# ‘Solar duty may do more harm than good’- Safeguard duty on solar panels from China, Malaysia not only offers little to domestic makers, but may also hurt existing projects

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**Highlights**

- The government implemented a 25% safeguard duty on solar cell imports from China and Malaysia for the period between July 30, 2018 and July 29, 2019.
- Thereafter, the duty is to decrease to 20% for the six months following that period, and further to 15% in the subsequent six months.
- The import duty prima facie has been placed in order to encourage local solar panel manufacturers in the country in a push to the ‘Make in India’ effort.
- The increased tariffs will be ultimately passed on to the customers, hampering the adoption of clean energy.
- In light of the SEZ issue, the notification defeats the very purpose of a safeguard duty, which is to protect and promote domestic industry
- While it may seem logical that SEZs should be exempted, considering that the whole purpose of applying safeguard duty is to protect domestic industry against imports but why should they pay these duties has put unfortunately, policy makers in dilemma.
- One alternative method to promote the domestic industry, according to Ajay Mathur, director general of TERI, is for the government to procure at competitive rates solar power generated from units only using domestically manufactured panels. “Levying of safeguard duties may not help the domestic industry”
- It would, on the other hand, increase cost of solar power, making it less attractive to buying utilities, and thus jeopardising the pace of growth of development of solar power
- A better option for promoting domestic industry is for the government to competitively procure, for its own use, solar electricity generated from only domestically manufactured panels.
- Another criticism of the government’s decision is that the period of two years will not be enough to actually benefit domestic manufacturers.

Source: The Hindu