

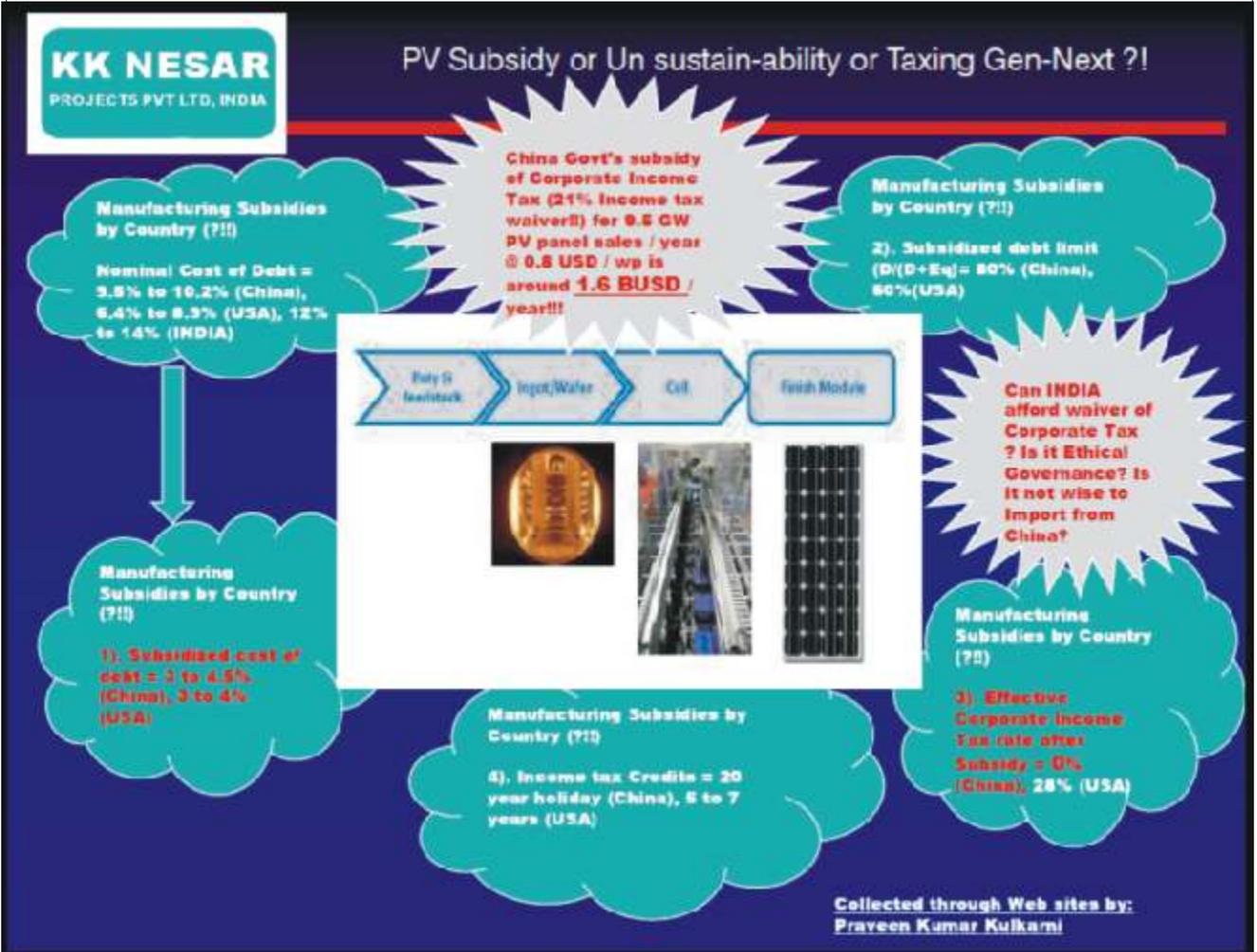
VIEW POINT: INDIA is obviously expensive and can never be low-cost country for Solar Photo-Voltaics (SPV)

-By Praveen Kumar Kulkarni

Dear Solar Friends:

Following is our experience while setting up industry related to power, steel and cement industry. Solar Photovoltaics (SPV) industry is new, but, unfortunately,

We need to understand with evidence that what kind of subsidies or tax rebate is given to Chinese suppliers (by its government) for poly silicon, wafers, cells, Panels, glass, aluminium and such raw materials at various stages of



the system failed to address the earlier known key issues of good manufacturing processes, good Industry promoters with good teamwork, tax (mis) administration and high working capital needs with unviable high interest rates, hence, INDIA is obviously EXPENSIVE and can never be LOW COST COUNTRY for Solar PV. However, cheap labour in Steel, power and cement industry gave an edge, but, solar PV can not find a place for the same as the "Labour cost component" is an insignificant number.

Scaling done by Moser Baer, Indo Solar is a complete failure including Solyndra, LDK solar, Q cells etc.

The raw material supply chain and the control on price, manufacturing process, logistics, taxation, interest on high working capital in INDIA are the key deterrents.

manufacture or value addition.

The multiple taxation (i.e. in INDIA, sales tax becomes a cost and an immediate cash out, which is a hit on working capital which comes at a high rate of interest). So, we need to compare the scale up disadvantages vis a vis small companies (who have low overheads and well scattered) needs a proper address.

The SEZ or FTZ stupidity needs a Clear address. Small companies end up in satisfying tax authorities due to small margins and crash in price but, can't think on research or product development or improvement.

India needs an uniform manufacturing policy with a simple tax administration to avoid duplicacy of work or multiple taxing procedures, CENVAT claim settlement which in turn

blocks working capital and the Tax compliance during March end, which, virtually brings down the productivity as The devil called "Tax Compliance with various ill interpretations for categories viz. rubber, glass, aluminum, cells, wafers, import concessions, duty drawback / DEPB issues, VAT, work tax, local taxes, Octroi limits, SEZ compliance, expensive overheads due to expensive SEZ land for manufacturing, etc" are the major set back in solar or such innovative business products.

New Manufacturing policy does not address these WELL KNOWN tax (mis) administration and the wastage of manpower in doing compliance on paper rather than "finding new ways or research or to be competitive in the world".

Can WE, the Industry leaders, CII, Government Babus (all concerned ministries at State and Centre Govt. level with open mind with a little Solar Industry knowledge) take the serious note of these issues, "though late" and we are nowhere near GST consensus!!

Who has to bell the CAT with such gigantic and cascading problems, which needs a SIMPLE COMMON SENSE to address these issues , which has become a rare commodity or UNCOMMON.

Wake up and let us address these issues and let us not ask SUBSIDY from Government (i.e. begging / robbing the Common Man or poor Farmer) rather streamline procedures and reduce the overheads in tax compliance and concentrate on the technology, supply management

and the real manufacturing competence.

CHINA govt. may be supporting subsidy, but, Europe is not because we can't ask poor farmer to bear the tax rebates of Industry, rather, we need to find cost reduction in every stage "Concept to Commissioning" including project award costs by bringing transparency of project awards or order placement by Private companies to component manufacturers to avoid SOFT costs or corrupt practices, if any.

Currency devaluation needs a proper hedging strategy for the import of raw material with good forward contract pricing, but, is always has a risk associated with it apart from its associated costs which need recovery.

For the time being, till the consolidation takes place, it may be prudent to allow import of good quality Tier 1 PV panels manufactured in China with a mandatory JV between a Tier 1 PV Panel company and a Tier 1 / Tier 2 INDIAN panel manufacturing company with a 2.5% commission to the INDIAN Panel manufacturing company, thus, we can ensure low cost project execution of NVVNL and assure replacement of panels in case of failure during 25 years of Warranty period, which is a project risk (no power generation till the replacement of defective panels, if the panels were to come from China), with necessary stock piling at the stores or FTZ storage yard of the INDIAN panel manufacturing company so that Inventory is assured at short notice.

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The author is a Gold Medalist from SLN College of Engineering, Gulbarga University. Industrial work experience over 23 years with PSU, MNCs. He had worked for: Tungabharda Steel Products Ltd, Hospet from 1988 to 1995. Executed engineering of 21 Hydro Mechanical Equipment projects. Deputed to Japan for 5 months as part of UNIDO program to become JICA participant-1994. He introduced CAD in TSPL with software programs for design of Gates, Hoists and Cranes. He was deputed to TSPL Hyderabad branch to assist business development of Steel Plant Equipments. With SMS Demag India Ltd, German MNC), he engineered Steel Melt Shop equipments of Jindal Vijay Nagar Steel Plant. Apart from being the Head of

Secondary refining equipments viz VD, VOD, RH, RHOB, SMS equipments, he supported the pre-bid and business development activities thru ICB of SMS Demag Secondary refining equipments. Visited SMS Demag, Duisburg on company assignments

ALSTOM Portugal / India (French MNC) hired him as a Consultant and Part of Management team to launch Hydro Mechanical Equipment in India in their Baroda factory. Prepared Business plans, Export support (IME,Owenfalls ,Uganda), tendering support to realize and launch Omkareshwar Project. Visited ALSTOM Lisbon, France, Grenoble on assignments and important missions. He was a Project Manager of Omkareshwar HME (24 ME) and Implementation Manager to rebuild (15ME) Alstom Baroda factory to manufacture Hydro turbines, Generators and HME to cater to their Indian and Export Markets. He visited USA, Russia for special equipment evaluations, purchase and installations. He was the Project Director of Nam Ngum, Laos HME project (10ME).

Established KK NESAR PROJECT PRIVATE LIMITED to execute renewable energy projects on EPC basis with a collaborative business approach with Indian specific needs.

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