

## FINDING OUR OWN SPACE UNDER THE SUN

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### THE HINDU BUSINESS LINE

# Finding our own space under the sun

Indigenisation has worked well in the case of the auto sector. It makes eminent sense in the case of solar power as well

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The 1980s was a turning point in the Indian auto space with the entry of the Maruti 800, which fulfilled the promise of modern family transport. Things became more promising in the 1990s with a plethora of global car brands setting shop in India and the Indian players, Tata Motors and Mahindra, rising to the occasion. Today, India is one of the key players in the global auto industry, not only as a market, but also as a manufacturing hub.

India's auto sector produced over 20 million vehicles last year and contributed more than 7 per cent of the national GDP. The auto sector is expected to employ 15 million people by 2022 and according to one estimate the current total employability is almost 20 million people, when one considers the ancillary aftermarket and allied sectors.

How did India achieve all this in less than 30 years? One word – localisation. The government's impetus to the sector in the initial stages through tax incentives, land acquisition and building of favourable environment paid significant dividends.

India, at that point of time, became one of the only countries that produced their own passenger car. Today, the auto sector is a major contributor to nation's growth. It has also helped local players compete with global giants and, in fact, themselves become global players.

**Aiming long-term**  
Imagine if India at that point of time had decided to import fully assembled cars, like several countries still do, instead of building them here because they would have been easier, faster and cheaper to acquire that way? In retrospect, such a decision would seem a very shortsighted one with long-term repercussions.

But that is exactly what we are

doing across several sectors today. Despite having the manufacturing base in the country, the list of finished products imported instead of made locally is very large. The solar sector is one such glaring example where the focus is to import cheaper products than to support and grow local manufacturing.

The argument for doing that is the need to produce solar energy at the lowest possible cost. Thus the panel becomes the raw material for the renewable energy industry and thus importing becomes attractive.

What the entire pro-import argument misses is the long term potential of solar industry to replicate similar growth and economic impact of the auto industry. Similar to the auto industry, the Indian solar sector can witness the exponential evolution on a scale parallel to the automobile industry growth post 1995.

**Case for going local**  
Some key arguments for indigenisation are:

**Solar is strategic:** India is grossly energy deficient. We import close to 80 per cent of our fossil fuel and 20 per cent of our total coal requirement. This is going to increase as our energy needs grow. This not only will put significant stress on India's exchequer but also make us more dependent on energy surplus nations.

**Solar is a plausible ticket to energy independence** and there is strategic merit in ensuring we are self-sufficient in solar energy. Integrated backward and forward.

**Solar is universal:** It is the only form of energy that can be consumed where it is produced. It is also the only renewable energy that is extremely scalable.

It thus has the capacity to take power to people and places that are currently deprived of it. It can also be a great agent of social equality.

**Solar is futuristic:** The world as we know is changing and the



Sunny side up India can be among the top generators of solar energy in the near future.

rules set in the 20th century will not hold in the 21st. In that sense, the argument that India is where the western world was in 1960s doesn't hold any water. As the world wakes to its new reality, resources like clean energy, water and air will increasingly become as important as, if not more, pure economic growth.

**Solar is big:** According to various estimates, India's solar energy potential using only barren land is upwards of 2000 GW. That is more than the total energy produced by the US and China combined.

Mapping it to the current total energy production of almost 230 GW, it gives an indication of the true potential of the solar energy.

**Solar is growth:** Apart from the social, commercial, fiscal and environmental benefits, solar is also good for the economy and development.

The estimated potential of solar energy in the next few years, with the expected installed capacity of 100 GW, will be more than 1 million jobs. Not to mention the scope of tapping into the immense potential to export the

panels and build solar plants globally.

Post 2020, there were constructive and focused policy changes with an aim to nurture and grow the Indian auto industry. The Core Group on Automotive Research & Development (CAR) established in 2003 aimed to identify key areas for research and development (R&D) in India.

If the government pays similar attention to solar by streamlining import costs, promoting quality exports and incentivising industry to build strong R&D capabilities, the solar sector can also work towards setting up an established market in the country.

**Shifting gear**

The auto sector in India witnessed a drastic jump with a three-fold increase in the total production of automobiles in just a decade to reach 23.3 million units in 2015, largely owing to the increase in production capacity in the country. In fact, the Indian auto sector is expected to be the third largest automobile market in 2016.

If the current target for solar en-

ergy by the government is completed as planned, the solar energy industry could witness an even bigger boom than auto, from a meagre 161 MW in 2012 to 100GW in 2020.

In fact, purely by the existing potential, the Indian solar sector can ramp up to be amongst the top generators of solar energy in the near future, thus become a significant part of the national GDP.

We need to stop seeing solar from a micro and short term point of view of what it can do today and consider its true potential. Limiting this inexhaustible energy source's potential and defining its boundaries by today's technology will be an unimaginable injustice to our country's capacity.

Solar can not only repeat an auto, but can far surpass it, but not without some timely and focused support from the ecosystem, like the auto industry received two decades ago.

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