



SOLAR POWER DEVELOPERS ASSOCIATION
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SPDA/PG/2020/245

December 21, 2020

To,
Shri Indu Shekhar Chaturvedi
Secretary
Ministry of New and Renewable Energy
Government of India.

Subject: Request Government to provide a two-year timeframe from the date of BCD imposition to help the solar sector

Dear Sir,

Greetings from Solar Power Developers Association.

At the outset, we would like to thank the Ministry of New and Renewable Energy (MNRE) for its support to the sector and enabling us to deal with the coronavirus (COVID-19) pandemic effectively. As a result of the Ministry's support, the renewable energy (RE) sector is on a road to steady recovery since the Central Government announced the unlock.

However, the industry is yet to get back to the pre-COVID level as there has been severe disruption to supply chains, manufacturing, labour market, etc. Therefore, all the stakeholders would have to work together over the next few months to revive the sector to ensure that the Government's target of 175 GW RE capacity is achieved by 2022.

During multiple conversations with you and the media reports wherein it has been quoted that the Government of India intends to impose Basic Customs Duty (BCD) on import of solar cells and modules. This move will provide a fillip to the domestic manufacturing industry and discourage imports in the backdrop of large solar capacities being added in the country.

The industry commends the Central Government's vision to strengthen India's manufacturing sector as part of its strategy towards an 'Atmanirbhar' or 'Self-Reliant' India. In the RE sector, we believe that expanding solar cell and module manufacturing in India is a path-breaking initiative and will go a long way in ensuring economic, technological, and sectoral benefits to the country and ensuring energy security for the country.

As you know, domestic capabilities and ecosystems for manufacturing solar cells and modules in the country are still limited. Accordingly, your comments (as published in newspapers) to notify the BCD soon, and apply it starting April 2022 is a welcome move. As is well known, the local solar manufacturing industry would require a gestation period to develop capacities and compete with global quality and efficiency standards. Further, the existing manufacturing capacity is enough to meet the demand under PSU tenders, KUSUM scheme, and other domestic content tenders.



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Given above, and on behalf of our members, we intend to make the following specific asks:

1. Immediate BCD announcement and its implementation after an intervening period of 2 years (January 2023) for the strengthening of the manufacturing ecosystem

India has a huge capacity addition program in line with the Prime Minister's global commitments at several forums. Additionally, RE is one sector where there has been significant investor interest even during the COVID period. Therefore, we mustn't lose out on this momentum and keep the growth engine running because investors only seek certainty and clarity on the Government's policy decisions.

Request:

In this regard, our members would like to request your good office:

- To provide a two-year timeframe from the date of BCD imposition (January 2023) to help local manufacturing set up the required capacity and R&D facilities to enable full-scale domestic operations.
- Additionally, the Government should also clarify that ALMM, which seeks to improve India's quality of solar infrastructure, may also be made applicable from such date alongside BCD's implementation. The implementation of ALMM should also be subject to the finalisation of the ALMM procedure and guidelines six months in advance from such date.

Such a two-year timeframe would also help create an ecosystem wherein the solar developers will also be prepared to procure domestically, thereby slowly reducing their dependence on imported cells and modules.

2. BCD quantum to be announced upfront alongside a clear roadmap

We also recommend that the Central Government formally notify the applicable BCD at a rate of 25-40% and notify the implementation of BCD. In addition to this, we also request the Government to provide a definitive roadmap for BCD till at least 2030. The roadmap's longevity will be crucial to provide the much-needed stability to local manufacturers in creating a robust and self-reliant solar cell, and modules manufacturing ecosystem in India and make India a global hub for solar module manufacturing.

Request:

- We also request that the BCD trajectory for the rest of the solar manufacturing ecosystem (wafers, ingots, polysilicon, and balance of system) should also be announced parallel to BCD notification for cells and modules. This would help the investors take an informed view of the value chain investments over the next few years.

We hope you will consider our request favorably and be happy to provide any additional information that may be required in this regard.



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Thanking you.

Yours sincerely

Praveen Golash

Joint Secretary- SPDA

CC:

- To,**
Shri Amitesh Kumar Sinha,
Joint Secretary,
Ministry of New and Renewable Energy
CGO Complex, New Delhi