

# Solar developers shocked as govt removes 'project import' benefits

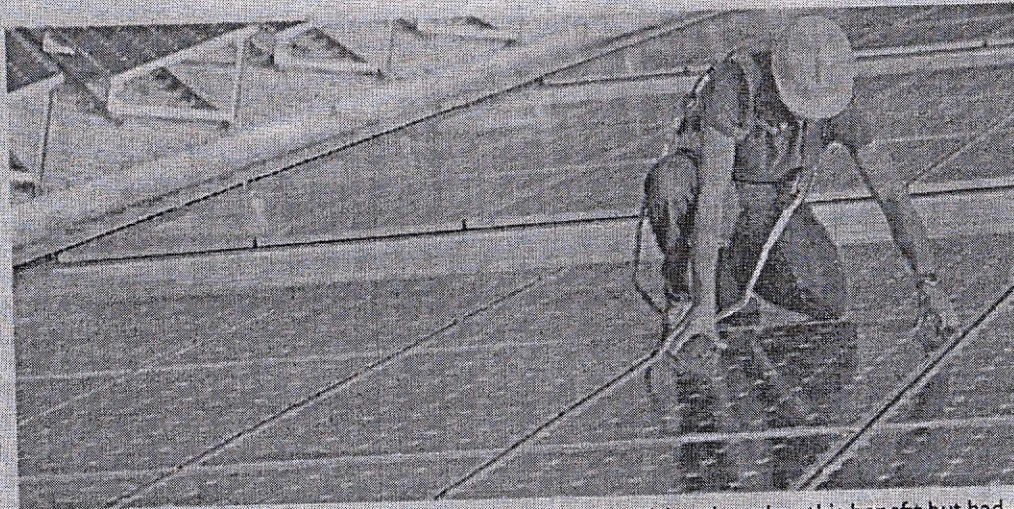
**ABOUT-FACE.** Decision will affect about 10GW of solar projects and viability will go awry, say developers

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Solar energy companies have expressed shock as the government has suddenly removed solar from 'project import regulations', which gave concessional customs duty on goods meant for projects.

From April 1, 2022 - in accordance with its previously announced intention - the Centre brought in 40 per cent basic customs duty (plus 10 per cent social welfare surcharge) on imported solar modules and 25 per cent (+SWS) on solar cells.

This was done to protect the fledgling domestic solar manufacturing industry from the onslaught of imports. India imported over 90 per cent of solar modules and cells (cells are made into modules), of which over 80 per cent came from China. However, under Project Import Regulations, companies availed themselves of a concessional 7.5 per cent



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duty on imported modules.

By a notification issued on October 19, the Ministry of Finance removed 'solar' from the ambit of Project Import Regulations, with effect from October 20. This was done by changing the wordings of the rules from "all power plants and transmission projects" to

"all power plants and transmission projects other than solar power plants or solar power projects."

The suddenness of the move has upset solar project developers. Industry sources have told *businessline* that about 10GW of solar projects will be affected by this move,

and their viability will go awry. Some projects of ReNew Power, Ayaana, Fortum, Tata Power, Acme, Avaada, NTPC and Aditya Birla group will be affected, sources said.

One industry insider, who requested not to be named, said that if the Ministry of Finance did not want solar de-

velopers to avail themselves of concessional duty benefits under the 'project import regulations', it should have made this move when the basic customs duty was brought in.

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The source also stressed that there was never any 'sunset' clause or deadline for solar projects, either to register themselves or do actual imports or complete their projects, to get the concessional duty benefits. Since many developers have taken their business decisions based on this benefit, but had not placed purchase orders, their projects will turn unviable.

It appears as though the government suddenly realised its mistake and hastily corrected it, but in the process several businesses are affected. Worse, some companies with an ear-to-the-ground realised what was coming and rushed to register their projects, while others have been left holding an empty sack.