

Power sector hopes for wider funding from Budget

FE BUREAU
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THE POWER INDUSTRY is expecting that the upcoming Union Budget would widen funding avenues and offer larger tax breaks to the sector.

The capital intensive industry is waiting to see if the Centre can take appropriate measures to increase domestic manufacturing and create more job opportunities. With the country planning to install 175 giga-watt (GW) generation capacity by 2022, the focus seemed to have shifted majorly on renewable energy.

Tulsi Tanti, chairman and managing director of Suzlon Group, seeks the re-introduction of the 80% accelerated depreciation for windmills and solar projects to retail investors with project size less than 25

MW. Tanti also wants GST on various services related to renewable energy projects to be capped at 5% from the present level of 18%. "The export incentive must be hiked from the present 2% to 10% to make Indian exports competitive in the global market," Tanti added.

In hope for a level-playing field in the wake of safeguard measures failing to control imports, Indian solar manufacturers want the government to introduce stringent anti-dumping duties. Sunil Rathi, director, Waaree Energies, said that "such reduced dependency on imports will strengthen the rupee denomination, thus contributing to India's GDP and employment generation scenario".

Amit Gupta, director, Vikram Solar, wants minimum



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alternate tax to be brought down for units operating in Special Economic Zones. Emulating the model followed in the healthcare sector which fetched positive results, Gupta wants super-deductions of 200% of the research-and-development expenditure for new and clean solar technolo-

gies.

Nikunj Ghodawat, chief financial officer, CleanMax Solar, thinks that the Centre should formalise power ministry's recommendation to the RBI to categorize renewable energy into a separate segment. "Removing priority sector lending limit for the sector

will give a much needed boost to the sector," Ghodawat said.

According to Rakesh G Alshi, partner, Deloitte India, the energy sector will get a boost if the finance ministry introduces taxation at group level as setting up separate companies is mandatory for running power plants.

The power industry usually maintains a low return on equity ratio in the initial years, with most of the new projects being financially supported by the parent companies. Calling the the limitation imposed by section 94B on interest payments to 30% of earnings before interest, taxes, depreciation and amortisation (Ebitda) an "uncalled burden", Alshi added that the industry would benefit if this limitation is increased to 50% for energy companies.