

INDIA SHOULD EXEMPT SOLAR DUTIES ON EXISTING PLANTS: TATA

JULY 7, 2014

[BLOOMBERG BUSINESS WEEK](#)

## Bloomberg Businessweek

### News From Bloomberg

SUBSCR

Global  
Economics

Companies &  
Industries

Politics & Policy

Technology

Markets &  
Finance

Innovation &  
Design

Lifestyle

# India Should Exempt Solar Duties on Existing Plants: Tata

By Natalie Obiko Pearson | July 07, 2014



SEND TO kindle

India should refrain from slapping retroactive duties on solar power plants already under construction to avoid disrupting investment into the industry, a unit of the nation's biggest industrial group said.

The government needs to impose the tariffs it is planning in a way "that existing projects don't get affected," said Ajay Goel, chief executive officer at Tata Power Solar Systems Ltd, which makes photovoltaic panels for project developers including another unit of Tata. The commerce ministry, which recommended duties in May, hasn't said whether they should be levied on projects signed before the decision.

India's proposed levies are part of a broader protectionist trend sweeping across the U.S., Europe, and Australia, mainly targeting Chinese companies after a global supply glut pushed panel prices down by about half. Local developers are protesting the levies, saying the fee would stall three-quarters of existing projects in India.

Companies developing projects say the levy would threaten Prime Minister Narendra Modi's ambition to spread solar energy to every home in India, which is part of his effort to reduce blackouts and provide power to the poor.

A way to avoid chilling investment and to still support a local manufacturing industry would be to hit only future projects with the levy and to provide a clear timeline for the measures to take force, Goel said.

The commerce ministry recommended duties of 11 cents to 81 cents a watt. Developers led by Welspun Energy Ltd. say that would double the cost of solar power.

**VIDEO: [India Expected to Cut Gold Import Duties](#)**

Goel rejected those projections, saying duties would boost panel prices by about 20 percent. That increase, spread out across the two-decade lifetime of the average photovoltaic plant, would mean the cost of solar power would rise to about 8 rupees (13 cents) to 9 rupees a kilowatt-hour, he said.

Bids in a February national auction of solar licenses priced electricity from imported solar equipment at an average of 6.5 rupees a kilowatt-hour.

Bids in a February national auction of solar licenses priced electricity from imported solar equipment at an average of 6.5 rupees a kilowatt-hour.

The Ministry of Finance has until Aug. 22 to implement the duties.

**STORY: [Why Elon Musk Is Doubling Down on Solar Power](#)**

To contact the reporter on this story: Natalie Obiko Pearson in New Delhi at [npearson7@bloomberg.net](mailto:npearson7@bloomberg.net)

To contact the editors responsible for this story: Reed Landberg at [landberg@bloomberg.net](mailto:landberg@bloomberg.net) Abhay Singh