

INCENTIVES FOR SOLAR ENERGY SECTOR

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Renewable resource: India has been largely dependent on imports for solar photovoltaic modules so far. Reuters

The Union Cabinet on Wednesday approved two production-linked incentive schemes for white goods (air-conditioners and LED lights) and high-efficiency solar photovoltaic modules.

The Cabinet, at a meeting chaired by Prime Minister Narendra Modi, took another step towards the vision of “Atmanirbhar Bharat” (self-reliant India) with the approval for the Rs. 6,238-crore PLI scheme for air-conditioners and LEDs, a government statement said.

“The prime objective of the PLI scheme is to make manufacturing in India globally competitive by removing sectoral disabilities, creating economies of scale and ensuring efficiencies. It is designed to create complete component ecosystem in India and make India an integral part of the global supply chains,” the government said.

White goods

The scheme would extend an incentive of 4% to 6% on incremental sales of goods made in India for five years. The statement said the scheme was estimated to lead to incremental investment of Rs. 7,920 crore over five years and lead to production worth Rs. 1.68 lakh crore, as well as lead to 4 lakh jobs.

The Cabinet also approved a proposal of the Ministry of New and Renewable Energy for a PLI scheme for high efficiency solar PV modules with an outlay of Rs. 4,500 crore.

“Solar capacity addition presently depends largely upon imported solar PV cells and modules as the domestic manufacturing industry has limited operational capacities of solar PV cells and modules. The National Programme on High Efficiency Solar PV Modules will reduce import dependence in a strategic sector like electricity. It will also support the Atmanirbhar Bharat initiative,” the government said.

The scheme was expected to lead to 10,000 MW of additional capacity of solar PV plants and investment of around Rs. 17,200 crore in solar PV manufacturing projects, it said.

The scheme would lead to direct employment of 30,000 people and indirect jobs to 1.2 lakh.

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