

SOLAR POWER DEVELOPERS ASSOCIATION

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SPDA/PG/2021/301

April 09, 2021

**To,
Shri A K Bhalla
Secretary
Ministry of Home Affairs
Govt. of India
New Delhi**

Subject: Request for a blanket extension of additional 3 month in SCoD of Solar Power Projects in addition to 5 months granted as on MNRE OM issued on 13.08.2020.

Dear Sir,

Greetings from Solar Power Developers Association.

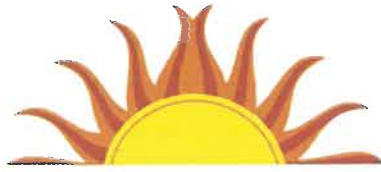
On behalf of the industry, SPDA will like to commend series of steps taken by Govt. of India and Ministry of Home Affairs to combat the challenges posed by the COVID-19 outbreak. Besides, interventions made by Govt. to resurrect the economy are indeed worth commending. We, through this letter, wish to highlight the continued challenges that Solar Power Industry is facing for the last year, which have become even more acute with time.

Govt. had taken the problems into cognizance and provided relief in blanket extension for five months through an O.M. dated 13th August 2020. March, The extension given with the assumption that in the proposed period, there will be normalization in equipment supply, logistics, labour supply, the functioning of Government offices, etc.

The second wave of the COVID-19 pandemic has been advancing swiftly, with a big spike registered across Maharashtra, Karnataka, Tamil Nadu, Madhya Pradesh, Uttar Pradesh, Punjab, Rajasthan, etc. To arrest the virus's spread, various State Government and local administration have announced vaccination drive and local restrictions affecting the movement of personnel, labour, and delay on multiple approvals from State authorities, etc.

1. **Labour Availability:** In the aftermath of COVID-19, we witnessed the large-scale movement of migrant workers back to their villages. As per an article by Indian Express, around 200 million labour were broadly affected by the lockdown disruption. Renewable projects need a massive workforce during the construction stage and employ about 1000-1200 in a typical project with 100 MW capacity. Due to migration, projects remained stranded for a substantial period as it took more time for workers than anticipated.

A lot of workers did return, and work started in full swing. However, with Wave-II of the outbreak, there is a panic among the workers, and a bulk of them are returning to their villages again, which has also been covered in media. We are



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witnessing scarcity of work force at sites again, which will again put the project construction to hold.

2. **Impediment in project construction:** Many solar projects are coming up in the states of Rajasthan and Gujarat. Due to the peak summer season, project construction activities are generally carried out in the late afternoon and end in the evening. Some firms are also night shifts to catch up with the project schedule. However, due to the Second Wave of COVID-19, the District administration at many places imposed night curfew. Since projects are located at locations far-off from the workers' dwelling places, project activities have to close by 5 pm. It is again hampering the speed of construction. There is a general apprehension that if the situation continues like this, there can be significant delay in commissioning the projects.
3. **Issues in Land Acquisition and Other approvals:** Land acquisition is a long-drawn process that starts with identifying land parcels, negotiations with land owners followed by the signing of sales agreement, sale deed registry, and finally mutation. The process and procedures vary with state, and on average, it takes taking 9-12 months. The registry and mutation of land are done at Govt. offices. Besides, there are approvals related to connectivity, equipment usage that also requires the functioning of Govt. offices.

We are witnessing frequent closure of offices due to COVID-19 infection to one or the other official. The closure generally lasts for 5-7 days, impacting several processes and has a cascading impact. Large projects require registries of 700-800 plots of land with multiple owners. On many occasions, landowners also refuse to visit offices, citing the COVID-19 issue aggravating things further. It gets translated into project delays in activities varying from the finalization of engineering drawings, placement of the order for equipment, etc.

4. **Delays in supply of equipment:** The manufacturing units for MMS structure, inverters, transformers are still facing a massive order backlog due to disruption in the supply chain and local restrictions. Further, ramp-up has been relatively slower as supply chains for raw materials, semi-finished products, logistics, etc., takes time for a revival. Besides, most MSME units that are primary suppliers to Solar P.V. projects had working capital issues that got resolved only after a period. The manufacturing units for supplying Balance of System (BoS) materials also witness disruption due to COVID-19 cases within premises as factories continue to work on shifts with partial strength, causing a delay in scheduled deliveries.
5. **Increase in Input costs:** The raw materials and solar modules are facing a rise in price trends, which has led to renegeing contracts with Solar P.V. manufacturers both internationally and domestically. The developers usually bid tariffs and stipulate timelines at the time of bidding, catering to few



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5. **Increase in Input costs:** The raw materials and solar modules are facing a rise in price trends, which has led to renegotiating contracts with Solar P.V. manufacturers both internationally and domestically. The developers usually bid tariffs and stipulate timelines at the time of bidding, catering to few assumptions. Still, a scenario like a pandemic has caused uncertainty in the market and eroding our thin margins.

Request:

The Project execution is increasingly becoming very difficult due to the issues mentioned above. While developers are developing alternate approaches like reconfiguring project design, tackling delays in land acquisition, equipment supply, etc. Without Government support, many of them may not last for long. Developers must be given sufficient time to devise alternative methods for project execution and tide over an uncertain macroeconomic environment. These are extraordinary times, and a matching response is the need of the hour.

The Ministry of Home Affairs directly manages the situation and has a greater appreciation of the problem's gravity. Hence, we request you to advise the Ministry of New and Renewable Energy and Ministry of Finance to consider an additional time extension of 3 month on the Scheduled Commissioning Date over and above the 3-month extension already provided.

We look forward to your kind support in the matter.

Thanking you.

Yours Sincerely

Praveen Golash
Joint Secretary - SPDA