Imports of insulators have grown at over 37% CAGR over last 5 years.

Vikas Jalan
Joint Managing Director
Deccan Enterprises Private Limited

Q. What is the current market size of Electrical Insulators in India? In your view what is the estimated production capacity of domestic industry vis-a-vis market consumption?

A. The market size of insulators is approximately INR 1800 crores. The domestic production capacity exceeds the current domestic industry and is capable to meet the demands of the Indian market.

Q. What were the major reasons for de-growth witnessed by the industry during past year? Your recommendations.

A. De-growth in domestic industry is due to overall slowdown in T&D projects due to execution delays and financial reasons. This coupled with substantial increase in imports from China at very low prices has resulted in de-growth of domestic insulator production. Imports of insulators have grown at over 37% CAGR over last 5 years.

Q. What is your take on recent imposition of safeguard duty on insulators? In your view, is this measure adequate enough to revive demand for the domestic industry?

A. Imports are mainly from China at very low prices where Chinese manufacturers are given substantial export subsidies which coupled with other benefits gives them 24% unfair pricing advantage. Imposition of safe guard duty is a welcome step to ensure a level playing field. However, presently the safeguard duty is only on porcelain insulators. It will help the Indian industry only when the safeguard duty is imposed on all kind of insulators like porcelain, composite and glass insulator.

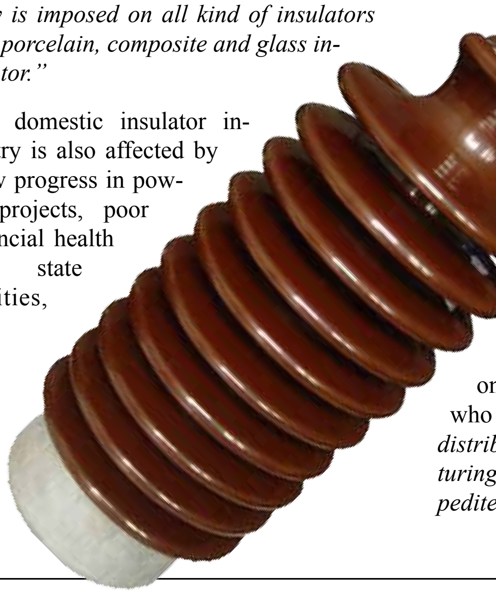
Q. Brief us on type of insulators manufactured in India, which category attracts the highest demand? What level of technological advancement has been witnessed by the industry in recent years?

A. In India porcelain and composite type insulators are manufactured. Traditionally Porcelain category attracted more demand. Now composite insulators are also being used widely and are expected to grow further. The technologies available in India are comparable internationally and testament to that is the successful development & commissioning of equipment (including insulators) for the 1200kV Test Station at Bina.

Q. How do you see the industry panning ahead during current FY 2014? What are the key demand drivers?

A. FY 2014 will be a tough year for the domestic insulator industry. At one side the input costs are increasing and on the other side price levels are low due to imports & low capacity utilisation.

safe guard duty has been put but same is not for all category of insulators." While **Vikas Jalan Managing Director, Deccan Enterprises** stated, *"Presently the safeguard duty is only on porcelain insulators. It will help the Indian industry only when the safeguard duty is imposed on all kind of insulators like porcelain, composite and glass insulator."*



The domestic insulator industry is also affected by slow progress in power projects, poor financial health of state utilities, among others. The industry needs positive policy support from the government to overcome the current scenario and to revive growth. **Vikas Khosla of Aditya Birla Insulators** suggests that, *"The government has to fast track power projects through timely clearances, as well as ensuring supply of quality fuel to power plants. The promised re-structuring of utility debt has to be carried out at a faster pace to infuse liquidity into the system and put the derailed transmission & substation projects on stream."*

The same thought has also been second by **Narayan Sethuramon, of WSI** who says, *"Focused attention is needed on distribution segment and financial restructuring of losses on discounts need to be expedited to save the sector."*

Way Forward:

Though the domestic insulator industry is facing tough times and industry captains feel that there is no revival in short terms period. It is not all bad for the industry as there is positive feeling in the area of exports which could generate demands and help fighting with the current scenario. Alongside the government also need to take pro-active steps and positive policies measures to support the industry. It is also needed that the debt restructuring programme for the state utilities should move at fast pace which will infuse in liquidity in the sector and will empower them to take up projects at fast pace which could lead to generation of fresh demands. Further, a single window clearance for new power projects could help power sector grow at faster pace which will not only help GDP to grow at targeted 6-8 percent but will also help generate much needed demand for the electrical equipments industry which has witnessed a negative growth, first time in a decade. ■