

India needs investments worth USD 7.2 billion by 2026 to promote integrated manufacturing of solar modules: CEEW-CEF

New Delhi, 12 May 2022: India's push to indigenise the solar manufacturing value chain would require capex investments worth USD 7.2 billion (INR 53,773 crore) over the next 3-4 years, according to an independent study released today by the CEEW Centre for Energy Finance (CEEW-CEF). The push to improve local manufacturing could help domestic module manufacturers clock USD 30 billion (INR 2.3 lakh crore) in revenues by 2030 (by selling 150 GW at INR 15/Wp). Further, this could generate new employment for around 41,000 workers.

Rishabh Jain, Programme Lead, CEEW, said, "Solar energy is the cornerstone of India's goal to establish 500 GW of non-fossil-based capacity by 2030 and our long-term net-zero ambition. The ongoing geopolitical and energy crises point toward the importance of reducing import reliance and developing a reliable and robust domestic supply chain for industries critical to the energy transition. Globally many countries are also aiming to diversify their solar supply chain. This presents an excellent opportunity for India to collaborate globally on R&D and indigenisation of products across the supply chain. India's interventions will also serve as a blueprint for building a resilient domestic supply chain for clean energy in other economies. The Centre and states should collaborate to promote R&D and co-create institutions for a steady supply of skilled professionals for the sector. A thriving local solar manufacturing industry would deliver on sustainability, job creation and economic growth."

To promote domestic solar manufacturing, the Indian Government announced multiple support measures over FY 2021-22. These include an allocation of USD 3.2 billion (INR 24,000 crores) through the production-linked incentives (PLI) scheme and levying a basic customs duty (BCD) of 25 per cent and 40 per cent on all imports of solar cells and modules, respectively. The CEEW-CEF study further highlighted that these measures have received a positive response from the sector, which has announced a slew of new manufacturing capacity plans.

The study '*Making India a Leader in Solar Manufacturing*' also recommends creating an outcome-oriented R&D program for solar manufacturing with enhanced funding, a dedicated government division, and an advisory board. Policymakers should consider establishing centralised R&D infrastructure, providing capex subsidies for setting up industrial R&D facilities, and mandating manufacturers to spend a share of their revenue on R&D. These measures should be followed by startup financing and demand guarantees to provide viable routes to market. Indian lenders also need to enhance the availability of affordable credit to solar manufacturers substantially.

Further, to access the global market, policymakers should expand financing for solar projects in developing countries through the India Exim Bank. State governments should also help establish local manufacturing hubs with low leasing rates for land, access to green power for production, and a steady supply of skilled workers for the industry.

The study "*Making India a Leader in Solar Manufacturing: Ways to Achieve Technology Leadership and Global Competitiveness*" can be accessed [here](#).

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About CEEW-CEF

The CEEW Centre for Energy Finance ([CEEW-CEF](#)) is an initiative of the Council on Energy, Environment and Water (CEEW), one of Asia's leading think tanks. CEEW-CEF acts as a non-partisan market observer and driver that monitors, develops, tests, and deploys financial solutions to advance the energy transition. It aims to help deepen markets, increase transparency, and attract capital in clean energy sectors in emerging economies. It achieves this by comprehensively tracking, interpreting, and responding to developments in the energy markets while also bridging gaps between governments, industry, and financiers.