TATA SOLAR TO SCALE UP PRODUCTION
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Indian solar manufacturers have been devastated by the severe price erosion in the price of solar cells in the last 3-4 years.

The country has more than 1 GW of solar cell capacity but was hardly producing anything, as imported solar(NYSEARCA:TAN) cells cost much less compared to the domestically produced solar modules. The Indian solar industry earlier used to make decent sales by exporting to **Europe**, where a massive boom in solar installation in Germany and Italy created opportunities for all players. But the huge increase in capacity by China not only depressed prices, but also pushed out the Indian players. In fact, the Chinese captured the Indian market as well as their prices were much lower. Most Indian manufacturers such as*Moser Baer, Tata Solar, Indosolar* etc. either shut shop or operated at very low capacity utilization.

Now the Indian government has recommended that high duties be imposed on solar cell imports from **USA, Taiwan, China** and **Malaysia**. The duties range from *11c/watt to 81c/watt,* which would more than double the cost of the solar cells for developers. This will make a lot of solar projects bid for as low as $1 million per MW non-viable. The Indian solar developers are mostly using imported solar components as Indian manufacturers sell at higher prices. The domestic content requirement is also not applicable to state procurement of solar projects.

Tata Solar which is a subsidiary of Tata Power is looking to **expand its Bangalore capacity from 125 MW to 200 MW** to take advantage of these **anti-dumping duties**. Tata Solar used to be a JV with BP and was established 10 years ago. However, BP decided to exit the solar energy business some years ago, with the Tatas buying BP's stake.

Tata Solar can take advantage of its parent's solar project development, as well as demand from other customers in the solar development sector. Moser Baer which was the other major producer has shut down its thin film solar plant and is now mostly concentrating on the solar project development business. It remains to be seen whether the Indian government will go ahead with the duties, as it will hurt the industry. India remains massively deficient in energy(NYSEARCA:XLE) and **solar energy** is its only way of scaling up supply. A more long term solution to build up India's industry is the only answer to this issue. The anti-dumping duty may not be a good way to build up the domestic manufacturing industry.