



SOLAR POWER DEVELOPERS ASSOCIATION

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To,

Shri Indu Shekhar Chaturvedi

Secretary

Ministry of New and Renewable Energy

Government of India.

Subject: Impact of increase in the price of metal and alloys on Solar Power Industry.

Dear Sir,

Greetings from Solar Power Developers Association.

SPDA appreciates and commends your leadership in driving India's renewable energy program. Despite the challenges posed by COVID-19, the impact on renewable energy remained limited, largely due to Government's proactive efforts. The industry has complete confidence in resolving the challenges and bottlenecks for timely achievement of capacity addition targets for renewable energy.

Through this letter, we wish to bring to your kind attention to the abrupt increase in prices of metals and alloys that are used in Solar PV plants, which have put tremendous cost pressures on under execution projects. There has been an unforeseen increase in prices of steel and non-ferrous, which can be seen from the graphs provided below:

S.No.	Period	Steel Price for MMS (Rs. /Kg)		Non-Ferrous Metal Price (Rs. /Ton)		
		HRC (350 Grade)	Coated Steel (Galvalume) 550 grade	Copper	Aluminum	Zinc
1	Jan' 20	43	52	5940	1793	2441
2	Jan' 21	60	76	8146	2029	2789
	% Increase	40%	46%	37%	13%	14%

The steel prices for HRC and Galvalume steel (used in MMS structures) have increased by 34% - 37% since 2020. Similarly, non-ferrous metals such as Copper,



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Aluminum, and Zinc are required in transformers, fencing, gate, earthing strips, switch yard, Transmission Lines, etc. risen by 13-37%.

The increase in steel prices has been attributed to the rise in the cost of iron ore and coking coal used to manufacture steel due to the ongoing trade war between China and Australia in the international market. Consequently, Indian steel producers have increased the prices as per the global market. Due to increased price realisation internationally, domestic consumers of steel find it challenging to get the necessary material for their projects.

This is particularly concerning as Government of India has offered various structural benefits to Indian steel producers in the form of allocation of iron ore mines, protection from imports of steel through tariff barriers, and other concessions that have been offered by State Governments under their industrial policies. Instead of prioritizing the nation's needs, steel producers are resorting to profiteering and taking advantage of the situation. Shri Nitin Gadkari, Hon'ble Minister for Road Transport and Highways has also acknowledged the alarming increase in prices where he expressed his concerns on rising steel and cement prices and pointed to cartelization by more prominent players in the respective industries.

The solar industry is already bearing the delayed deliveries during COVID-induced slowdown and the sudden rise in the price of raw materials on top of it has led to financial hardship. It is severely impacting the viability of the projects, and hence, there is an urgent need to control the prices of steel and other non-ferrous materials through appropriate intervention.

Request:

We urge the Government to take the necessary steps at the earliest in this regard. As an immediate intervention, the Centre may direct the firms to prioritize supply to domestic end-users over exports. This can be done through a temporary ceiling on steel exports, which can help meet the steel's quantity required by domestic consumers.

We look forward to your kind support in the matter.

Thanking you.

Yours Sincerely,

Praveen Golash

Joint Secretary- SPDA