

Solar tariff could rise up to 40-45p per unit over customs duty change

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The Ministry of New and

Representational image

Renewable Energy's (MNRE) announcement of the BCD implementation on imported solar cells (25 per cent) and modules (40 per cent) starting April 1 could increase the solar power tariff, it said.

CARE Rating said on Monday that solar power prices could rise between 25-30 paise per unit if only cells are imported while the cost will rise further to 40-45 paise if modules are imported.

The cheapest solar tariffs discovered in the auctions in 2020 was Rs 1.99 per unit which was possible due to imports and cheap overseas funds, analysts had said.

India has set an ambitious target of achieving 175 GW of installed renewable energy capacity, including 100 GW of solar power by 2022. The long-term renewable energy capacity target stood at 450 GW by 2030, wherein solar power will have the lion's share.

The BCD will give impetus to create a self-sustaining ecosystem for solar equipment manufacturing in India.

But, solar makers located in the Special Economic Zones (SEZs) had urged the government to exempt BCD applicable on them.

"Considering, that 43 per cent of solar panel manufacturing units and 63 per cent of solar cell manufacturing units are located in SEZs, imposing BCD on SEZ units will impact the domestic solar manufacturing," Vikram Solar MD Gyanesh Chaudhary said.