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FinMin reinstates levy on imported solar modules

Follows apex court reversal of HC order staying safeguard duty

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The Finance Ministry has issued instructions to Customs authorities to begin collecting safeguard duty on imported solar modules. This comes after the Supreme Court set aside the Orissa High Court's stay order on collecting the levy.

The Ministry's earlier instruction to "not insist on the collection of (safeguard) duty", issued on August 13, has been withdrawn.

In the latest instructions, the Ministry said the provisional assessments done according to the earlier instruction "shall be finalised and safeguard duty shall be assessed and collected" in line with the government notification of July 30.

Solar power developers have estimated that they will have to pay

about ₹500 crore for the modules imported since July.

The Finance Ministry had announced the safeguard duty on imports from China and Malaysia, based on the final recommendations proposed by the Directorate-General of Trade Remedies.

The 25 per cent duty would be levied for one year, 20 per cent for the following six months and 15 per cent for the six months thereafter.

Industry players expect solar tariff to cross ₹3 per unit, against the earlier discovered average tariff of ₹2.66.

An ICRA note said the imposition of safeguard duty may lead to a 15 per cent increase in capital cost for a solar power project. However, the levy is only for a two-year period, and this is unlikely to cause any significant increase in the capacity of domestic solar module makers, which was the initial purpose of imposing the duty, ICRA noted.