

Respected Sir/Madam,

I am a farmer and Solar Power Generator (SPG) under PM-KUSUM Component-A with the following details:

Application No.: TG/PM KUSUM-A/24-25/00215
Capacity: 2 MW AC, **Village:** Bandarupalle
Mandal: Thoguta, **District:** Siddipet, **PPA NO:**280, **Date:**05.07.2025

I respectfully submit my objections to the petition filed by TGSPDCL seeking to reduce the pre-fixed tariff from **₹3.13/kWh to ₹2.98/kWh**.

PM-KUSUM was introduced by the Government of India and promoted by the Government of Telangana as a **farmer welfare scheme**, assuring farmers of a stable income for 25 years while promoting renewable energy. Believing this assurance, many farmers, including myself, invested substantial time in arranging finances and availed long-term bank loans. Mobilizing such investment is extremely difficult for an ordinary farmer. Therefore, any reduction in tariff at this stage would seriously affect the confidence and financial security of farmers who trusted this scheme.

The proposal is based mainly on the reduction of GST from **12% to 5%** on certain solar equipment. However, a solar power project includes several major cost components such as steel, transformers, HT electrical equipment, GSS equipment, cables, civil works, transportation, labour and financing costs, many of which still attract GST between **12% and 18%**. Moreover, inflation, rising interest rates and increased material, labour and transportation costs have significantly increased the overall project cost.

Today, the cost of establishing a **2 MW AC solar power plant is around ₹7.50 - 8 crore**, while banks finance only in-between **₹5.60- 6.20 crore**, leaving farmers to arrange a substantial margin amount on their own. Even with the existing tariff of **₹3.13/kWh**, recovering the investment and repaying loans is already challenging.

Further, the GST reduction provides only a **one-time benefit**, whereas the proposed reduction of **₹0.15 per unit** would reduce farmers' income throughout the **25-year PPA period**, resulting in a cumulative financial loss far exceeding the one-time GST benefit. Therefore, considering only the GST reduction without evaluating the overall project economics would not be fair.

In fact, the present-day cost of setting up solar projects is significantly higher than when the tariff of ₹3.13/kWh was determined. If current capital costs, financing conditions, and interest burdens are properly considered, there is a genuine need to revisit project viability in today's context, rather than reducing the tariff.

In view of the above, I humbly request the Hon'ble Commission to:

- **Reject the proposal to reduce the tariff from ₹3.13/kWh to ₹2.98/kWh.**
- **Reconsider and suitably revise the tariff by taking into account the current project costs, inflation, financing challenges and long-term financial viability, instead of considering only the GST reduction applicable to limited components.**
- **Protect the interests of farmers and uphold the objectives of the PM-KUSUM Scheme by ensuring the long-term sustainability of these projects.**

I sincerely request the Hon'able Commission to consider these submissions in the larger interest of farmers and the successful implementation of the PM-KUSUM Scheme.

Thank you for your kind consideration.

Yours faithfully,

Gurappagari Varalaxmi

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