

GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 1859**  
ANSWERED ON 09.12.2021

**LOCAL MANUFACTURING OF SOLAR PANELS**

1859. MS. DIYA KUMARI

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

- (a) whether the Government proposes to introduce schemes and relief packages to promote local manufacturing of solar panels;
- (b) if so, the details thereof;
- (c) whether the Government also proposes to incentivize vendors in the field of solar energy to boost accessibility and affordable supply particularly in the State of Rajasthan; and
- (d) if so, the details thereof?

**ANSWER**

**THE MINISTER OF NEW & RENEWABLE ENERGY AND POWER**

**(SHRI R.K. SINGH)**

(a)&(b) In order to promote local manufacturing of solar panels, the Government has taken a number of steps, including:

**(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 Scheme 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 provisions for supporting setting up of integrated manufacturing units of high efficiency solar PV modules by providing Production Linked Incentive (PLI) on sales of such solar PV modules.

**(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 products identified as having sufficient local capacity and competition.

**(iv) 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.

**(v) 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.

**(vi) 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.

(c)&(d) The Government has taken several steps to promote generation of solar energy, which inter-alia incentivize vendors in the field of solar energy and also boost accessibility and affordable supply of solar power in the country including the State of Rajasthan. These, include:

- Waiver of Inter State Transmission System (ISTS) charges for inter-state sale of solar power for projects to be commissioned by 30th June 2025.
- Laying of new transmission lines and creating new sub-station capacity for evacuation of solar power.
- Declaration of trajectory for Renewable Purchase Obligation (RPO) up to the year 2022.
- Setting up of solar parks to provide land and transmission to developers on a plug and play basis.
- Schemes such as Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM), Solar Rooftop Phase II, 12000 MW CPSU Scheme Phase II, etc.
- Tariff based competitive bidding for procurement of power from Grid Connected Solar PV Projects.

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