

New Solar Power Rules Boost Production

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Why in News?

To encourage the production of solar panels in India, the Ministry of New and Renewable Energy (MNRE) has brought an executive order starting from April 1. This order is called "The Approved Models and Manufacturers of Solar Photovoltaic Modules (Requirements for Compulsory Registration) Order, 2019."

The Executive Order

- **About**
 - This order was first issued by the MNRE in 2019.

- It requires makers of solar modules to voluntarily submit to an inspection of their manufacturing facilities by the National Institute of Solar Energy.
 - Modules are multiple solar panels joined together. Solar panels are an assembly of solar cells.
- **Being on the list as an approved manufacturing facility** certifies a company as a legitimate manufacturer of solar panels and not a mere importer or assembler.

- **Voluntary nature of the list**

- The manufacturers have to voluntarily submit an application to be on the list as an approved manufacturing facility.
- The major advantage of being on the list is eligibility to compete for tenders issued by the government for its flagship solar energy programmes.
- This includes among others the recently announced **PM Surya Ghar Muft Bijli Yojana**.
 - The scheme envisages subsidising rooftop solar installations for nearly one crore households in the country involving an estimated subsidy of ₹75,000 crore.
 - However, only domestic manufacturers, certified as part of the Approved Models and Manufacturers list, would be eligible.
- There is also another scheme called the **PM KUSUM (Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyaan)**.
 - It aims to provide solar pumpsets and rural electrification.
 - For manufacturers to be eligible to provide components under this scheme, they have to be certified as genuine local manufacturers.
- The government also has a ₹24,000 crore scheme, called the **Production Linked Incentive Scheme**.
 - This is targeted at incentivising domestic manufacture of solar panels and their components.
 - Eligibility for this scheme too requires one to be a bona fide local manufacturer.

- **Significance**

- This became necessary because India's solar industry is heavily reliant on imports of cheaper and comparable-quality solar modules from China.
- Despite being among the top manufacturers in the world and a commitment to scale solar installation four-fold by 2030, local production of these cells and modules is much below demand.
- India also has limited capacity to make the raw material of a cell — ingots, wafers — and is dependent on imported cells.
- The creation of such a list was also aimed at restricting imports from China, which controls nearly 80% of the global supply.

Why is India reliant on Imports?

- India has ambitious plans of sourcing about 500 GW, nearly half its requirement of electricity, from non-fossil fuel sources by 2030.
- This would mean at least 280 GW from solar power by that year or at least 40 GW of solar capacity being annually added until 2030.
- In the last five years, this has barely crossed 13 GW though the government has claimed that COVID-19 affected this trajectory.

- The difficulty is that meeting the targets require many more solar panels and component cells than India's domestic industry can supply.

India's Solar Manufacturing Capacity

- **Current status**

- It is estimated that nearly half of India's solar modules are imported from China and the demand-supply mismatch is expected to persist.
- The government, however, has claimed that beginning this year, there will be a significant rise in manufacturing capacity.
- While the list of certified manufacturers on the Approved Models and Manufacturers (AMM) list has grown to 82 according to the MNRE, there is yet no list of such manufacturers of solar cells.
- This means that India is still far away from achieving a comfortable degree of self-reliance.

- **Export situation**

- 2023-24 was a fortunate year for Indians in the solar business.
 - China which supplies over 80% of solar components globally saw a curb in orders from the U.S. on the grounds that the former relied on forced labour by Uiyghur Muslims in the Xinjiang province.
 - Europe too scaled back imports from China and a beneficiary of this was India which exported nearly \$1 billion worth of modules in six months of 2023-24.
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Q.1. What is PM-KUSUM Scheme?

PM-KUSUM (Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan) Scheme is aimed at ensuring energy security for farmers in India, along with honouring India's commitment to increase the share of installed capacity of electric power from non-fossil-fuel sources to 40% by 2030 as part of Intended Nationally Determined Contributions (INDCs).

Q.2. What is the role of Ministry of New and Renewable Energy (MNRE)?

The Ministry of New and Renewable Energy (MNRE) is the central government agency that develops and deploys new and renewable energy sources to meet the country's energy needs. The MNRE also promotes grid-connected and off-grid renewable energy.

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