

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
RAJYA SABHA
UNSTARRED QUESTION NO-297
ANSWERED ON-20/07/2021

DOMESTIC MODULES AND CELL MANUFACTURING FOR SOLAR POWER

297. SHRI SAMBHAJI CHHATRAPATI

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) whether it is now mandatory to use modules and cells in solar power generation manufactured by domestic industries in all of Government projects to discourage imports;
- (b) whether the cost of indigenously manufactured modules and cells is economical than the imported ones after adding customs duty;
- (c) if so, the details thereof; and
- (d) whether Government is encouraging the domestic industry in the manufacture of modules and cells by offering incentives and, if so, the details thereof?

ANSWER

THE MINISTER OF NEW & RENEWABLE ENERGY AND POWER

(SHRI R.K. SINGH)

(a) Under some of the current schemes of the Ministry of New & Renewable Energy (MNRE), namely CPSU Scheme Phase-II, PM-KUSUM and Grid-connected Rooftop Solar Programme Phase-II, wherein government subsidy is given, it has been mandated to source solar PV cells and modules from domestic sources only.

Further, Ministry of New & Renewable Energy (MNRE) vide its Order No. 283/22/2019-GRID SOLAR dated 09.02.2021, has inter-alia, prescribed that in public procurement of items in respect of which there is sufficient local capacity and local competition, only Class-I local supplier shall be eligible to bid. Class-I local supplier means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50%. Solar PV modules are one of the identified products under the order.

(b) & (c) At present, the effective rate of Basic Customs Duty (BCD) on import of solar PV cells and modules is nil and in absence of such duties, the cost of indigenously manufactured solar PV cells and modules is higher than the imported ones.

While the industry feedback suggests a cost difference of around 20-25%, the actual difference may vary from case to case depending upon the contractual provisions.

(d): In order to incentivize domestic manufacturing of solar PV cells and modules, the Government has taken following steps:

(i) Modified Special Incentive Package Scheme (M-SIPS) Scheme of Ministry of Electronics & Information Technology: The scheme mainly provides subsidy for capital expenditure – 20% for investments in Special Economic Zones (SEZs) and 25% in non-SEZs. The Scheme was open to receive applications till 31st December, 2018.

(ii) Production Linked Incentive (PLI) Scheme for High Efficiency Solar PV Modules: In order to enhance India's manufacturing capabilities and exports, on 28.04.2021, Ministry of New & Renewable Energy (MNRE) has issued the Guidelines for Production Linked Incentive Scheme 'National Programme on High Efficiency Solar PV Modules', with an outlay of Rs. 4,500 crores. The Scheme has provision of Production Linked Incentive (PLI) for manufacturing of solar PV modules and cells, Wafers-Ingots as well as Polysilicon.

(iii) Preference to 'Make in India' in Public Procurement in Renewable Energy Sector: Ministry of New & Renewable Energy (MNRE) vide its Order No. 283/22/2019-GRID SOLAR dated 09.02.2021, has inter-alia, prescribed that in public procurement of items in respect of which there is sufficient local capacity and local competition, only Class-I local supplier shall be eligible to bid. Class-I local supplier means a supplier or service provider, whose goods, services or works offered for procurement, has local content equal to or more than 50%. Solar PV modules are one of the identified products under the order.

(iv) Imposition of Safeguard Duty on import of solar PV cells & modules: In order to protect domestic solar PV manufacturing industry, the Government, through notification no. 01/2018-Customs (SG) dated 30th July, 2018, and notification no. 02/2020-Customs (SG) dated 29th July, 2020, has imposed Safeguard Duty on import of solar cells whether or not assembled in modules or panels.

(v) Domestic Content Requirement (DCR): Under some of the current schemes of the Ministry of New & Renewable Energy (MNRE), namely CPSU Scheme Phase-II, PM-KUSUM and Grid-connected Rooftop Solar Programme Phase-II, wherein government subsidy is given, it has been mandated to source solar PV cells and modules from domestic sources, as per extant Guidelines.

(vi) Imposition of Basic Customs Duty on import of solar PV cells & modules: The Government has announced imposition of Basic Customs Duty (BCD) on import of solar PV cells and modules with effect from 01.04.2022.

(vii) Discontinuation of Customs Duty Concession benefits: Ministry of Finance (Department of Revenue) vide its Gazette Notification No. 7/2021-Customs dated 01.02.2021, has rescinded its earlier Notification No. 1/2011-Customs dated 06.01.2011 thereby withdrawing the benefit of concessional customs duty on the items imported for initial setting up of the solar power projects with effect from 02.02.2021.
