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WEBLINK	COVID-19 Impact on LV & MV Switchgear Market

The Indian switchgear market is expected to see high demand due to exponential growth in residential, commercial, and industrial sectors that the country is witnessing. With the expansion of smart grids, the need for quality power is also increasing. Therefore, for smart grids to function optimally the communication between the switchgears, other network equipment and operators also become progressively important. "HPL caters the products like ATS, ACB and MCCB with microprocessors providing better options targeted to the transformer manufacturers, servo manufacturer, and power distribution sectors. There is an increasing demands for advanced technology in today's connected world," informs Gautam Seth, Joint Managing Director, HPL.

According to CP Vyas, Head - Electrification business, ABB India, the focus on deeper electrification in rural areas and improved power distribution has helped push a consistent CAGR growth for the Indian switchgear market. He said, "ABB is well-positioned to take advantage of this growth with our deep manufacturing footprint and our innovative customer-focused products and solutions. Our line-up of advanced products and solutions is supporting the objective of safe, reliable, and efficient power distribution."

Digital markets are continuing to grow with more focus on energy efficiency and a larger emphasis on monitoring and control of all power assets. ABB's Digital MV and LV switchgear along with new M&D solutions support and enhance the overall efficacy of power distribution. The industry has also been quick to adopt smart products and solutions. With a higher focus on rural markets and power for all, the smart energy distribution segment is another growth area for ABB. "Armed with its lines of MV and LV Digital Switchgear, Miniature Circuit Breakers (MCBs), Air circuit breaker Emax2, Auto Reclosures and Modular Switches with an emphasis on vocal for local supporting a self-reliant manufacturing ecosystem for India, we are confident to be a strong switchgear provider in this growing market," Vyas adds.

Though the industries are growing at a CAGR of 7-8 percent, Panasonic Life Solutions India as a company is growing at more than 20 percent CAGR in the last six years and the company is expected to maintain the momentum for the next 5 years at least since their market share is low. "We are into the manufacturing of domestic LV switchgear where the market size is almost 40 percent of the total LV size market," said Dinesh Aggarwal, Joint Managing Director, Panasonic Life Solutions India. "With intensive work on specification and demand generation activity by our projects team, we are getting an increasing acceptance in various private and government projects and this is also leading to an increase in sales through our extensive distribution infrastructure."

Ms Dharna Parmar Khosla, Director, Ultima Switchgears Ltd. said, "Various LV and MV switchgear manufacturers are looking for their market share and diversifying their product range to meet today's demands."

In the last decade, there has been a major push for use of renewable power to meet the growing demands of the country. To cater to the demand of renewable power sector, HPL has introduced PV switchgears range up to 1,500 V DC. Along with that, HPL also provides solar solutions, targeting the customers, contractors, panel manufacturers and government agencies.

COVID-19 impact on the LV and MV switchgear market

COVID-19 will affect the LV and MV market, especially on the projects side, observed Aggarwal. He said, "On the domestic front, 60 percent of switchgear business is coming from projects whereas in the Industrial segment with LV and MV more than 80 percent business are projects based only. Because of COVID 19 pandemic most of the residential, commercial, and industrial projects are currently on hold and this will continue till the markets are not stabilized and revamped."

The major issue is adequate labour force and manpower, but for the domestic segment it is expected to be temporary till the lockdown relaxation take place. Hence the retail player will not be much impacted in this situation, opines Aggarwal. However, he believes that the concern for safety will increase post COVID-19 and it will also reflect in people installing safety devices including switchgear at homes and work places which will lead to demand increase in the medium term.

Seth observed that the effect of COVID-19 pandemic is rising day by day and affecting the supply chain across all sectors of the economy. The manufacturing cycle of many industries including electronics and semiconductor, have been affected very badly, he said.

Today, the major concern for the manufacturing companies is the raw material and transportation. If the transportation is not working appropriately there will be no raw material leading to stoppage in production. In this context, Seth said, "Although, things are improving gradually, but manufacturing companies are still facing the issues. With the closing of several state borders and the recent out flux of labour has put tremendous pressure on the manufacturing sector especially the MSMEs."

Ms Khosla also said, "LV and MV switchgear industry is being impacted drastically as both manufacturing and supply chain operations are being disrupted." She adds, "COVID-19 has majorly impacted payments realisation as the liquidity has been affected for SMEs."

"At ABB, we have a strong business continuity plan in place that helped to start our operations from May 2020 post the lockdown and has now helped our factories to become fully operational to deliver mission critical equipment that may be required in hospitals or other essential industries such as healthcare, pharma, and F&B," Vyas said. "Given the general long-lead project nature of switchgear projects, it is too early to comment on how this has impacted the market."

Challenges & Solutions

According to Ms Khosla, COVID-19 has introduced new challenges that needed to be addressed quickly, including liquidity crunch, worker absence, restricted site access and collaboration, travel limitations, fatigue and new ways of working.

Talking about some of the other challenges being faced by LV and MV switchgear companies, Aggarwal said, "Lack of product awareness is one of the factors affecting the increase in demand of switchgear. In many old houses and in smaller towns and rural areas, the conventional fuses are still used to protect the circuits. A wide awareness campaign is required to bring the awareness about switchgear, earth leak protection, residual current protection etc." He also suggests that the city governance bodies and power supply companies should make switchgears compulsory to protect human life, prevent fire accidents and avoid overloading of power lines.

According to Vyas, some of the challenges include: Perceived liquidity crunch and cash flow; slowing greenfield investments; utility spend expected to be lower; and heavy industries muted from a new investment perspective. However, he points out, "The main challenge that faces us and our customers is that of seamless integration of various digitally-enabled products and solutions such as switchgear, instrumentation and automation while leveraging data for generating preventive and predictive analytics. Going forward, there will be an increased level of harmonization of these technologies and communication protocols."

The industry is also seeing the emergence of new business models such as 'pay as you save'. The switchgear is turning inherently intelligent, allowing customers to have better asset management and go for predictive maintenance, thereby reducing downtime. There will also be a convergence of switchgear devices, integrating intelligence and increased safety features, Vyas anticipates.

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