

GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 1948**  
ANSWERED ON 28.07.2022

**SUBSIDIES UNDER RENEWABLE ENERGY SECTOR**

1948. DR. T. SUMATHY (A) THAMIZHACHI THANGAPANDIAN

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

- (a) whether it is true that subsidies for India's renewable energy sector have decreased by 59 percent since 2017 and if so, the details thereof and the reasons therefor;
- (b) the rationale behind increased GST on critical components of solar projects from 5 per cent to 12 per cent;
- (c) the details of the impact of increased taxes on solar products and solar panels, State-wise;
- (d) whether it is a fact that India needs an investment of around \$30 billion per year to achieve its 2030 renewable energy target compared to the present investment of \$14.5 billion per year;
- (e) if so, the details along with the measures taken therefor; and
- (f) the measures taken/being taken by the Union Government recently to decarbonise the energy sector and to fulfill its commitment to become a net zero country by 2070?

**ANSWER**

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

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

- (a) An amount of Rs. 4143.49 crores has been released as Central Financial Assistance (CFA) by the Ministry during the year 2021-22 for the implementation of major renewable energy schemes / programmes in the country as compared to an amount of Rs. 3637.47 crore released as CFA during the year 2017-18.
- (b) GST rates are prescribed on the basis of the recommendations of the GST Council. As recommended by the Council in its 45<sup>th</sup> Council Meeting, the GST rate on specified renewable equipment was increased from 5 per cent to 12 per cent in order to correct the inverted duty structure and promote domestic manufacturing of these renewable energy equipment.
- (c) Vide notification no. 8/2021 dated 30.09.2021 the GST rate for the following items has been increased from 5% to 12%:
  - (a) Bio-gas plant;
  - (b) Solar power based devices;
  - (c) Solar power generator;
  - (d) Wind mills, Wind Operated Electricity Generator (WOEG);
  - (e) Waste to energy plants/ devices;
  - (f) Solar lantern/ solar lamp;
  - (g) Ocean waves/tidal waves energy devices/plants;
  - (h) Photo voltaic cells, whether or not assembled in modules or made up into panels.

If the goods specified above are supplied, by a supplier, along with supplies of other goods and services, one of which being a specified taxable service, the value of supply of goods is deemed as seventy percent of the gross consideration charged for all such supplies, and the remaining thirty percent of the gross consideration charged is deemed as value of the said taxable service.

Thus, in respect of aforesaid entries (a to h above) wherever supply of both goods and services is involved, on account of aforesaid notional split of 70:30 between goods and services, the effective increase in GST rate has been from  $70\% \times 5\% + 30\% \times 18\% = 8.9\%$  to  $70\% \times 12\% + 30\% \times 18\% = 13.8\%$ .

(d) to (f) India's Renewable Energy Programme is driven by private sector investment. Most of the Grid connected Solar & Wind power projects in the country are implemented by private sector developers selected through transparent & competitive bidding process. The capital cost of renewable power projects ranges from about 4 to 10 crore Rs./ MW, depending upon renewable energy technology involved. The present installed capacity of renewable energy in the country is around 160 GW.

The Government has taken several steps to increase investment in renewable energy in the country, decarbonise the energy sector and to fulfill its commitment to become a net zero country by 2070. These include:

- I. Notification of standardized competitive bidding guidelines by Government of India and issuance of innovative tenders to bring transparency in the renewable energy procurement process, and creation of a robust risk-sharing framework.
- II. Creation of Project Development Cell in Ministry of New & Renewable Energy (MNRE) for attracting and facilitating investments.
- III. 100% Foreign Direct Investment (FDI) is permitted under the automatic route in the renewable energy sector, subject to Press Note No. 3 (2020 series) dated 17.04.2020 issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry.
- IV. Waiver of Inter State Transmission System (ISTS) charges for inter-state sale of solar and wind power for projects to be commissioned by 30th June 2025;
- V. Declaration of trajectory for Renewable Purchase Obligation (RPO) up to year 2029-30;
- VI. Setting up of Ultra Mega Renewable Energy Parks to provide land and transmission to renewable energy developers on a plug and play basis;
- VII. Schemes such as Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM), Solar Rooftop Phase II, 12000 MW CPSU Scheme Phase II, etc;
- VIII. Laying of new transmission lines and creating new sub-station capacity under the Green Energy Corridor Scheme for evacuation of renewable power;
- IX. Government is implementing Production Linked Incentive Scheme "National Programme on High Efficiency Solar PV Modules" to support and promote manufacturing of high efficiency solar PV modules, including the upstage vertical components like cells, wafers, ingots and polysilicon in India.
- X. Government announced the launch of National Hydrogen Mission with a target to make India a global hub for production as well as exporting green hydrogen.

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