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Shri Nitinbhai R. Patel

Hon'ble Deputy Chief Minister
Finance, Roads & Building & Health & Family Welfare
Govt.of Gujarat
2nd floor, Swarnim Sankul-1
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Gandhinagar-382010

Respected Sir,

Subject: Capital & Interest Subsidies for Small Scale Distributed Solar Projects (SSDSP) in Gujarat.

Greetings from Gujarat Chamber of Commerce & Industry.

The Policy for development of Small Scale Distributed Solar Power Projects 2019 was announced by Govt. of Gujarat on 6th March 2019 to promote the distributed generation of solar energy to save the transmission and wheeling losses of DISCOMs.

According to the said policy, any eligible entity can set up the solar power plant from 0.5 MW to 4.0 MW and supply the solar power to nearest GETCO substation at 11 KV voltage level.

Since the activity of generation of electricity is considered as manufacturing activity, any developer who is setting up the small solar power plant under the policy of development of small scale distributed solar projects are qualify as MSME manufacturing unit due to its investment threshold and it is eligible to get the capital and interest subsidy under Industrial Policy 2020 of GoG.

With these understanding when GUVNL invited applications under SSDSP scheme in October 2020, it received unprecedented response from potential investors and close to 15000 applications for approximately 8000 MW were received by GUVNL.

After, technical feasibility study and other scrutiny, finally approximately 4000 PPAs for 2500 MW had been signed with various DISCOMs of GUVNL till the end of May 2021.

Natubhai Patel
President

Hemant N. Shah
Sr. Vice President

K. I. Patel
Vice President

Pathik S. Patwari
Hon. Secretary

V. P. Vaishnav
Hon. Secretary (R)

Sachin K. Patel
Hon. Treasurer

Till now, Rs. 1000 Crores has been already invested by developers under this scheme and further investment of approximately Rs. 9000 Crores is under way for these projects.

Now, it has been learnt that GoG is on verge of deciding **NOT TO GIVE** the capital and interest subsidies under industrial policy 2020 to these developers.

Sir, if this would happen, all the 4000 projects of 2500 MW under SSDSP scheme will be non-viable and most of the projects will be dropped and the amount of Rs. 1000 Crores, already invested in these projects by the developers will be wasted.

The development of small scale distributed solar power plant of 0.5 MW to 4.0 MW capacity at the prevailing rate shall only be viable if the developer can get the capital subsidy and interest subsidy under Industrial policy 2020 of GoG.

Sir, for the similar scheme in Rajasthan, the price fixed is Rs. 3.14 per unit and in Maharashtra, the price fixed is Rs. 3.15 per unit. The price of Rs. 2.83 per unit in Gujarat is viable only if the MSME subsidy benefits are being passed on to developers.

Benefits of SSDSP Scheme

- **The Govt. of Gujarat will get 4250 million units per annum for 25 years at Rs. 2.83 Per unit.**
- **As the power is generated near sub-station, there will be the lowest technical losses.**
- **Since the transmission charges are not involved, the landed cost of electricity will be one of the lowest for GoG**
- **The entire power will be available with existing transmission network. There is no need to create any new network.**
- **Total 4000 PPAs have been signed for 2500 MW capacity.**
- **The State will receive approximately Rs. 10,000 Crores Investment thru this scheme considering Rs. 4.0 crore per MW for 2500 MW.**
- **The income from GST @8.9% will be approximately Rs. 890 Crores.**
- **Each solar projects will give employment to approximately 6 to 7 persons for cleaning of panel and security of the projects. This will generate employment in rural area of the state for approximately 25,000 persons for prolonged period of 25 years for 4000 projects. In view of pandemic situation this will give huge boost to rural employment, which the state needs desperately.**

- Had these 25,000 people would have been paid under MGNREGA @ RS.224 per day for minimum 100 days, then the annual bill to GoG shall be Rs. 56.00 Crores per annum and Rs. 1400 Crores for the project life span of 25 years.
- It will immediately kickstart the KISAN SURYODAY Yojana in 2022, which will help GoG to win farmer's heart.

The loss to the state of Gujarat if SSDSP projects do not get implemented will be as under.

- The state will be deprived from getting investment of approximately Rs. 10,000 Crores from these projects.
- The opportunity for direct and in-direct employment to approximately 25,000 people in rural area will be lost in this current situation of pandemic and rising unemployment.
- The alternate payment under MGNREGA to these many people shall be Rs. 56 Crores annually and Rs. 1400 Crores over the project life span.
- This step by GoG will strike death nails to these 4000 MSMEs.
- The GoG will lost the opportunities to get cheapest Power @ Rs. 2.83 per unit at substation level with lowest technical losses.
- For creating similar capacity, the cost burden to create the transmission network will be much more than the amount of subsidy.
- The ambitious project of KISAN SURYODAY scheme for providing daytime power to farmers will hit the roadblock.

With this background, we request you to review the decision positively and please allow the capital and interest subsidies as per Gujarat Industrial policy 2020 to the small scale distributed solar power projects.

Thanking You,

Yours faithfully,



Natubhai Patel
President

Copy to:

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