

UNION BUDGET: REVIEW TAXES, DUTIES FOR INDIAN SOLAR MANUFACTURERS, SAYS AJAY GOEL

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## Union Budget: Review taxes, duties for Indian solar manufacturers, says Ajay Goel

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Ajay Goel, CEO, Tata Power Solar

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The government has a plethora of visionary policies for the **Indian solar industry** that either need to see the light of day in terms of timely execution or lack streamlined funding for existing programmes. Our expectations are high, given the current government's focus towards renewable energy. While the list is fairly long, the following three areas need immediate attention:

1. **Streamline funding of MNRE [Ministry of New and Renewable Energy] programmes:** While there is an attractive subsidy available on paper, slow and haphazard disbursement of these funds severely impacts the cash flow of installers and manufacturers. In many instances, these funds have not been disbursed for more than a year. Unless funds are made available on time and in a structured way, demand will not rejuvenate and the market will continue to either be stagnant or even compress. Manufacturers and installers need the confidence that they will recover their cost, for them to commit to more in the future.

2. **Uniformity in taxes and duties:** There is an urgent need to review taxes and duties to encourage a more level-playing field for Indian solar manufacturers. Indian solar modules, manufacturing of which attracts significantly high levels of taxes and duties, have to compete with highly subsidised imported modules. Further, while there is zero duty on imported modules, imported raw material and components needed to manufacture these modules attract duties. This is a gross inconsistency in taxation and duty structure and needs immediate addressing. Removal and streamlining of these taxes and duties will not only boost domestic manufacturing but will also help in reducing the cost of solar power.

3. **Financing support: Solar energy** has the potential to alleviate the pressure on foreign exchange by acting as a hedge against coal, oil and gas imports. But for the industry to grow to its true potential, it needs strong financing support, which is completely missing. Availability of good and competitive financing support will alleviate the impact of high initial capital investment. If solar has to grow to its true potential, there is an urgent need for institutions to make it a priority sector for lending.

*Ajay Goel is CEO, Tata Power Solar.*