

# Govt Mulls Deferring Duty on Solar Gear, Extending Project Deadlines

Helping hand for projects facing supply uncertainties from vendors in China

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**New Delhi:** The government is mulling deferring imposition of customs duty on imported solar equipment or allowing extension of deadline for completion of solar projects which are facing supply uncertainties from vendors in China, power and renewable energy minister RK Singh told ET.

## Ray of Hope

Chinese power crisis hits supply chain

Domestic solar cos allege Chinese cos invoking force majeure

Say they are delaying deliveries

Chinese cos raising prices 1.5x of agreed contracts

Chinese taking advantage of solar duty

China's travel ban on India adding to woes



We have received a demand saying there is this problem (Chinese cos delaying supplies). My orientation is 'buy Indian. But there are no sufficient stocks to buy Indian.' Singh told ET in an exclusive interview. "So we are mulling over either timeline extension or duty extension. We haven't taken a final decision." Domestic solar companies allege that Chinese companies are taking advantage of the proposed 4% customs duty on solar equipment from April next year, making Indian firms pay more than 1.5 times of the originally signed contract. Equipment supply from China also remains uncertain as the Chinese government has imposed several restrictions on these industries, leading to abrupt increase in solar panels cost and retraction of signed binding contract, the force majeure. Adding to the woes of Indian

## CHINESE CHECKER

China has imposed power cuts on industries, leading to rise in solar panels' cost, retraction of contracts

companies is China's travel ban on Indian firms - senior executives of Indian solar companies are not able to visit vendors in China for negotiations, industry insiders said. Rising prices of commodities such as polysilicon, copper, steel, aluminum, silver and increased sea freight had led to solar equipment prices rising to a record high earlier this year.

## CLAUSE CALL

Contracts for new projects do not have provision for price variation, cos will have to bear rise in costs

The contracts for upcoming solar power plants do not have provision for price variation, and any increase in the cost of inputs will have to be borne by the companies. As per the contracts, change in price can only be allowed when there is a change in law or force majeure. Solar power project developers have written to the renewable energy ministry seeking extension of the duty deadline by a year.

"BCD imposition will be virtual death knell for developers if not extended," Solar Power Developers Association recently told the renewable energy ministry in a letter.

"It is increasingly becoming unviable to do business for solar power developers. Imposition of BCD of 40% (total becomes 61%, including GST and cess) wof April 1, 2022 will be aggravating the situation. The Chinese suppliers are taking advantage of this deadline and forcing Indian IEP to pay more than 1.5 times of original signed contract. Through this deadline we are only benefiting Chinese companies," the letter said.

The association said extension of BCD imposition by at least one year will be a "win-win situation for domestic manufacturing which will come up and Indian solar developers won't have to depend on Chinese imports". The extension would not hit the proposed solar equipment manufacturing under production linked incentive scheme as the auction is likely to be concluded this month and facilities have a minimum gestation period of 18 months, it said.

Last month, the National Solar Energy Federation of India had sought deferment of the BCD on solar cells and modules by six months, to October 1, 2022.

## DIWALI BONANZA EPFO may Soon Credit Interest for 2020-21 in Accounts of 60m Subscribers

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**New Delhi:** The Employees Provident Fund Organisation (EPFO) may soon credit the interest declared for 2020-21 in the accounts of 60 million subscribers, bringing some festive cheer to the salaried class. The interest rate of 8.5%, declared for 2020-21 in March this year, has been awaiting the finance ministry's approval for over six months now.

A top official of the labour ministry told ET that a meeting was recently held between the two ministries to address some of the queries of the finance ministry on the interest rate declared for the previous fiscal.

"It should be happening soon," the official said, referring to the finance ministry's approval. Another official said the finance ministry had raised issues about the rate of interest being higher than that of other government schemes, including public provident fund or saving schemes.

"They had raised questions on the reduced surplus with the EPFO on 8.5%. However, EPFO retained that it is in a comfortable position to pay out the interest at 8.5%," the official said. EPFO had estimated an income of around ₹70,300 crore in the previous fiscal, including ₹4,000 crore from sale of its equity investments and ₹55,000 crore from debt.

## G20 MINISTERIAL AND IMF-WORLD BANK MEETINGS Sitharaman to Meet Yellen on US Visit

Also to interact with institutional investors like BlackRock, KKR as well as global pensions funds

Our Bureau

**New Delhi:** Finance minister Nirmala Sitharaman will meet US Treasury Secretary Janet Yellen and interact with institutional investors, including BlackRock, KKR and global pension funds, when she visits the US for the G20 ministerial and IMF-World Bank meetings.

The week long visit which begins on Monday will be Sitharaman's first overseas official trip after the Covid-19 outbreak. This is also the first time since the viral outbreak that the World Bank and International Monetary Fund are going for in-person annual meetings.

The finance minister will co-chair the US India Economic and Financial Partnership Dialogue with US treasury secretary Yellen. The dialogue is expected to focus on further deepening of India-US bilateral ties. Sitharaman will attend a roundtable with institutional investors, hosted by the USIPE, and CEOs of US companies at a separate meeting hosted by USIIB and CII.

Her interaction with foreign investors on US soil comes after India proposed the controversial retrospective tax provision and rolled out a national monetisation pipeline, sending a strong message to global investors. Sitharaman will also have one-on-one meetings with select CEOs in Boston and New York.

She will also attend the G20 finance ministers and central bank governors' meeting, which is expected to endorse the global tax deal. The OECD on Friday finalised the tax deal that seeks to ensure a fair share of taxes for countries where multinationals and global digital companies operate. Sitharaman will also meet

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The interest rate of 8.5%, declared in Mar, has been awaiting the finmin's approval for over 6 mths



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**CORRIGENDUM**  
Refer to Advertisement Published in the newspaper on 09-10-2021. The general public is to inform that the E-Auction in Account of M. B. Mail Pvt Ltd., the Reserve Price of ₹10.00 Lakhs is to be held at 10.00 AM on 10-10-2021. The E-Auction will be held on 10-10-2021. Kindly refer to the advertisement of Bidding.

## Aggressive Marketing, Timely FTAs to help Boost Exports'

**New Delhi:** Aggressive marketing of products, timely implementation of free trade agreements that will help in negotiations in exportable credit to MSME players would help in taking the country's merchandise exports to \$600 billion in the next financial year, according to exporters, Commerce and Industry Minister Piyush Goyal in a meeting with export promotion councils stated that exports are growing at a healthy rate and now exporters can aim for \$600 billion in outward shipments during the next fiscal year. Exporters also suggested exploiting the potential of e-commerce for inclusive exports and increasing its base by bringing new start ups, artisans, weavers in exports.

## ICAI, NFRA Clash Over Audit of Small Firms

Our Bureau

**New Delhi:** The Institute of Chartered Accountants of India (ICAI) has come out strongly against a recent proposal of audit regulator National Financial Reporting Authority (NFRA) to do away with mandatory audits for small firms, indicating growing tensions between the two bodies.

"NFRA does not have jurisdiction over micro, small and medium companies. It is not within its purview to propose whether an audit of a particular class of companies is required or not," the accounting body's president, Nihar N. Jamhusaria, said.

"Audit is considered to be one of the pillars of the effective corporate governance system in companies, as it also helps in mitigating the risk of failure in implementation of corporate governance, the ICAI argued. "The government can introduce a single platform for reporting by companies so that the same information is required to be filed with various regulators," Jamhusaria suggested. Set up by the Centre in October 2018, audit regulator NFRA has sought comments by November 15 on whether MSMEs should be exempted from the mandatory statutory audit under the Companies Act. "Major economies of the world require statutory audit for all companies only in case of some minimum criteria of public interest ascertained," it noted in its consultation paper.

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