

**GOVERNMENT OF INDIA  
NEW AND RENEWABLE ENERGY  
LOK SABHA**

UNSTARRED QUESTION NO:350

ANSWERED ON:17.11.2016

WTO Ruling against DCR Norms

Jayadevan Shri C. N.;Joshi Shri Pralhad Venkatesh;Singh Dr. Prabhas Kumar;Tharoor Dr. Shashi

**Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:**

- (a) whether the World Trade Organization (WTO) has given ruling against India's Domestic Content Requirement (DCR) norms making it mandatory to source India made solar cells/ modules for a certain portion of solar capacity and if so, the details thereof and the reaction of the Government thereto;
- (b) whether the Government is likely to withdraw support to domestic manufacturers after the WTO ruling which would be against the spirit of Make in India campaign of the Government, if so, the details thereof;
- (c) the extent to which the Domestic Content Requirements have helped the solar energy sector in the country;
- (d) the details of solar mission projects implemented so far, State-wise including Delhi and the details of projects in progress under the Jawaharlal Nehru National Solar Mission (JNNSM) in the country during the last two years;
- (e) whether the Government is aware of the challenges faced by domestic manufacturers of solar energy equipment on account of pricing as a result of cheap imports from China and America, if so, the details thereof; and
- (f) the steps taken/being taken by the Government to encourage the domestic manufacturing capacity for solar cells?

**Answer**

THE MINISTER OF STATE FOR POWER, COAL, NEW AND RENEWABLE ENERGY & MINES (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

- (a): The World Trade Organization (WTO) panel has ruled that the Domestic Content Requirement (DCR) measures under Phase I (Batch 1) Phase I (Batch 2), and Phase II (Batch 1) of the National Solar Mission(NSM) are inconsistent with Article 2.1 of the TRIMs Agreement and Article III:4 of the GATT 1994, and are not covered by the derogation in Article III:8(a) of the GATT 1994. Details of the ruling are available in public domain at [https://www.wto.org/english/tratop\\_e/dispu\\_e/ds456\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/ds456_e.htm).
- (b): India like other WTO member countries is committed to its WTO obligations. However, it is free to make programmes to support domestic manufacturers within the WTO norms.
- (c): Around 750 MW capacity has been installed in the country with the DCR, out of a total of about 8700 MW capacity installed.
- (d): State-wise details of solar power capacity installed in the country including Delhi (including those under JNNSM) during the last two years and the current year are given at Annexure.
- (e): Yes, Madam. Development of solar power in the country is taking place with indigenous as well as imported solar equipments and components. Cost of solar power has to be at grid parity in India to encourage DISCOMS to buy. India does not have enough manufacturing capacity currently for cells and modules to cover its full demand. Therefore imports of cells and modules is taking place. The situation may change in future.
- (f): The Government is promoting solar energy through fiscal and promotional incentives such as capital and/or interest subsidy, tax holiday on the earnings for 10 years, generation based incentive, accelerated depreciation, viability gap funding (VGF), concessional excise and custom duties, and foreign direct investment up to 100 per cent under the automatic route etc. for promoting solar industry in the country. This apart, the Government has been supporting solar manufacturing by way of various mechanisms such as Modified Special Incentive Package Scheme (M-SIPS) of Department of Electronics & Information Technology (DeitY).