

Budget 2020: Expectations in the solar energy, EV sector



The union budget for FY 2020 is scheduled for February 1, 2020. Here are the expectations from renewable energy sector.

“With the government likely to set the ball rolling for its ambitious ₹2.86-trillion scheme for power distribution reforms on the Budget day, we expect a higher budgetary allocation for the T&D segment and a slew of policy measures to expedite the upgrade of both inter-state and intra-state transmission network for the evacuation of renewables.

The government should give impetus to renewables by exempting solar and wind energy equipment and installations from GST. It should announce financing schemes for the renewable energy segment at concessional rates of interest. Concessional credit through green bonds can go a long way in boosting solar capacities and developing green transmission grids.

So as to make the cost of renewable energy more competitive, the government should offer exemptions from cross-subsidies and transmission charges. Proceeds from the clean energy cess should be used to promote electricity generation, particularly renewable energy.

We also expect the government to tap the immense potential of rooftop solar by creating a more conducive environment for investments through an enabling regulatory framework, a single-window system for procedural approvals and favourable net metering regulations,” says **Hartek Singh, Chairman and Managing Director, Hartek Group.**

“The 2020 Union Budget comes at a very critical time, both for the government as well as for the industry, more specifically for the fledgling rooftop solar sector. On one side, the economic downturn and credit squeeze have pushed the industry to defer their solar investment plans, while on the other; the restrictive approach by the DISCOMs continues to be one of the biggest bottlenecks in the growth of this sector. The budget 2020 should focus on improving the credit flow to the SMEs, more importantly for the solar or clean energy-related investments. As the safeguard duty regime on solar panels is coming to an end in July, the government should ensure that it does not heed to calls for imposing customs duty. The import trend for the last two years has proved beyond doubt that the duties have failed to make any significant impact on domestic manufacturing. With all the chatter around pollution and energy security, we hope the government does its bit to help reduce the cost, and improve access, of solar energy to the end consumers and thereby usher in a true solar revolution,” says **Gagan Vermani, Founder & CEO, MYSUN.**

“The industry expects some clarity on the GST for solar projects. There should be an incentive for developing next-generation solar panel manufacturing technology in India as well as investing in storage & hybrid projects. We must wield more advantage of the technological edge that India can provide and power for neighboring countries like Bhutan, should be treated fully so that these hybrid

projects support grid stability and act like pump storage. Another important aspect is policy initiatives so that payments against Renewable Power supplied to the state distribution companies can be secured as per timelines specified by the agreement. In my view, Renewables will be India's next IT provided The government incentivizes the industry through a policy framework. We expect to see the budget to give impetus to funding, investment and incentivize technology for manufacturing and further proliferation of renewable energy across the nation," says **Ashish Khanna, MD & CEO, Tata Power Solar and President, Tata Power (Renewables)**.

The Government has been paying a lot of attention towards energy efficient processes to help streamline business and markets today, and hence we are hopeful that then honourable Finance Minister will announce awaited reforms and allocation of resources to help the sector achieve more growth at the grassroots level.

The Govt Infra projects should provide exception from GST and Customs duty to lower the cost of project. This will help in contractors and Large system integrators to make investments available for multiple projects. Consequently, all PPP projects shall be payment / legal guaranteed by Govt, so that investments can happen in this sector without a hesitation about legal troubles when Govt changes.

We would expect lowering the GST on Batteries which are used in Electronic Vehicles. Though GST Counsel has reduced the GST on EVs from 18% to 5%, they did not reduce the GST on batteries fitted at factory from 12%. This needs to be lowered further as batteries form major portion in any EV. This change will make affordable EVs.

Apart from that, Income Tax rate slabs have to be reduced to make the cash available for tax paying people, so that they can support the economy growth by spending more and income-tax deduction towards interest paid on a home loan, on a self-occupied property should be doubled. This will help the real estate sector and also to banking sector.

In addition to this, deduction under Section 80C of the Income-tax Act, 1961 should be increased to 5 Lakhs, which will then enable employees to save money for their retirement and exemptions for individual tax payers such as Children education, differently abled dependent medical expenses should be increased at par with real expenses. Currently children education expenses are limited to Rs 100 to Rs 500 Per month. This is not sufficient for the present landscape. We expect total education fees/dependent medical expenses to be considered for tax exemption, says **Udaya Bhaskar Rao Abburu, CEO & Managing Director, iRAM Technologies**.

"I believe that the government should build on its recent push towards sustainability by prioritising the growth of the EV ecosystem. This can be done by promoting the creation of a strong and well-connected charging infrastructure on a pan-India level, promoting the setting up of EV battery capacity in the country and incentivising the adoption of EVs, especially for public transport buses, fleet operator cars and 2 and 3 wheelers. The road connectivity must also be improved between major urban centres and tier-2/3 regions to bolster the growth of the travel and tourism sector," says **Sunil Gupta, MD & CEO, Avis India (Auto)**.