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India's Solar Plan

Why in news?

The Prime Minister inaugurated the 'Asia's largest solar power project' in Rewa, Madhya Pradesh.

What is the significance?

- This project inauguration sends a signal that India remains serious about clean energy.
- India's solar installed capacity is at about 40 GW today.
- This is in short of its goal of achieving 100 GW by 2022.

Why the pace of capacity additions has slowed?

- This happened after the imposition of safeguard duty on solar cells and modules from China and Vietnam with effect from August 2018.
- The two-year period for which this duty was imposed ends in a few days.
- Amidst a policy of Atmanirbharat, reports suggest that this levy may be continued in the form of a regular tariff.

Why costs are higher now?

- Notably, China accounted for over 75% of India's cell and panel imports at least before the imposition of safeguard duties.
- The remaining gap was plugged by Singapore, Thailand and Vietnam.
- A 'manufacturing-linked tender' given by the Solar Energy Corporation of India in January was based on a tariff of ₹2.92/kWh.
- This tender is more than contracts awarded sometime ago, based on a tariff of about ₹2.50/kWh.
- This **new tariff** has made the India's costs are higher now.
- It is not yet clear to what extent the cells and wafers will be indigenously sourced in such cases.
- **Domestically produced modules** are 33% more expensive than their Chinese counterparts are.
- The **cost of the raw materials** is estimated to account for a major share of

the cost difference.

What is India's capacity?

- At present, India is estimated to have a module manufacturing capacity of 9 GW and a cell making capacity of 3 GW.
- Ironically, the indigenous manufacture of Photo Voltaic (PV) modules calls for a reliable supply of electricity.
- While China leads the world in PVs, making two-thirds of the world's modules, the EU is trying to make a comeback.

What should India do?

- India has a long road to traverse if it is to be both cost-effective and self-reliant in this sector.
- Given the ecological obligations, India should shift to non-hydro renewables soon.
- It is a sobering thought that solar power accounts for just 3.6% of India's electricity generated, and 9.8% of the total installed capacity.
- India should take a leaf out of China's policy book, and create the right demand and supply ecosystem.
- The PM-KUSUM scheme is a notable step in this respect.

Source: Business Line

Quick Facts

Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM)

- The PM-KUSUM scheme was launched by the Ministry of New and Renewable Energy.
- It has a target to set up 25,750 megawatts (MW) solar capacity by 2022 to power irrigation pumps.
- The approved scheme comprises of three components:
 1. Setting up of 10,000 MW of decentralised ground / stilt-mounted grid connected solar or other renewable energy based power plants
 2. Installation of 17.5 lakh standalone solar agriculture pumps
 3. Solarisation of 10 lakh grid-connected solar agriculture pumps.



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