

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA
UNSTARRED QUESTION NO. 3191
ANSWERED ON 04.08.2022

BASIC CUSTOM DUTY ON SOLAR CELLS

3191. SHRI UTTAM KUMAR REDDY NALAMADA

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

- a) the details of solar cell and module manufacturing capacities in the country;
- b) the reasons for levying a twenty-five percent basic custom duty on solar cells;
- c) the duties currently applied on coal imports in the country;
- d) the reasons as why duties on coal imports have been reduced while solar cell duties have been imposed;
- e) whether it is true that other countries like USA have waived import duties on renewable energy products and if so, the details thereof;
- f) whether the Government is aware of the effect of the fall of the rupee-dollar exchange rate on imports of solar cells and if so, the details thereof;
- g) whether the Government proposes to waive duties on solar cells and other renewable energy products; and
- h) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF NEW & RENEWABLE ENERGY AND POWER
(SHRI R.K. SINGH)

(a) The total capacity for manufacturing solar modules in the country is about 20 GW, of which about 13.3 GW has been enlisted in the Approved List of Models and Manufacturers (ALMM).

The total capacity for manufacturing solar cells in the country is about 4 GW.

(b) The Basic Customs Duty (BCD) rate of twenty-five percent has been prescribed for solar cells with effect from 01.04.2022, to promote domestic manufacturing of solar cells under the Aatmanirbhar Bharat initiative.

(c) & (d) The BCD rate on coal is one percent and the Agricultural Infrastructure Development Cess (AIDC) rate on coal is one-point-five percent. With respect to Anthracite/Pulverized coal injection (PCI) coal and Coking coal, the duty is 'nil' (with effect from 22.05.2022). The import duties on coal have been reduced to lower the prices of raw material for domestic steel production.

(e) As per the Fact Sheet released by the White House, on 06.06.2022, the United States of America has temporarily facilitated the United States (U.S.) solar deployers' ability to source solar modules and cells from Cambodia, Malaysia, Thailand, and Vietnam, by providing that those components can be imported free of certain duties for 24 months in order to ensure the U.S. has access to a sufficient supply of solar modules to meet electricity generation needs while domestic manufacturing scales up.

(f) Yes Sir. With fall of the rupee-dollar exchange rate, the prices of imported solar cells may have increased.

The Government has taken a number of steps to enhance the domestic production of important components such as solar cells, modules and solar inverters, namely:

(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. The Scheme inter-alia covers solar PV cells, solar PV modules, EVA, backsheet and solar glass.

(ii) Preference to ‘Make in India’ in Public Procurement in Renewable Energy Sector: Through implementation of ‘Public Procurement (Preference to Make in India) Order’, procurement and use of domestically manufactured solar PV modules and domestically manufactured solar inverters has been mandated for Govt. / Govt. entities.

(iii) 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.

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

(v) Production Linked Incentive (PLI) Scheme for High Efficiency Solar PV Modules: 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 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. Letters of Award have been issued to the eligible successful bidders to the extent of funds allocated (i.e. the present scheme outlay of Rs. 4,500 crore). An additional outlay of Rs 19,500 crore has been announced in the Budget 2022-23 on 1st February 2022.

(g)&(h) Import duties are prescribed after detailed deliberations and after receiving inputs and comments from all stakeholders.
