



## SOLAR POWER DEVELOPERS ASSOCIATION

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Director General, SPDA  
Former Governor of Chhattisgarh State

**Subject: Key issues in the solar sector**

**June 18<sup>th</sup> 2018**

Dear Shri Misra ji,

At the outset, I would like to share with you our enormous appreciation for the far reaching resolve, that Honourable PM made in COP-21 held in Paris during Nov 2015 where I was also fortunate to be part of the event.

PM also told the world in the presence of then UN Secretary General Mr. Ban Ki Moon and then President of France, Mr. Francois Hollande that by 2022, India would set-up 100 GW solar and 75 GW wind energy in order to meet this energy demand from renewable sources. On the last day of COP-21, Hon'ble PM made another big resolve that by 2030, India would meet 40% of its energy requirements from RE sources.

The solar power developers have whole heartedly supported the ambitious targets set by Government of India and put in their man money material to make it happen. **As a result, the country has achieved**

- More than 20 GW solar power is already commissioned and around 40-45 GW is tendered out by MNRE for allocation.
- Solar is now the most competitive source of electricity available to State DISCOM's with record low tariffs of around **INR 3/Unit** currently.
- More than 1000 MSME's catering to solar sector through supply of capital goods and services have been working for setting up solar power plants.
- 80% of total jobs created in solar sector only through project development activities with 25 years employment stability from operation and maintenance activities.
- Power requirement during morning peak hours (7:00 am to 10:00 am) is also met through solar energy thus reducing the load on gas and hydro sources.

However, there are some issues which have created uncertainties in the mind of stakeholders and are expected to affect the pace of National Solar Mission adversely. The issues are as following:

**Trade barriers/Safeguard duty** – Imposition of safeguard will be counter productive as any increase in the solar tariffs on account of trade measures will never be absorbed by the State DISCOMs, who are the ultimate procurer of solar energy. With any increase in solar tariffs on account of trade barriers imposed, the DISCOMs are likely to back out from procuring solar energy and the entire mission will be jeopardised and the solar power industry, connected MSME, will be harmed.

### Former

- Deputy National Security Advisor, Govt. of India
- Defence Secretary, Govt. of India
- Secretary Defence Production, Govt. of India
- Secretary Ministry of Health, Govt. of India
- Director General, Sports Authority of India

The key reasons of domestic solar industry being uncompetitive due to manufacturing from obsolete technologies that too from intermediate stage i.e. Cells & modules. Dependency of importing the raw material from China and lack of technological up-gradation would continue to keep India's manufacturing uncompetitive from other Asian giants in the solar manufacturing.

SPDA members have whole heartedly supported the dedicated manufacturing scheme formulated by MNRE. Manufacturing of entire value chain to produce high efficiency (above 20%) cells and modules would surely drive the Indian solar manufacturers to be technologically advanced to cater the local requirements and also be globally competitive for export as well.

Therefore, a rational view must be taken in the interest of National Solar mission, energy requirements of the country, continuity of low cost solar energy, future of interdependent MSME's, thousand of jobs in created by solar sector, money lend by our banks and finally the DISCOM's inability to buy electricity at higher rates.

**Ambiguities of GST rates in solar sector** –Clarification on tax rates is very essential to understand the overall cost of power generation. The recent rulings issued by GST authorities in Maharashtra and Karnataka States have raised serious concerns on the applicability of 5 % GST on "Solar Power Generating System". SPDA has also taken up this issue with Ministry of Finance and MNRE seeking the clarifications on applicable (5%) GST on various contracting structures being followed in the solar industry. At the earliest clarification on the same would help the industry to consider the overall tax implications on the project cost in order to quote the unambiguous tariffs in the solar bids.

**Dispute resolution committee** – Such a large mission of capacity addition is also expected to face Contractual disputes between the Solar Energy Corporation of India (SECI) & Private Solar power developers. These contractual disputes may also slow down the pace of implementation through legal processes and arbitrations. Therefore, an independent Dispute resolution committee must be constituted to mediate between SECI and developers for amicable settlement of issues, in case of dispute arises. That will be fast and more effective mechanism in the interest of smooth implementation of solar mission.

You would kindly appreciate the fact that power generation and consumption is the key index for prosperity for every country. Therefore, abovementioned issues need your urgent attention in order to resolve on priority and ensure successful and timely achievement of National Solar Power Mission.

In this connection, I would further appreciate if a meeting can be scheduled with you to discuss the abovementioned issues at your earliest convenience.

Look forward to your kind support in this regard.

Thanking you,

*With warm regards*

To  
**Shri, Nripendra Misra, IAS (Retd)**  
**Principal Secretary to Prime Minister**  
**PM Office, South Block,**  
**New Delhi.**

Yours Sincerely



Shekhar Dutt