Allowing solar imports in national interest until domestic players catch up: Industry

Another industry expert said that any relief in the timelines of ALMM implementation would give time to domestic manufacturers to expand

Aarushi Koundal ETEnergyWorld September 22, 2022, 11:16 IST

New Delhi: Any relief in the timelines of approved list of module manufacturers (ALMM) implementation will give domestic solar manufacturers time to expand and until then allowing imports is in national interest, according to industry.

A recent news report had mentioned that the government might relax rules for mandatory sourcing of solar modules from approved manufacturers allowing developers to purchase products from anywhere, including China. A formal order on it is awaited.

Amplus Solar, if this comes through, it is a much-needed move.

“When it comes to setting up solar modules that ensure reliable, cost-efficient, optimum and long-term energy generation are critical to the success of India's solar story,” she said.

Lal added that until domestic manufacturing in India scales up and is able to deliver high-performing modules, allowing imports of best-in-class products is in national interest. Once such modules are available locally, imports will automatically come down, without the need for any barrier.

Hetal Gandhi, Director, CRISIL Research said that any relief in the timelines of ALMM implementation would help give time to the domestic manufacturing industry to expand.

“It’s a good move and will provide short-term relief to developers already under pressure due to limitation of quality product sourcing from the local market. This will also put local manufacturers under check in demanding higher prices in spite of having duty differential in their favour in cell import,” said Ritesh Singhi, COO-C&I Business, Amp Energy India, which recently forayed into manufacturing of solar cells and modules by forming a joint venture with Websol Energy.

According to Anurag Garg, COO - Solar, Jakson Group – which is the first Indian manufacturer to be empaneled under the ALMM for 600 Watt solar modules – the current capacity is sufficient for solar projects being added in India at the current pace.

“If we increase project installations as we progress, manufacturing capacity will also be added. It may be that some of this capacity is catering to the export market which, if consumed in the domestic market, will help India remain self-sufficient locally,” he said.

He, however, said that capacities for solar module component manufacturing are being added in parallel within the country and will take time to be self-sufficient for local manufacturing capacity requirements.

According to the ALMM guidelines set by the government, solar energy developers are required to procure modules only from empaneled module manufacturers as per the ALMM list. As of August 2022, a total 18 GW of manufacturing capacity has been enlisted under the ALMM list with 66 module makers in the fray.

“However, several of these are very small units of 0-500 MW and are also based on older technology. While the leading manufacturers have upgraded or are in the process of upgrading the technologies offered, comparisons with imported module technology remains an area of concern for developers,” said CRISIL’s Gandhi.

She added that CRISIL expects domestic manufacturing capacity additions of a further 3-4 GW in FY23 and 15-20 GW in FY24 for module manufacturing.

"Considering, most of the expansions slated over the next two fiscal years are expected to be at the downstream end, the Indian manufacturing ecosystem is expected to remain dependent on imported components from Southeast Asia," she added.

There are planned capacities of 10-15 GW from polysilicon to modules which were allocated under PLI, however, with delay in finalization of the process, commissioning timeframes are delayed to beyond FY25.

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