

Renewable · 4 Min Read

How Budget 2023 can provide a manufacturing Boost for Renewable Energy sector

This article covers some of the key provisions the Budget 2023 must have for a meaningful growth of the renewable energy industry in India.



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For this year's Budget, a key consideration would be harmonization of all renewable energy policies irrespective of source, especially between wind solar sector to give equal opportunity to all sources to participate in India's energy transition journey. Key policies for harmonization could be - Park development permissions and rights currently given to solar sector to be extended to wind sector as well; PLI schemes given exclusively to solar sector; Equal sharing of the fund corpus of PLI between Solar and Wind, to give fair opportunity for wind sector to grow too; and extension of the anti-dumping duty policy put in place in solar sector for the wind sector too, as wind sector is facing the same issue as solar sector.

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For Manufacturing:

A generation-linked incentive for domestic manufacturers would go a long way to achieve our ambitious renewable energy targets. Also our MSME sector which is contributing 'Make in India' or 'AtmanirbharBharat' should be given an opportunity for investment in the sector by special dispensation of a tariff over the bided tariff or Interest subvention to reduce cost of funding (eg.Textile Upgradation Fund). This will make the supply chain more robust with participation of all its stakeholders.

Fiscal benefit to wind turbines and its component manufacturers in India similar to what has been given to solar is critical to keep a uniform level playing ground and scope of growth to all renewable energy sources. This is important because we will need all sources of RE to contribute substantially towards our National Targets of 500 GW of non-fossil installations by 2030. Another critical factor could be the extension of the deadline given of 31/03/2024 U/S 115BAB by another 3 years.



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To help capitalize on The Indian Wind Energy sector which has a highly mature and thriving domestic manufacturing ecosystem with skilled talent, engineering capabilities, established supply chain we need the right export policies and interventions to create a high-potential export market. We also need to relook at the export incentives under RoDTEPScheme at 0.8% as against 2% in MEIS Scheme. With a scalable annual capacity of around 15GW, we are best placed to create a global hub for manufacture of wind turbines and its components in India to serve the domestic market and export them to the world which has already started with over 6MW of Indian turbines and many of our components being exported.

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For Project Development

To ensure smooth and timely execution of projects project development rights should be given to India OEMs basis their make WTG commissioned wind energy capacity in India. Today despite more than 17.65 GW of total Wind Bids (Pure Wind + RTC + Hybrid + Peak Power) awarded through SECI as on 31st Dec 2022 the actual installations on ground have remained as low as ~30% (~5.3 GW) due to unviable bids, lack of land and infrastructure availability etc. If OEMs are allowed to develop wind-parks and PE infrastructure ahead of winning of bids by their customers, it will allow advanced investment in infrastructure thereby drastically shrinking the time lag between the bid and the project implementation and increasing the pass of commissioned capacity.

The government needs to incentivize and support the OEMs or developers involved in wind site and early windfarm infrastructure development like wind mapping, PE infrastructure, project work by revising deemed taxable value ratio to 78:22 between goods and services for the purpose of levying GST so that the ratio becomes realistic or by directly reducing GST rate on PE and Projects from 18% to 5%. This is crucial if we are looking at good quality wind farm project infrastructure which is readily available post bids.

Support for Green Hydrogen and Corporate Buyers:

To support India's ambitious Green Hydrogen plans, we must include sale of electricity to Corporates and Industrial customers under GST. This will allow pass through of GST giving Green Hydrogen producers and Industrial Investors an incentive to accelerate their efforts in this direction.

Another laudable policy recently was GreenOpenAccess with waiver of ISTS up to 2025. However, for real impact and contribution to our 2030 targets, this waiver needs to be extended up to 2030. Also considering that generation from renewable energy could vary month to month an annual banking system could greatly benefit the investors in the sector and great a natural incentive to accelerate their participation further.

We look forward to a budget that further accelerates India's journey to 500 GW Renewable Energy by 2030 and powers our Energy Transition roadmap in line with the Gol's vision for our country. Suzlon is committed to powering a greener India and world.

[This piece was written exclusively for ETEnergyworld by **Girish R Tanti, Vice-Chairman, Suzlon Energy**]