

CHINA WAY AHEAD OF INDIA IN RENEWABLE ENERGY SPACE


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Shuchi Srivastava, ET Bureau Jun 9, 2014, 04:35AM IST

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MUMBAI: Manufacturing and infrastructure aren't the only areas where China has beaten India hollow by establishing world-class capacities. The communist nation, the world's largest polluter, has stolen a march on India in the renewable energy space too, investing a cool \$56 billion in the sector over the past few years, making India's \$6 billion look paltry.



Representatives of the [Narendra Modi government](#) and industry experts say the country must consider China's model of penalising old coal-based plants, having an economically viable long-term policy and giving huge monetary incentives for both generation and manufacturing while drafting the new renewable energy policy.

Industry leaders also say that like China, India must strictly enforce the obligation on distribution companies to purchase power produced from renewable sources and penalise those who fail to meet their targets.

"China does have an edge over us in the entire renewable energy space but they also have a first-mover advantage," said Narendra Taneja, national convenor of the energy cell at the ruling [Bharatiya Janata Party](#). "We in the BJP strongly believe that renewable energy will play a pivotal role in bringing power to every household in the country, especially solar. We will be looking at the Chinese model closely when devising our renewable energy policy," he said.

Last year, when China invested more in renewable energy than the whole of Europe, India's investment declined 15 per cent. Sector experts say these investment figures are quite significant, especially as China and India top the list of the world's largest energy importing nations after the US.

Both countries have the most voracious appetite for highly polluting non-renewable fossil fuels like oil, coal and gas, necessitating an urgent adoption of renewable energy sources, especially as about 40 crore people in India lack access to electricity.

Most of India's power production is coal-based and the country is the third largest importer of this highly polluting dry fuel, despite sitting on the world's fifth largest coal reserves of 200 billion metric tonnes.

"China has beaten India totally in the renewable energy arena as it did not look at investments in this sector as a means to only attain energy security but also saw it as a growth trigger for reviving its overall economy and bringing about sustainable industrialisation. So it made sure that a majority of these projects was government-funded and also made cheap capital available for them," said Amit Kumar, director, energy-environment, at the Energy and Resource Institute (TERI).

"So unlike India, which only focuses on subsidising the power generation side of things, China did a lot to incentivise technology and [product](#) innovation in the sector which can be easily done here given our skills and availability of cheap labour," he added.

"After learning the hard way and experiencing high levels of toxic pollution, China has finally got its act together and has clamped down hard on high-polluting sites like sub-critical coal-based thermal power plants by denying them licences and also phasing out old power plants. China has also incentivised large solar and wind power capacities by rewarding local manufacturing and providing cheap capital, basically creating a sustainable environment," said Vineet Mittal, chief executive of Welspun Energy.

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According to Pew Charitable trust, an American environment think tank, China's clean-energy sector is reorienting from an exclusive focus on exports towards greater domestic consumption, as evidenced by its dramatic growth in solar power capacity in recent years.

China's solar deployment increased almost fourfold in 2013 to 12.1 GW, or 12,100 MW, besting its record of 3.2 GW in 2012, it said in a recent report. "In addition, for the fifth year in a row, China deployed more than 10 GW of wind power. In total, China installed more than 35 GW of clean generating capacity in 2013, a record. In terms of investment, China led in the wind category with \$28 billion and was second in the solar sector with \$22.6 billion," the report said.

India, on the other hand, has a total gridconnected solar capacity of 2,632 MW as on March 31, 2014 which has been commissioned under the national solar mission. Of the total, slightly more than a third was commissioned in Gujarat.

In wind energy, India has a total installed capacity of 19,662 MW. "It's obvious that we are years behind China in both solar and wind and the government must understand that for developers like us, what is critical is a longterm vision where projects need to be announced and planned for a longer investment cycle so that we can give our investors a clearer picture.

Also apart from viability gap funding, specific longterm cheap capital has to be made available for renewable projects," said Sumant Sinha, chairman and chief executive of Renew Power Ventures. Ajay Goel, CEO of Tata Power Solar, has sought strict enforcement of procedures.