

Solar power system prices go up

KARACHI: Despite sharp increase in the price of panels, inverters, dry batteries etc due to the steep rupee devaluation, the demand for solar power systems remains robust across the country amid higher electricity tariffs.

For example, the installation of 5kW and 10kW solar power system [panels, inverter and batteries] now costs Rs500,000 and Rs1 million, respectively, as against Rs400,000 and Rs800,000 a year ago.

“People especially from the rural areas where power is not available, are the main buyers of solar systems in the segment of 1kW to 4kW,” M. Saleem Memon, chairman Renewable Power and Vice-President Karachi Electronics Dealers Association (KEDA) said.

The 1kW solar system is now selling at Rs100,000 and the 2kW at Rs200,000, up 35 per cent in the last one year, he added.

He said rising cost has not affected sales, adding that the demand for solar power systems can be gauged from the fact that around 15-16 containers arrive daily at the port as compared to 10 containers per day a year ago. Solar panels arrive mainly from China while inverters land from China, Germany, Japan and Singapore.

One dollar was equal to Rs110 in January 2018 as compared to current rate of Rs158, making imported goods costlier in local markets. “Over 70 per cent of our sales go towards rural areas while cities and small towns hold the remaining share,” he said.

Various industries, educational institutions, private sector business operators and consumers in residential areas in major cities are also gradually shifting towards solar power, he claimed. However, importers are now highly perturbed as a large number of containers carrying solar panels, inverters and other equipment used in solar power installation are stuck up at the port following five new conditions amended in Import Policy Order (IPO) 2016 vide SRO 604 (I) 2019 issued on May 28.

Due to sudden amendment by the Ministry of Commerce, importers have delayed their future shipments which were booked prior to the fresh amendment in the SRO. Many consignments are in the pipeline.

“Around 500 containers worth Rs4bn are held up at the port,” he said adding importers would also bear shipment detention, port charges and container rents amounting to \$150 per 40ft container.

He said the government has imposed new conditions to the SRO604 for import of solar panels which include PSQCA certificate, PSI certificate, certificate of conformance from exporting country, test report and accreditation certificate.

“The government has imposed these new restrictions to curb imports only without realising that solar panels are now becoming a need in view of rising power tariff by utility companies,” he added.

He said importers are not in a position to re-export all these consignments and import it again just to fulfil the condition of pre-shipment inspection.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) last week also took up the issue of stuck up solar panel consignments with Adviser to Prime Minister on Commerce and Textile, Abdul Razak Dawood. Provision of Section 4 of the IPO-2016 provides that IPO conditions shall not be applicable to such imports where bill of lading or letter of credit were issued or established prior to the issuance of amending order. Later on, clarification regarding effectiveness of SRO604 was issued by commerce ministry on July 4, 2019, according to which the aforementioned SRO would not be applicable on goods for which BL or LC was established up till June 1, 2019.

FPCCI President Daroo Khan Achakzai had asked the commerce adviser to extend the date of implementation of SRO604 from June 1 to July 31 to clear backlog at the port.

He said all importers believe to import quality goods on standards mentioned in the SRO but they have reservations on multiple inspections and certification from those organisations and inspection companies who have not their own labs and expertise to test the goods and issue certificates. The cost of doing business would rise by multiple inspections, he added.

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