

DEBATE ON ANTI-DUMPING DUTY ON SOLAR POWER EQUIPMENT HEATS UP

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'India is not ready for this duty due to lack of manufacturing capacity

NEW DELHI, JULY 7: The debate on anti-dumping duty on solar power equipment from specified companies in China, Taiwan, the US and Malaysia is heating up as allegations and counter allegations by domestic and foreign manufacturers of solar panels play out in public.

The Minister of State (Independent Charge) for Power, Coal and New and Renewable Energy Piyush Goyal has stated that India is not ready for this duty due to the lack of manufacturing capacity. However, as determination of anti-dumping duty is done through standard guidelines put forth by the WTO, the recommendations of the Ministry of New and Renewable Energy may not influence the final decision taken by the Ministry of Finance.

Manufacturing capacity

Meanwhile, local manufacturers are already working to ramp up manufacturing capacity by 300 MW following the announcement of anti-dumping duty recommendations by the Ministry of Commerce, according to Indian Solar Manufacturers Association (ISMA).

The association, which represents 25 domestic manufacturers including Tata Solar Power Systems, Moser Baer and others, also said that only 975 MW of solar power projects are pending which could easily be served by domestic manufacturers.

The Directorate General of Anti-Dumping of the Ministry of Commerce has already recommended anti-dumping duties ranging from 11 cents (₹6) to 81 cents (₹47) per watt of the module capacity.

Slight increase

According to the ISMA, such a duty will not significantly impact the price of non-subsidised solar power.

“Even after the anti-dumping duty, price of non-subsidised solar power is likely to increase by only 6-8 per cent from the current ₹7.5 to 8.5 per kilowatt hour (unit),” said a spokesperson for the ISMA. However, others say the increase could be in the range of at least ₹1 per unit, if an anti-dumping duty is levied.

“Going purely by the costs at present, imported solar modules cost 58 to 60 cents per watt while Indian manufactured modules cost 70-72 cents per watt. This would translate into a cost increase of ₹1 per unit in the cost of solar power,” Sujoy Ghosh, Country Head, First Solar told *Business Line*. ISMA also verified that their cost of solar modules is around 70 cents per watt but claimed that their costs are competitive in markets such as Japan and the European Union.

Job creation

The Association also claims that anti-dumping duties would see the creation of five lakh jobs as Indian manufacturers expand their capacity from the current 700-800 MW annually.

However, First Solar said that more jobs would be created through development of solar projects rather than manufacturing.

Ghosh added that manufacturing of solar panels is extremely power intensive and without further Government incentives, it is unlikely that foreign manufacturers will set up capacities in India. “Even for us it’s a matter of when is the right time to set up manufacturing in India. When the market reaches about 3,000 MW that would be an ideal time to set up capacities here,” said Ghosh.

Under India’s current solar energy programme launched in 2010, the Government plans to ramp up solar power capacity to 20,000 MW by 2022. As on March 31, 2014 the country’s grid connected solar power capacity was 2,632 MW.