

# NO LEVEL PLAYING FIELD FOR DOMESTIC INSULATOR MANUFACTURERS



An MBA from London Business School, U.K and with over 15 years of experience in India and abroad - Vikas Jalan, Jt. Managing Director of Deccan Enterprises Private Limited - is leading the management & growth of the company, which is engaged in manufacturing Composite Insulators. He also plays an active role in Industry Associations and is presently Executive Council Member of IEEMA and member of Organising Committee of Elecrama 2014. In an interaction with Power Insight, he talked about the issues and challenges faced by the domestic insulator industry and share his views on his company's future plans and products. EXCERPT:

## What were the main causes for the decelerated growth witnessed by the Indian Insulators industry during 2011-12?

**Ans:** Current slowdown of Indian economy coupled with delay in implementation of many mega and medium Power generation Projects, has resulted in fewer projects for transmission and distribution lines. Further worldwide economic down turn has also resulted in increase in unutilized capacity of Insulator manufacturers particularly in China. This along with incentives / subsidies to Chinese manufacturers has resulted in dumping of insulators in Indian market at very low prices. Both these factors have directly impacted the Indian insulator industry.

## Do you think the prevailing policy framework could be blamed to some extent for this deceleration in growth?

**Ans:** The current policy framework is impacting both on the generation as well as transmission side. As far as insulator industry is concerned there is sufficient technology & capacity available in India to meet the current and projected demand. There is no level playing field for Indian manufacturers in view of incentives / subsidies in China resulting in surge in imports. Further issues relating to test reports, test charges, qualifying requirement (QR) of im-

ports also requires a re-look. As in many countries for domestic funded projects India should also give preference to domestic manufacturers.

## What are the major challenges and issues currently faced by the insulator manufacturers in India? What measures do you suggest for the smooth growth?

**Ans:** The extremely competitive environment for EPC projects coupled with execution, Right of Way, funding and overall increase in costs issues has resulted in project delays and losses in the sector directly impacting the insulator industry. This together with the issues relating to imports mentioned above, needs to be addressed by the Government for the smooth growth of the insulator industry.

Going forward we feel that the Power Sector as a whole needs substantial increase in Government funding. Taking a cue from Road and Highways where the Government had put a Cess on Petrol to fund road projects resulting in substantial investments and progress, the Government could consider creating a similar fund to boost investment in the Power Sector.

## How do you see the industry panning out during the XII plan (2012-17) period?

**Ans:** Today power shortage across India continues to persist. In order to meet the demand and cater to GDP growth of over 6%, ambitious plans have been made for both power generation and transmission for the XII plan. If the Government can address the current issues as soon as possible we see the insulator industry returning to its growth path soon.

## Brief us about your company and the product range offered for power sector?

**Ans:** Deccan started manufacture of Silicone Composite Insulators for the first time in India under the brand name DECOSIL. Deccan has grown rapidly over the years based on world class quality products. Today we are India's No.1 manufacturers of Silicone Composite Insulators for transmission lines & Railways having bagged the first and single largest domestic order from PGCIL for 400kV Silicone Composite Insulator. Our product range is from 11kV to 765kV Covering Transmission, Sub Station, Distribution and Railways.

Our full range of Insulators has been Design & Type tested with in the country and in the world's best accredited test laboratories such as STRI-Sweden, ZKU Czech and FGH Germany. We are the only company in India having successfully tested our entire range of Insulators for 5000hrs Accelerated Ageing Test by both Salt Fog and Multi Stress methods of IEC-61109 thereby ensuring quality and reliability.

We have a full-fledged R&D facility that is recognized by Government of India. As part of the R&D effort we were

proud to be the first in the world to Design, Manufacture, and Test the 1200kV Silicone Composite Insulator for Power Grid Test Station at Bina.

DECOSIL Insulators have found wide acceptance across India covering PGCIL, NTPC, many state transmissions utilities, IPPs, CPPs, Corporates, EPCs like-L&T, TATA, GMR, STERLITE, etc.

## There is an emerging demand for EHV insulators in power sector, how do you plans to tap this opportunity?

**Ans:** As mentioned earlier we had successfully developed the 1200kV composite insulator. Our present range also includes 765kV insulator that is comparable to the best in the world. As such we are well equipped to meet the demand for EHV Insulators in power sector.

## Tell us about your newly launched product?

**Ans:** Recently we developed 765kV 210kN and 1200kV 320kN and 420kN composite insulator. These insulators were being designed and manufactured for the 1st time in India and hence this required in-depth R&D right from the design stage. For the Electrical parameters, we used 3D EFM software to run models on multiple designs of the insulator and corona ring.

For the mechanical parameters, design calculations were made on both FRP rod and metal end fittings to achieve the maximum specified mechanical load. The 765kV insulator was designed in 2 units and 1200kV insulator in 3 units with Corona ring between each metal interface.

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the domestic market. Added to this, direct competition from China resulted in substantial reduction in selling prices in the Indian market. The operations faced continuing inflationary trend in cost of raw materials and components.

Runaway increase in crude prices also impacted the energy cost significantly. Consequent to the power cut imposed by the State utility, the Company had to rely heavily on expensive third party and self generated power in order to meet its energy requirements.

## Future Outlook:

The short term market outlook for insulators continues to be strong. Transmission infrastructure expansion is the key growth driver of the T & D equipment market.

During the 12th Plan, a total of almost 120,000ckm of transmission lines is expected to be added. The future demand for insulators may be estimated on the basis of the likely behaviour of following 3 sectors ie. Household sectors, Power sector & the demand from

commercial and industry sector.

The demand for insulators from domestic market is estimated to increase at 5% per annum. Besides this, there is a good scope for exporting insulators. It is estimated that the demand for insulators in export market will grow at 8% per annum.

Thus the demand is likely to increase by more 20000 MT during next 5 years. This provides scope for many power units in LT or lower grade of HT insulators.