rise in aspiration levels are some of the other key factors which have aided growth in the industry,” Prithiani said.

However, despite these myriad reasons why consumer finance is burgeoning, it still remains a fact, as pointed out by Prithiani, that more than 60 per cent of the sales continue to take place on cash basis. Relatively lower financial inclusion beyond tier 3 and tier 4 cities make it difficult to provide credit, he said. “People distrust the digital means due to high levels of fraud cases, and for merchants, the transaction charges are burdensome,” Chittilappilly pointed out.

But, expectations for consumer finance penetration to increase remain. “Increasing push towards digitization, as well as a higher financial inclusion going forward is likely to push up growth in durable financing,” said Prithiani.

Published on November 07, 2018

---

TOPICS

NBFC

---

RELATED



[Consumer durables buyers yet to see GST rate cut benefits: survey](#)

---

**As consumers go appliance-shopping this festival season, what's immediately ...**

**Previous Story**

RBI relaxes ECB norms for infra companies

**Next Story**

Digital assistants, social media to be key for banking sector by 2022: Report

Get more of your favourite news delivered to your inbox

Email

Subscribe

**Promoted Content**

Recommended by



**Property Wars: Kim Kardashian West and Kanye West Vs. Taylor Swift**  
Mansion Global



**Get a PG Diploma in Business Analytics. Online Program from Amity and...**  
careersoftomorrow.amityonline.com

**Washington: the lively, chic and friendly Capital**  
Air France

**More From The Hindu Business Line**



India's first engine-less train set to hit tracks on Oct 29



With ₹80,000-cr debt settled, Ruias 'gearing up for Essar 2.0'



The party is over



Bandhan Bank plunges to all-time low



Despite all the hype, it was a subdued event!



Father of Bhakra Dam



Ashok Leyland sales up 17% at 15,149 units in Oct



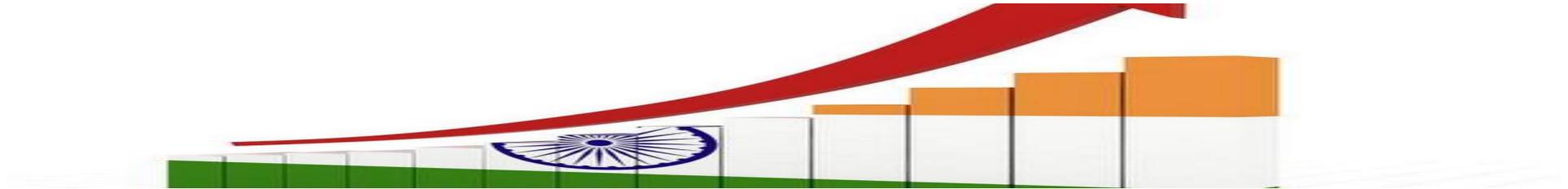
₹20-cr Diwali bonanza from Capital First's founder



RCom to commercially develop 133-acre IT park in Navi Mumbai

## MORE FROM BUSINESSLINE

India's economic growth may slow down to 7.3 per cent in 2019: Moody's



Impact of higher global oil prices compounded by a sharp rupee depreciation raises the cost of households' consumption basket

Chakan's mafia turning the screws on the hub



Police promise action as units in Pune's industrial area face extortion, threats

Manappuram Finance (₹86.8): Buy



Investors with a short-term perspective can buy the stock of Manappuram Finance at current levels. After a medium-term downtrend, the stock found support at ₹66.4 in early October. However, the

Write a comment

1000

or

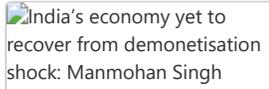
Name

Email

I agree with Vuukle's [Privacy Policy](#)

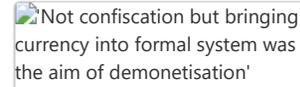
POST

## TALK OF THE TOWN

 India's economy yet to recover from demonetisation shock: Manmohan Singh

**India's economy yet to recover from demonetisation shock: Manmohan Singh**

4 comments

 Not confiscation but bringing currency into formal system was the aim of demonetisation'

**'Not confiscation but bringing currency into formal system was the aim of demonetisation'**

1 comment



**BJP dares Congress to disclose Rafale price negotiated during UPA-II**

1 comment



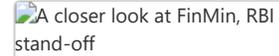
**Adani Gas bags CGD project for Udupi**

1 comment



**Today's Poll**

1 comment

 A closer look at FinMin, RBI stand-off

**A closer look at FinMin, RBI stand-off**

1 comment

1. Comments will be moderated by The Hindu Business Line editorial team.
2. Comments that are abusive, personal, incendiary or irrelevant cannot be published.
3. Please write complete sentences. Do not type comments in all capital letters, or in all lower case letters, or using abbreviated text. (example: u cannot substitute for you, d is not 'the', n is not 'and').
4. We may remove hyperlinks within comments.
5. Please use a genuine email ID and provide your name, to avoid rejection.