



## EDITORIAL

### The First Quarter Puzzle

The Indian Electrical Industry has generally shown a positive trend in the first quarter of the year 2009-10 as compared to the same period in the previous year. This can also be seen from the financial results of the select companies appearing in this Issue.

However, certain sectors continue to indicate a slowdown in their activities. While discussing the general trend with the industry, a feeling of uncertainty and anxiety could be sensed and from these interactions one could gather that both - those who are doing reasonably well and those who are not - are expressing a concern of a possible slowdown.

“Why is it so?” is the question, which then pops up in our minds.

To see if we can find some answers, let us look from the output as well as input side of the business process. The demand for the products drives the output. Therefore if you look at the demand side, one could easily see two distinct streams. One; a continuing - though at a slower pace - demand for the high voltage, large capacity products such as Power Transformers, HT Breakers etc. The other, also continuing a falling demand for the low voltage products like cables, motors, MCBs etc.

There is also a clear indication from the other side as well. The vendors, who provide the inputs to the industry - both high as well as low voltages - have already started feeling pressure on their order book positions, thereby signaling a possible slowdown in the next quarter.

There is however no doubt that the export dependent industries have suffered considerably even in the first quarter with outputs going down by 20 to 30%.

The poor monsoon has added another dimension to the puzzle. At this stage it is unknown how the rural consumer will behave in the emerging situation of draught. Will he buy or hold back his purchases?

It is therefore difficult to deduce a definite conclusion at this stage. The only option left with us is to wait and watch.

*Sunil More*

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