

India- A Hot Booming Market for Solar

Why one says so? Let us look at few facts relating to Indian solar sector. Today, India is the third largest consumer of electricity in the world with a yearly consumption of around 1,100 TWh, after United States at the 1st position and China at 2nd. In Indian context, the growth in the consumption is assured looking to its population growth, change in peoples' life style and potential of rapid urbanisation. India is still considered amongst the countries having lowest per capita consumption of electricity at 1000 kWh in comparison to 15,000 for US and 4,000 for China. The industry experts expect the yearly average consumption growth to be over 4% in the country. Indian is still an electricity deficit country with an average deficit of 6.4% for last six years; though the shortage was narrowed down to below 3% during the year 2014-2015.

As per the Power Ministry report as on Aug 2017, India has 330 GW total installed capacity of power generation. This includes 31% share of Renewable energy.

Going by the estimated demand, India needs to install between 4 - 5 times more capacities in next 20 years to fulfil the increasing demand. Obviously, the thermal power plants could not be the leading options from the viewpoints of unclear supply base for coal, gas and oils coupled with environmental reasons. To meet the energy demand going forward, solar power is the only sustainable, economic and proven option the country has today. Fuelled by huge demand and conducive business environment provided by the central and state governments, the segment has witnessed an average growth of 36% over last 5 years. Few important steps taken by the government to accelerate the growth are NSM 100 GW by 2022, 'Make-in-India' and Start-up India programs.

As on June 17, the total installed capacity of solar power in the country has been reported at 13.2 GW, which makes just 4% to total installations. The country still has a huge potential of growth in the solar sector. The country is expecting over 8.5 gw of installation in year 2017 itself, a 75% growth over 2016. As on June 2017, the global installation of solar power was 300 gw and an average growth of 34% y-o-y. Indian solar industry is growing over twice the rate globally.

Indian solar industry has unique advantages. It has the highest potential market, good solar irradiation, lower cost of manufacturing, sufficient barren land for installation and politically stable and supportive government. This brings enormous opportunities to the domestic and International players to participate. Many overseas big companies have already announced investment in India either by setting-up green field projects or through M&A.

However, India needs to work harder to establish a robust network involving developers, government authorities and financial institutions to work in synergy. India also needs to



acquire leadership role in technology, knowledge and skill developments to support industry from lab to fab. Lack of quality benchmarking and screening standards and infrastructure in the country encourages subprime suppliers to supply quality compromised materials. Whilst the reverse auctions may be the most transparent and the best method to discover the right price, the aggressive biddings by companies leads to extremely low price per Wp. This puts bidders under tremendous cost cutting pressure and hence the quality compromise.