

F. No. 30/42/2011-12/NSM
Government of India
Ministry of New & Renewable Energy (MNRE)
(Grid Solar Power Division)

Block-14, C.G.O. Complex,
Lodhi Road, New Delhi – 110003.
Date : 18th July, 2017

Ministry of New & Renewable Energy (MNRE) wants to analyse the impact of GST on Solar Sector, especially the Solar Power Plants

Please find attached at Annexure-I, an analysis of GST impact on Solar Tariff, suggested to this Ministry.

MNRE would like to get feedback from Solar Power Developer Associations on the same.

Accordingly, the undersigned is directed to request Solar Power Developers / Associations to submit the feedback on the enclosed analysis of GST impact on Solar Tariff, to MNRE, **latest, by 12:00 p.m. on 19th July, 2017.**

If the solar Power Developers / Associations want to submit some other analysis in this regard, to MNRE, they may submit that also along with feedback on the attached analysis.

With regards,

s/d-

(Sanjay Karndhar)

Scientist-C

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Encl: (1) as above.

1. **National Solar Energy Federation of India**, 702, Chiranjiv Tower, 43, Nehru Place, New Delhi – 110019. Tel : +91-11-26215236
2. **Solar Power Developers Association**, T-11, 3rd Floor, Vasant Square Mall, Sector B, Pocket-5, Vasant Kunj, New Delhi-110070, Tel : +91-8750394442, +91-9560999255, +91-9810242969 / +91-7065500230, Email : spda.delhi@gmail.com,

GST Impact on Solar Tariff

Particulars	Cost Breakup (Rs Lakh / MW)	% of Total	Before GST	After GST	Capital Cost after GST
PV Modules	204	51%	0%	5%	214
Land cost	25	6%	0%	0%	25
Civil and General Works	38	9.5%	4%	5%	39
Mounting Structures	26	6.5%	12.5%	5%	24
Power Conditioning Unit	26	6.5%	12.5%	5%	24
Evacuation Cost upto Inter-connection Point (Cables and Transformers etc)	60	15%	12.5%	5%	56
Sub Total- Hard Cost	379				382
Soft Cost	21	5.5%			21
Total	400	100.00%			403

For the small-scale roof top projects and other projects, where duty exemption was not availed, the impact of GST is almost nil after considering that the developer is implementing through EPC. In case developer directly setup the project, the impact of GST will be 6% increase on the project cost due to varying GST rate applicable for different components.

For large scale ground mounted projects, prior to GST, fiscal benefits in the form of exemption of customs and excise duties were available for various components like mounting structures, invertors, transformers, cables etc.

Against the exemption certification, no duties were payable on the components other than modules. Solar Modules were exempted for Customs and excise duty by Govt of India.

Offset on account of input credit is not available as electricity is under 'Exempt' Category. Perceived Impact of GST on the project cost may increase in some cases in the range of 5-10% depending on the Procurement strategy and availability of input credit.
