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Switchgear Market: Challenges and Opportunities

The switchgear market is evolving mainly due to the conscious spending on the part of the millennials, who understand the importance of quality beyond anything. According to CRISIL research, growth in exports of switchgears to continue at a moderate pace as players continue to improve the quality and increase capacity to cater for domestic and global demand. Moreover, improvement in global sentiment is expected to have a positive impact on demand of the switchgears industry as well.

Indian Switchgear Market

In the current industry scenario, switchgear is gaining prominence and acceptance making it an essential component at homes or office spaces. The Indian switchgear market is expanding due to increasing electrification and the initiatives taken by the government. Flagship programmes by the government such as "Power for All", Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme for augmenting power supply to the rural areas and strengthen sub-transmission and distribution systems and UDAY 2.0 – all these initiatives will give impetus to the growth trajectory for companies in power distribution business. According to CRISIL Research Indian switchgear industry to grow at a CAGR of approximately 9% and reach 286 billion in fiscal 2023.

Let's have a look at some of the key growth drivers in the switchgear industry.

Improving Electrification will boost rural demand

The switchgear industry primarily derives its demand from the residential and industrial sector, but electrification in rural areas will be one of the key essential driver of growth. India also managed to electrify all villages. Now, the users in these newly electrified villages would



also be expecting 24x7 power supply. Upgradation and capacity enhancement, especially in the rural areas will be one factor that will surely assist in growth.

Evolving Consumer preferences

The new age users are adopting advanced electronic machines, making the role of dependable and high-performance switchgear more pivotal for the safety of both the user and devices. With latest technological innovations, consumers are upgrading their old switchgears with newer ones by using flame retardant materials and nickel plated terminals. Apart from that installing monitoring system to keep a check on the humidity level is also preferred in certain

cases. Taking such measures benefit old or existing electrical switchgears keep up with the newer ones. The growing focus on future ready and innovative solutions in the electrical industry is rapidly transforming the electrical products and systems required to meet sustainability standards.

Increasing Awareness on Energy Efficiency

Switchgears primarily functions to protect electrical installations and equipment in the residential and commercial places. With the electrical system being intricate, it is essential to have an intelligent switchgear installed at one's residence or office space so that it controls,



masters and regulates the electrical power system improving electrical efficiency and safety. Consumers will be benefited from the same by witnessing reduction in electricity bills.

Modular devices becoming the preference

New construction in the real estate sector to employ an increasing proportion of modular devices, thus leading to customization of the switchgear assembly to suit the requirements of the construction. ICT (information communication technology) based product, utilities ICT based applications to bring about efficiency in distribution. This is one area wherein Indian company can look for growth by re-engineering their product portfolio.

Challenges of Switchgear Industry

Switchgear Industry faced moderate demand from the residential and industrial sector due to slowdown in real estate and industrial capex. CRISIL Research also expects industrial capex to

improve, led by an anticipated capacity expansion, whereas the residential sector is expected to pick up with the government's push for affordable housing. Widening of the transportation network through railways and metro is expected to further aid demand for LV switchgears segment.

Lack of awareness about electrical safety is one of the major hurdles deterring widespread market penetration of the switchgears. According to the National Crime Records Bureau (NCRB) statistics, at least 3,000 people die every year in electric power-related accidents in the country. 'Short circuit' and 'touching live wires' rank as the top two reasons for these accidents and the problem gets aggravated during natural calamities like floods. According to the NRRB, Delhi had the maximum number of short-circuit related fatalities over the last 10 years. The causes are faulty or sub-standard switchgear and electrical wiring.

The Way forward

The switchgear market is evolving mainly due to the conscious spending on the part of the millennials, who understand the importance of quality beyond anything. According to CRISIL research, growth in exports of switchgears to continue at a moderate pace as players continue to improve the quality and increase capacity to cater for domestic and global demand. Moreover, improvement in global sentiment is expected to have a positive impact on demand of the switchgears industry as well.

Robust investment from key enabling sector for switchgear Industry includes from urban Infrastructure, residential, Offices sector will add to growth in demand. Other measures such as investing money in infrastructure will be the catalyst of growth, where smart city projects should include Switchgear as key.