

BUDGET WISH LIST

Renewable energy firms seek tax cuts, extra funds in Budget

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THE EXPECTATIONS OF the renewable energy industry from the Budget includes extra capital allocation, discounts on taxes and duties, mechanism for timely payment from discoms and a support system for start-ups.

The sector anticipates that the government would address issues which pose threat to investments in this area if it wants to have 175 GW of installed renewable power generation capacity by 2022.

"It would be a welcome move if the government streamlines capital allocation towards creating solar parks and associated infrastructure along with green corridors," Sanjay Aggarwal, managing director, Fortum India, said.

The government is expected to expedite development of the power transmission infrastructure, especially after the announcement of the Saubhagya scheme, which aims to bring electricity to all households by August 15, 2022. Research agency Edelweiss expects an additional infrastructure corpus of around ₹10,000 crore could be created in this regard.

Axis Capital sees possibilities of power transmission and distribution expenditure rising 20-25%. About ₹10,600 crore was spent on such schemes in FY18.

The previous Budget had



announced various tax and duty cuts on a number of components used to manufacture wind and solar energy equipment. It had also raised the allocation to the ministry of new and renewable energy to ₹5,473 crore from ₹4,360 crore. However, it discontinued the generation-based incentive scheme for wind power firms.

"We hope that there are no negative surprises that might stager this exponential growth. Additionally, while direct and indirect tax benefits from the renewable sector has been evoked, we do hope that the corporate taxes will be lowered in Budget 2018, which is in line with the government's vision," said Nikunj Ghodawat, CFO, CleanMax Solar.

Apart from earmarking financial support for the solar manufacturing sector, Hitesh Doshi, CMD of Waaree Group, expects the Budget to address "start-ups in the renewable energy sector, which are front runners in bringing disruptive ideas, technologies and innovations." Timely payment from

discoms has been a longstanding issue and a section of the industry resented that it was not addressed in the previous Budget. Experts had estimated the total pending amount, which has crossed the threshold of the 60-day payment period, to be around ₹20,000 crore in September-end.

"One strong recommendation in this regard (payment delay) is that (the) Union government must use the coal cess (₹400/tonne) collections to clear undisputed receivables beyond a specified period, say three months, and recover such amounts from allocations to the states," said Amarthaluru Subba Rao, executive director of CLP India. The government was expected to propose amendments to the Electricity Act, 2003, to introduce a penalty provision for not meeting renewable purchase obligation (RPO) targets. Strict RPO discipline, which is currently missing among obligated entities, would give a considerable boost to the renewable energy industry.