

# Subsidy Management Scheme with Responsibility and Accountability for Solar PV Systems and Pumping Solutions- Constructive Suggestions sent to the Ministry of New and Renewable Energy, GOI, New Delhi

By Praveen Kumar Kulkarni

As per Print and TV Media, the Subsidy regime always increases the Cost of equipment and the common man will never be the beneficiary and always the Middlemen / agencies or such class will take away the Tax payers money and we have seen in the past and the same is getting continued without any accountability or transparency apart from high cost of equipment due to hidden costs or such commissions for the various middle agencies. There shall be minimum agencies between manufacturers to the End user to reduce the SUBSIDY amount to the Government. Hence, we suggest the following:

**Ref:** As per MNRE Joint Secretary's recent press statement about the poor quality equipment supplied under Roof top Solar PV program and no services after the sales, is the testimony of the Subsidy system failure despite the RATING OF SUPPLIERS from the CREDIT RATING AGENCIES. Who will now rate these Credit rating agencies??

## Issue:

In the name of subsidy the cost of equipment will be high and one need be hippocratic about this fact. This discourages the common man not to go (opt) for solar PV products due to NO ACCOUNTABILITY for the specifications, quality of product and installation and the warranty and guaranty and the more important POST SALES SUPPORT, as in many cases the installer gets extinct.

## The Possible Solution:

a) Let SECI (Solar Energy Corporation of India) prepare the standard specifications to buy a Solar PV pump system (or Roof top Solar PV system) with makes of components, systems from the standard companies / Suppliers (please include Chinese makes also to reduce the cost or to make Indian companies to sell the items at international price parity with good quality) with design and electricians.

Make of the equipments, Certified Installers with a Counter Guarantee to SECI to avoid running away due to failures or non-functioning, etc. (we have seen many roof top in Jungles and rural area not working and was stated by MNRE officials in many seminars) through state nodal agencies of MNRE.

b) Circulate these specifications on your web site, nodal agencies, suppliers and publish in media in local languages for the customers (End users) to understand the salient points and also the alerts for the buyer's to check few important factors during the installations apart from the inspection from the Supplier, Installer, Third party inspection. This will

ensure many checks before SECI releases the payment to the equipment / product suppliers cum/ and installers.

c) Based on the demand or request note from the Buyers of Solar PV pumping system, Roof top PV system, let SECI tender and do the bulk purchase and distribute to their state nodal agencies based on such requests, which thus meet the uniform specifications of SECI and make SECI responsible for the BUYERS.

d) Subsidy for Solar PV Pumps is 80% and Punjab government is asking for 90%. Whereas, I suggest 100% payment by SECI only against successful commissioning with the following payment condition:

d1) 20% Advance to the suppliers with equal amount of Bank Guarantee valid till the Installation + 1 year after commissioning with a corporate bond guarantee for PV panels for 25 years, etc.

d2) 60% Against supply to SECI designated ware houses (as it has to be distributed to many states based on the requests from their state nodal agencies, who are responsible for further distribution with their district representative or their appointed Franchise to reduce government employees)

d3) 20% against final commissioning + 6 months to ensure the proper quality and delivery of products + satisfactory functioning as certified by the BUYER, Third party inspector.

e) SECI must raise the debit note to the buyer through a Local Bank from where a BUYER has sent his Purchase request with a loan sanction from this bank for his portion of amount to be paid.

The BUYER (the end user and the real beneficiary) can pay either 20% (if subsidy is 80%) or 10% (if the subsidy is 90%) of the Project costs only after 6 months of commissioning of Project equipment to ensure proper working. Since the Solar Pumps are issued to Marginal farmers, government can make arrangements with the local banks to arrange the loans for this 20% or 10% contribution from their side, in equal quarterly installments of 12 or 16, to make the suppliers and installers to remain under warranty and guarantee for 4 to 5 years as minimum with Annual maintenance Contract. Let the AMC costs be built in the Project cost as a separate cost to be paid by SECI through LC or automatic payment.

f) This kind of Subsidy cum execution responsibility on all

stake holders i.e Law Makers / Policy makers, Bureaucrats, Bulk purchase scheme (with RTI and e bid transparency to bring down the cost of equipment through good suppliers and installers to avoid price cartels), State nodal agencies, Installers, Banking sector to recover the money from the Buyers and finally Buyers, Annual Maintenance Contract service providers.

g) The main advantages is the GREAT SAVING ON THE COMMISSIONS or the Corrupt means (if any) to the

?Channel Partners,

.Padded pricing (hidden pricing) by mushroomed agencies who are supplying poor quality with CREDIT RATING by useless crediting rating mechanism as clear from poor installations and as stated by Government officials,

.RUNNING FROM SMALL VILLAGE TO STATE NODAL AGENCY FOR GETTING SUBSIDY AT THE MERCY OF OFFICIALS,

.No body need to travel from a village to get subsidy from MNRE Delhi to get Rs. 50,000 by spending Rs. 75,000 in train (some times many trips), hotels, tons of paper work, not knowing which officer to meet due to frequent and convenient transfers or change of Secretaries or Centre or State Government's political ruling etc...

Instead of just Subsidy, it is the

.Accountability,



1)The author is a Gold Medalist from SLN College of Engineering, Gulbarga University, Karnataka India with Industrial work experience over 24 years with PSU, MNCs viz. Tungabhadra Steel Products Ltd., SMS Demag German and Alstom Hydro. Implemented hydro business of Alstom in India while heading few export project supplies by being Project

Director / Manager for India, Africa and South East Asia Hydro power projects as part of Renewable energy generation promotion.

2)Due to distinctions achieved, at the age of 28, UNIDO (United Nations Industrial Development Organisation) selected him for a high technology training on Material Handling equipment and was trained at Kyushu International Centre, Japan as JICA (Japan International Co-operation Agency) participant in 1993.

3)Implemented new technology products / projects in India with innovative ideas which are adaptable with low cost technology solutions for the benefit of nation with sustainable business solutions.

4)As an entrepreneur, established KK NESAR Project Private Ltd (refer [www.kknesar.com](http://www.kknesar.com)) to implement NICHE and Innovative Renewable Energy project Development interest in Projects Development in INDIA, AFRICA, South East Asia & MENA region.

5)Published many articles for the economic sustainability and

.Price Discovery With Transparency,

.Correct Technical Specifications With Design, Thus,

.Ensuring Good Quality Product Supply With Guarantee Of Performance With Bank Guarantee To Encash For Spurious Products Or Services Rendered Are The Wonderful Benefits.

Could you please ensure such kind of mechanism to save the country from Current account deficit due to diesel or coal burning and also more importantly encouraging Solar PV power generation and utilisation with good ECO system with Responsibility and Accountability at LOW COSTs.

Though there will be many improvements on this suggestions with necessary checks, but, drain of money can be ensured and low cost equipment with right technology and service will be the great benefits for the end users who are not Solar PV Educated.

Hope to hear on our suggestion.

Should you need any support from our company in formulating such Subsidy Management Schemes with Accountability, we can serve MNRE at an appropriate capacity with a Consultancy Contract till we evolve a good procedure with necessary checks and balances on COUNTRY FIRST policy principle.

Regards,  
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to create awareness in developing economies to deploy Renewable Energy with cost effective solutions to provide energy at low cost / tariff (refer [www.kknesar.com](http://www.kknesar.com))

6)Participated in Vibrant Gujarat Meets, Solorcon India, World Future Energy Summit 2013 Abu Dhabi, Indo Italian Chamber of Commerce meets, EBTC, Saskatchewan Trade Delegation with Canadian Premier at Mumbai, FP7 Research delegation of Europe and UK, Science and Innovation Center programs

7)Presented Innovative business opportunity and idea of "Agro Power Complex" at European Business Technology Center (EBTC), Bangalore and "Bridging the GAP between Indian Manufacturing and International Players" at UK's PV INSIDER organized seminar in Delhi

8)Explored NICHE renewable energy business cases with Astonefield, India with Mr. Ameet Shah, who is now Advisor to Mr. Barack Obama's US Department of Commerce Renewable Energy and Energy Efficiency Advisory Committee (RE & EEAC)

9)Shared my opinion on "The Five Year Plan Myth: Will India ever achieve energy security?" with Mr. Ron Somers, President, U.S.-India Business Council, through Observer's Research Foundation, India and also expressed a keen interest to explore to implement NICHE business cases in USA to promote new generation entrepreneurs to deploy renewable energy with low cost solutions with Pilot projects with a financial model.

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