

# CPSEs can now import Chinese solar modules

## NTPC to benefit the most; places global tender to procure 1.5 Gw of solar modules

SHREYA JAI

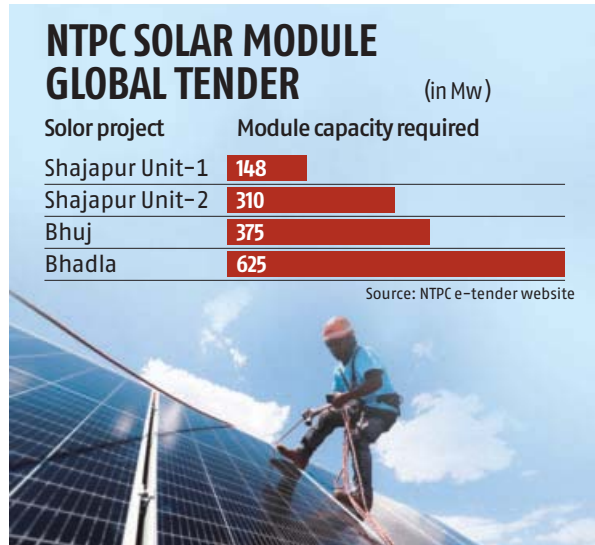
New Delhi, 20 June

In a move that reopens the gates for Chinese solar modules into the country, the Department of Expenditure has allowed their import by central government-owned public sector enterprises (CPSEs). The biggest beneficiary of the decision would be India's largest power producer NTPC.

According to a notice issued by the public procurement division of the finance ministry's Department of Expenditure on May 25, procurement of solar photovoltaic modules by CPSEs has been exempted from the provisions of the earlier order in 2017 which prevented their import from those companies in the border nations that are not registered in India.

In 2022, certain solar equipment was allowed to be imported but it is the first time since duty barriers were imposed on solar imports, that finished solar modules are allowed to be imported from China.

NTPC, which stands to benefit the most, has recently placed a global tender for procuring solar modules for 1.45 gigawatt (Gw). The tender is for procuring modules for its projects in Bhadla (Rajasthan), Bhuj (Gujarat), and Shajapur



(Madhya Pradesh).

Senior company executives said the relaxation came as a breather as NTPC was looking to procure solar modules in bulk but not many domestic players were able to meet the demand. "Despite the bulk order, the price offered was not satisfactory. Also, not many manufacturers came forward in our earlier tenders," said a senior executive.

The company is hopeful of kick-starting some of its marquee solar power projects, including the one won in Gujarat at the record low tariff of ₹1.99 per unit. Executives

said prices of solar modules have softened in the global market, hovering around 25-28 cents per Kwh.

The basic Customs duty levied on these imports, however, would continue. The Centre imposed 25 per cent basic Customs duty (BCD) on imported solar cells and 40 per cent on imported modules in April 2022, in a bid to support domestic solar manufacturing. Nearly 85 per cent of Indian solar capacity is built on imported cells and modules, a majority from China. Last year, it also allowed solar power projects, which were awarded before the BCD

regime, to pass on the additional cost of procuring costly cells and modules.

Solar power project developers since the introduction of BCD have been facing a shortage of solar photovoltaic modules, along with significant cost hikes. Sources said leading project developers, including state-owned NTPC, are not getting enough domestic suppliers for their tenders to procure solar modules.

While project developers claimed domestic modules supply was scarce, they were under compulsion to procure from domestic suppliers. Projects awarded after April 2021 were mandated to procure solar equipment from the approved list of models and manufacturers (ALMM), drafted by the Ministry of New & Renewable Energy. In order to support the domestic solar manufacturing industry, the latest ALMM is an all-indigenous list of 58 companies. The ALMM mandate was relaxed in March this year for two years.

India's current solar cell manufacturing stood at 4.7 Gw (as of the end of 2022) and module manufacturing at 39 Gw. The current solar power generation installed capacity is 67 Gw. The country has set the ambitious target to reach 500 Gw of non-fossil fuel energy capacity by 2030.