



# Gujarat Chamber of Commerce & Industry



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16<sup>th</sup> March, 2022 / 15320

To,

**Shri Raj Kumar Singh**

Hon'ble Minister for Power, New and Renewable Energy,  
Government of India  
Block No 14, CGO Complex, Lodhi Road,  
New Delhi.

**Subject: Removal of condition for compulsorily setting up an exclusive SPV to avail benefit of the PLI Scheme for Manufacturing of Solar PV Modules**

Respected Sir,

Greetings from Gujarat Chamber of Commerce and Industry (GCCI).

At the outset, we are thankful to you for leading the revolutionary measures to reduce carbon emissions by promoting various clean energy technologies, viz. increasing renewable energy generation to substitute coal and other fossil fuels, Electric Vehicles, manufacturing of Solar Photovoltaic cells/modules and Green Hydrogen etc. in India with a view to realize India's commitment to achieve 'Net Zero' by 2070.

Sir, Gujarat has been at the forefront in the fight against climate change and a pioneer in promoting renewable energy. We are grateful to you for launching various schemes to promote domestic manufacturing of Solar power modules/cells and its full value chain such as ALMM, CPSU Scheme and Production Linked Incentive (PLI) Scheme. The measures will go a long way in making India a Renewable Energy Equipment manufacturing hub.

With regard to PLI scheme, we wish to bring to your kind notice the amended provisions of para 3.2 of the Invitation for Application (IFA) for PLI Scheme which is causing genuine difficulties to the manufacturers of Solar Equipment. The amended provision is as under:

*"The Applicant company may form a new (or utilize existing) Special Purpose vehicle (SPV) **exclusively** for setting up of the manufacturing facility after the issue of Letter of Award by IREDA. However, such SPV should be formed within 90 days from issue of letter of Award. In case of any delay beyond 90 days for formation of the SPV, the Letter of Award issued would be withdrawn and capacity would be allocated to entities in waiting list. Project Company, setting up manufacturing facility, has to be registered under the Indian Companies Act, 2013, before awarding any order/ signing any contract involving the construction of manufacturing facility and in any case within 90 days from the letter of Award (LoA) by IREDA .*

As per the above amended IFA, it has been made mandatory for the successful bidders to set up/or use existing special purpose vehicle (SPV) **exclusively** for setting up the new manufacturing facility for Solar PV Modules, though neither the Scheme approved by the Government in November 2020 nor the original IFA mandated to set up an exclusive SPV for the manufacturing of Solar PV Cells/Modules.

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The above stipulation necessitating having separate SPV exclusively for setting up the new manufacturing facility for Solar PV Modules does not seem to be in line with the overall objective of the Government and is going to be counterproductive to Ease of Doing Business. Some of the unintended negative outcomes of the said condition include the following,

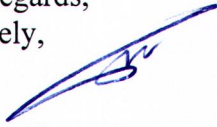
- (i) The condition will act as a barrier in achieving the operational synergies between various verticals, viz., use of common infrastructure facilities and resources, such as land, power and other related resources available with the applicant.
- (ii) Raising finance at competitive rates will be difficult by an exclusive SPV as compared to that by parent entity due to its composite financial strength.
- (iii) It will increase the avoidable compliance burden, e.g., the administrative cost for setting up a separate company, tax compliance etc.

Sir, we understand that the primary objective behind the said condition is ensuring transparency and correct computation of the Incentive under the scheme. However, this objective could easily be achieved without having an exclusive SPV. The prevalent Accounting Standards provide for maintenance of separate accounts for each of the businesses carried on by a company. There are effective checks also such as audit. The same rules could be applied for calculation of the PLI instead of mandating a separate exclusive SPV.

It is also important to submit that the said condition is not there in PLI Schemes for other sectors (Pharmaceuticals, Food Processing, Auto components, IT hardware, Medical Devices, Large Scale Electronics, White Goods, Telecom and networking products, Speciality Steels etc.)

In view of the above, we humbly request that the condition of setting up a separate SPV exclusively for manufacturing Solar PV Modules may be removed so that maximum units can take benefit of the scheme.

With regards,  
Sincerely,



**Hemant Shah**  
President.

**Copy to:**

1. **The Secretary**, Ministry of New and Renewable Energy, Government of India
2. **The Joint Secretary (Solar)**, Ministry of New and Renewable Energy, Government of India