

'ANTI-DUMPING DUTY ON SOLAR GEAR WON'T LEAD TO SHARP PRICE HIKE'
JULY 6, 2014
THE HINDU BUSINESS LINE

'Anti-dumping duty on solar gear won't lead to sharp price hike'

It will give Indian firms some breathing time, says Tata Power Solar CEO Ajay Goel

M RAMESH
 Chennai, July 6

Tata Power Solar is present on both sides of the solar berm. It is a manufacturer with a capacity to produce 200 MW of modules and 180 MW of cells. It uses modules when it builds solar plants for other companies — it recently completed a 50 MW plant for NTPC. CEO Ajay Goel, therefore, has a holistic view of the industry.

In an interview with *Business Line*, Ajay bats for anti-dumping duties (ADD) on solar cells and modules imported from certain countries. (The Directorate General of Anti-dumping has recently recommended ADD, which will come into force once the Ministry of Finance notifies it.) Edited excerpts:

When you have enough business in terms of projects reservation with

'domestic content requirement' and overseas markets, what is your case for ADD?

Domestic content requirement (DCR) is a stop-gap arrangement which will only keep demand for domestic solar supplies afloat in the short term.

Again, there is no guarantee that DCR will continue to exist as it's not WTO-compliant. Also, exports form a small portion of the total existing capacity. Therefore, these two business opportunities do not provide enough demand for the survival of the solar manufacturing industry.

It is counterproductive to allow Indian manufacturing capacity to be idle while importing these subsidised/dumped modules. The prices of dumped modules are lower than the cost of manufac-

ture of domestic companies. As a result, the entire domestic solar manufacturing industry is on the verge of shutting down.

We are not asking for protectionist measures but a fair and level-playing field for Indian manufacturers.

If ADD is brought in at the rates recommended by the DGAD, module prices will stabilise at a level close to 10-20 per cent higher than the current prices offered by Chinese suppliers. Also, considering that module prices constitute nearly half of total project cost, the net impact of ADD on total project cost as well as solar tariff will be 5-10 per cent. While this is not a substantial increase, it is enough to give the manufacturing sector a much needed breather.

Developers feel ADD helps no one because it will shrink the market... The objective is

not to gain at the cost of developers, who are our customers. Manufacturers, too, will lose if the market shrinks. If there is any impact on the market, it will be only for the short term. In the medium to long

term, it will not only expand the market due to increased investment to meet the demand, but also drive reduction of costs due to increased economies of scale.

It's interesting to highlight that the US solar market didn't shrink after imposition of ADD; rather it expanded at a significant rate, bringing the nation to the third position globally in annual solar capacity addition.

You say all the manufacturers ask for is a little breathing time. But given that no

"If there is any impact on the market, it will be only for the short term."

AJAY GOEL
 Tata Power Solar CEO

manufacturer in India is fully integrated — in fact, not even half in the value chain — will you ever become competitive?

With crystalline silicon technology expected to reach a plateau in the foreseeable future, the industry is looking for alternative newer technology to get to the next level of cost reductions and efficiencies. There are a number of new technologies such as flexible CIGS that can potentially bring the needed change in the market, but it needs considerable investments to take them from the testing phase to commercial application.

But for the industry to do that, it needs a significant window into the future from a policy point of view.

This, unfortunately, is lacking in India.



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