

Safeguard duty of 25% on solar projects to raise tariff: ICRA

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Ongoing solar power projects in the country are expected to come under some stress if the DGTR recommendation on imposition of safeguard duty of 25 per cent is approved by the Union Power Ministry, rating agency ICRA said.

The capital cost for a solar power project will escalate by 15 per cent, and in turn, the

tariff must be increased by about 30-35 paise per unit, to maintain a similar level of returns for the project developers, ICRA said in a note.

The DGTR has recommended imposition of a 25 per cent safeguard duty on solar cells (assembled into modules or not) imported into India from China and Malaysia in the first year. This would be followed by a gradual reduction to 20 per cent in

the first six months of the second year, and further to 15 per cent in the latter half of the second year.

However, this is lower than the 70 per cent duty recommended by the Directorate General of Safeguards in January 2018, with a view to balance the interests of domestic manufacturers, as well as the solar power developers and consumers.