

Budget Goes Swachh with Boost to Green

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New Delhi | Kolkata: Power tariffs will rise by 20 paise but clean energy will get a boost, with doubling of green tax on coal to ₹400 per tonne and other steps that narrow the gap between conventional and clean power.

On the other hand, some areas of concern emerged as analysts said phasing out tax concessions to commissioned projects under Section 80-IA of the Income Tax Act will raise costs of power companies. Another worry is tax on large dividends. Coal India received a dividend of ₹13,000 crore from its subsidiaries last year.

Coal consumers like Tata Steel opposed the increase in cess but analysts said the steps were in line with India's climate commitments. "This definitely demonstrates India's efforts towards fulfilling commitment made in COP21. However, in the immediate future it puts huge stress on distribution company finances

as they would struggle to pass this in consumer tariff. Government could have waited for UDAY to fully take effect," said Debasish Mishra of Deloitte Touche Tohmatsu India.

The budget also lowered accelerated depreciation benefits from 80% to 40%, which evoked a mixed response from industry. "Of the 3000 MW or so of wind energy added last year,

only around 500-600 MW have taken advantage of accelerated depreciation benefit," said Sunil Jain, CEO, Hero Future Energies, who is also president of Wind Independent Power Producers Association in India.

Likes of Tata Steel oppose the coal cess hike but analysts say it is in line with climate commitments

However, Suzlon chairman Tulsi Tanti disagreed. "We wish to reiterate that accelerated depreciation limit of 80% should continue till 2022, aligned to the government target of 175GW renewables by 2022 and to boost manufacturing under the Make in India vision."