

GREEN AHEAD
INSIDE VIEW

"China will essentially become the Saudi Arabia for solar in India and we will be continuously dependent on it"

In a freewheeling interview with PWI, Mr Ajay K Goel, Chief Executive Officer, Tata Power Solar Systems Limited, speaks about the alarming rise of module imports in India and how this is severely denting the domestic manufacturing industry. He reflects on the potential of Concentrated Solar Power (CSP) in India, and the challenges in the way of implementing the technology...

What is the agenda for today's platform? I had a brief discussion with the representatives of ISMA; they were talking about intensifying domestic manufacturing; the message was 'let us not create India as a dumping ground for solar products'. This is one side of the picture. What is the middle ground?

The agenda for today's meeting is to highlight the fact that the way we are financially implementing our policy to support the solar industry, is essentially driving the manufacturers out of business. So, we are leading into a policy regime in which most of our solar modules will be imported most likely from China, which essentially will become our mainstay. China will essentially become the Saudi Arabia for solar in India and we will be continuously dependent on it, rather than using solar to become energy independent. What we are trying to do in today's conference is to show little bit of the global market and what has happened within the Indian industry over the last two to three years. In addition, it will also focus on the drop in the capacity utilizations, and how the demand of imports have increased. Another focus of the conference is to highlight a couple of remedies that the Indian government knows very well about, but is not really implementing with the due haste and seriousness.

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But wouldn't you suppose that this sort of intervention that you are now talking about comes a little too late given the fact that the first phase of the Jawaharlal Nehru National Solar Mission (JNNSM) projects are already announced now and most of them are already under implementation?

No, it doesn't and I will tell you why. JNNSM has two batches phase 1 and phase 2. Phase 1 supported domestic manufacturing in a gradual way. All companies invested in manufacturing. Manufacturers require more capital infusions. In anticipation of growing demand, we invested and so did others, assuming government support.

The focus of manufacturing seems to be on solar PV. Is there no future for solar CSP in India?

In my opinion, concentrated solar power (CSP) has a long way to go before it becomes the right technology for India. It has nothing to do with technology, it depends on the quality of sunlight in India. CSP requires high solar incidence and direct sunlight. It needs clear sunlight, with no dispersion, no haze. If you walk around anywhere in the country, except in a small belt of Rajasthan, you will not get that quality of sunlight. I was working with one of the largest CSP companies in the USA, and we set up manufacturing facility in the Mojave Desert. US is the one place on earth where we have best solar insolation, the best policy support, the biggest demand yet CSP is not working there. For India, it will require a completely out of the box thinking, which I haven't seen yet. On the other hand, with PV, given that costs have dropped so much, CSP is not an solution. For large grid-connected projects, we need to have enough

transmission capacity and enough demand. Setting up a grid around CSP would involve a struggle because of prohibitive costs.

Talking about domestic manufacturing, you said that in Phase 1, the Government of India articulated incentives for the domestic manufacturing. A lot of promises were heard in the beginning of JNNISM, about solar manufacturing hubs being set up. But we have not heard about much progress made on that front. Do you foresee slightly more positive indicators coming in the second phase of JNNISM?

I doubt it and the reason is that I don't see a whole lot of support for manufacturers. Right now, the topic in everybody's mind is survival. So, setting up an export-oriented zone in India may not be the right answer. Other policies were created, where a threshold of Rs 1,000 crore was given and now they have brought it down to 100. The problem is not with capital incentives. They need to give something to create domestic demand. So, the demand side has to be managed. Other countries have done a much better job of managing the demand side.

Does MNRE suppose that the capacity with Indian manufacturers is not geared up enough to supply the necessary modules?

What the MNRE is doing and why are they doing, I cannot comment on. The domestic industry has a 1,000 MW manufacturing capability, whereas total mapped demand now is 750 MW. Even if 100 per cent was given to domestic manufacturers, it would not be more than capacity. With faster module assembly lines, we can take it to 2GW. It all depends on how we are doing the job of comparison. We are very competitive on cost, but we are not competitive on pricing. When it comes to pricing, I don't think we can stand against the Chinese, because they know their government is not going to let them go bankrupt. Hence, they are not going to default on loans, as they are going to get cheap electricity.

You represent one of the largest solar equipment manufacturers in the country. How do you believe this particular issue with the massive import of Chinese equipment in the PV sector today, has impacted your bottom lines? Are there issues with your equipment supply chains?

Are you facing the over-capacity under-utilization situation?

My answer is 'yes' to all of the above. Our cell capacity is over 180 MW and modules about 125 MW. As of now, all of our cell capacity is largely sitting idle. We have currently close to



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500 people employed in a situation like that. The modules lines are running below 20 per cent utilization. So, of course, we are facing that issue. In an underutilization scenario, you also lose your credibility to suppliers.

Would you be able to share some of the financial details in terms of how this impact could be translated in terms of numbers?

We don't normally share our financial details, which are a part of the Tata Power Group. All the financial details are actually rolled out through them. I could say that the number we spend each month just keeping our lines idle, is in double digits, in crores. So, it's a mind boggling number that we essentially spend on keeping our lines idle, waiting for an order.