

# **Roadmap for Solar Thermal Business in India**

**28<sup>th</sup> July 2015**

**Presented by  
R.S.Sethuraman,  
CEO , Solar Hitech Geysers, Bangalore  
( Member – STFI)**

## **Alternative measures in Capital subsidy less regime Few Suggestions**

In the present scenario when the whole country is getting awareness and Govt. of India is giving thrust on Renewable energy the following suggestions are appropriate and can hit at the right place if taken with some serious efforts.

Even though several rules are made in a few states, which support renewable energy usage, due to relaxed regulations and take it easy policy of the enforcing officials and entrepreneurs, the compliance for such rules is still in infant stage

## Mandatory Compliance

As a first step, a National level mandatory policy can be made to cover the establishments such as multi storied buildings / apartments, Hospitals, Hotels, with regulation for the capacity of solar heating to be installed.

Solar Thermal can be included in the curriculum for engineering and architectural colleges, so that future technocrats shall understand the necessity of making provisions in their design and constructions to cater for the same.

For all industries, where the necessity of hot water / steam is involved, installation of SWH can be made mandatory, the capacity of which shall be equal to the hot water consumed in the respective industry

## **Mandatory Compliance ( Contd..)**

It can be made mandatory that all effluent treatment plants should use solar heating for their process

Initially for all new constructions these mandatory rules can be insisted and slowly it can be extended to the existing, multi storied buildings / apartments, Hospitals, Hotels and industries after allowing sufficient time frame for compliance.

## **Mandatory Compliance ( Contd..)**

Even though mandatory rules are made until some carrot and stick measures are created enforcing and adaptation of these rules shall remain in paper only. We can suggest the following:

The Union Urban Development Ministry can be persuaded to formulate guidelines to all Municipal corporations, Municipalities and Local Govts. to promulgate building by-laws to install Solar Heating Systems. This is to be strictly monitored, especially for apartments and multi storied buildings.

## Mandatory Compliance ( Contd..)

Commercial establishments such as Hospitals, Hotels, Hostels , paying guest accommodations, where the hot water availability is mandatory for the users for obtaining business license, the Solar Water Heating systems once made mandatory and can be linked for issuing business licenses.

For non compliance and for violators strict punishments can be proposed which can be monetary fines, penal charges imposed in electricity and water tariffs, non issuance of occupancy certificates or temporary suspension of business license etc. ( as an example the Pollution control board used to seal such running units for non compliance of effluent emission norms)

## Individual Rebates

In the absence of capital subsidy If the Govt. wishes to encourage the end users to adopt solar water heaters, the following incentives can be proposed.

Rebate on electricity charges : In Karnataka Rs.0.50 is being extended in the electricity bills per unit of consumption subject to a maximum of Rs.50.00 . This can be increased or an fixed rebate ( instead of linking with the consumption) can be proposed. This can be uniformly adopted at the National level with guidelines proposed by the Govt. of India.

## **Individual Rebates ( Contd..)**

Direct rebate of a fixed sum can be extended to the property taxes which can be linked to a self declaration for continuous maintenance of SWH year over year for at least five years from the date of installation.

Renewable energy usage deduction can be proposed in individual income tax calculation by making suitable clause in tax calculation.

The above two can be compensated to the respective departments by way be payment of such sums as subsidy in the tax accounts of respective consumers/ end users.

## **Individual Rebates ( Contd..)**

The accelerated depreciation benefit is available for commercial, institutional and industrial units. This can be further expanded with some other form of monetary benefit as proposed of domestic consumers above.

## Up scaling Targets

Govt of India can propose and fix targets to be achieved for nodal agencies / municipal corporations etc. in their respective territories, which can be assessed based on the type of consumers in their area of jurisdiction.

This can help the Ministry to estimate realistic targets instead of fixing some arbitrary figures, which may not be realistic

However to start with, based on the year over year targets achieved, approximate incremental targets can be fixed till such time a realistic targets are consolidated based on inputs received as above.

## **Stricter Quality & Standards**

The quality & standards are already fixed by the BIS for FPC collectors. MNRE has already made standards for ETC tubes, tanks and whole systems. As per my knowledge based on these BIS has also proposed new standards which are expected to be enforced very soon.

## **Stricter Quality & Standards(Contd..)**

In an open market economy and democratic country, it may not be possible to curb systems made without compliance to these standards. However, as in few electrical goods such as cables, switches etc. the BIS registration can be made mandatory for solar water heating systems ( both for FPC and ETC).

## **Stricter Quality & Standards (Contd..)**

MNRE can publish in news papers in various zones in the country, at frequent intervals the registered manufacturers enlisted with the Ministry and inform the public to go for the systems made by these standard manufacturers. Also, the rebates / benefits etc. mentioned above can be made available only for the products installed by the BIS registered manufacturers.

## **Boosting Make in India**

Unlike solar PV module industry, the Solar Water Heater industry is already a matured one in India and has sufficient capacity to cater to the present and increase in demand in the coming future too.

Any capacity addition or new technology required to cater for the mid temp. required for industrial segment can also be indigenously made available at short notice as and when such demand arise.

## **Boosting Make in India (Contd..)**

The biggest difficulty faced by the existing manufacturers is the un-checked import of cheaper domestic SWH particularly for the domestic sector. In India this sector is still a bread and butter line and a major driving force for the local industry.

Due to the absence of any strict measures from the Govt. to curb this menace, the local industry is hesitating to go for further capacity expansion and invest in newer technologies.

## **Boosting Make in India (Contd..)**

If a helping hand is extended by the Govt. there shall be a big visible change in the Make in India movement in SWH industry too

## Curbing Imports

This is the most talked subject in recent times together with Make in India slogan.

The recent modification in Central Excise has helped a bit, but due to the absence of strict control and monitoring, many trading companies continue to import with the new excise rules after registering with excise department.

## Curbing Imports ( Contd..)

The law that imported goods should be used only in the manufacturing process of SWH is being blatantly violated.

The condition of availing CENVAT credit for inputs and sell the end product with excise duty does not carry any meaning, since the industry in general can not take this route for economic reasons.

## Curbing Imports ( Contd..)

The CVD (Excise) exemption which was available for the components used for SWH manufacturing is being continued. Hence the trader importers taking this route continue to import systems in SKD mode and avail the CVD exemption. (Sr.No.332 of Notification 12/2012 CE, List 8 & Sr.No.361 of Notification 12/2012 Cus)

The only benefit for the manufacturer is that the ETC tubes are brought under Zero percent duty, but the traders continue to avail this too as explained above and merrily trade on these products too.

## Curbing Imports ( Contd..)

As per the long time demand by the industry, create one HS code for ETC tubes and a second HS code for SWH whole, components, SKD or CKD form

As mentioned before, in future, if BIS is mandatory for SWH, it would naturally become applicable for imported SWH and hence shall act as a deterrent for imports.

## Curbing Imports ( Contd..)

Let this present duty exemption for the ETC tubes continue with actual user condition. Some additional regulation can be created by Excise department that importers of the ETC tubes should file returns of utilization which should be linked to the systems manufactured.

The exemption of CVD for imports under the second HS code can be totally removed for all imports. This will discourage the traders and the manufacturers who import the parts to go for local manufacture. which in turn shall the Make in India to carry its full meaning

***THANK YOU***