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VIKRAM SOLAR

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Bengal solar project shift fear

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Calcutta, March 26: A Bengal-based company has decided to reassess its Rs 1,700-crore expansion plan in the state because of escalating logistics costs involving operations at the Calcutta Port. City-based Vikram Solar, which has a unit at the Falta Special Economic Zone, is looking at alternative locations such as Andhra Pradesh, Karnataka and Maharashtra to manufacture cost-competitive photo-voltaic modules.

The company's managing director and CEO Gyanesh Chaudhary said the overall cost had gone up 8-10 per cent largely because of the logistics issue.

"In a competitive market, the company is unable to pass on the high cost to the consumer, eating into our profit. We are internally reconsidering our expansion plan in Bengal. We don't know when the situation at Calcutta Port will improve. There is significant congestion and delay," said Chaudhary.

Vikram Solar, India's largest PV equipment maker, imports around 4,000 containers of equipment a year from China, assembles them at Falta and sells to different states.

It plans to ramp up the capacity of solar power modules to 2 gigawatt (GW) by 2020 from 0.5GW.

Chaudhary said the company was getting offers from other states to set up a plant.

PORT DELAY THREATENS INVESTMENT

- Vikram Solar, India's largest photo-voltaic cell maker, is looking at alternative location for its expansion project, involving Rs 1700cr investment

- Company planning massive expansion to 2GW capacity from 0.5GW in three years

- Wants project in Bengal but forced to look for options because of delay in delivery of equipment from China

- Consignments from China taking 10-15 extra days and main villain is congestion in Calcutta port system

- Poor navigability on Hooghly major reason for delay

- Large ships cannot come to Calcutta

- Situation worsens in winter

- Central assistance for dredging coming down, adding to concerns



The company alleged that from September, consignments were taking 10-15 days more for the end-to-end delivery of import cargo from China.

The poor navigability of the Hooghly river doesn't allow large ships to come to Calcutta directly, unlike the sea ports of Visakhapatnam or JNPT in Mumbai, and containers are put on to small feeder vessels meant for the city.

Such ships also require expert piloting to navigate the narrow 126 nautical miles northward from the sea to reach the city. All these add up to the cost.

CPT officials said the traffic restrictions imposed by Calcutta Police on 32

roads in and around Kidderpore and Netaji Subhash Dock in the run-up to Durga Puja has led to massive congestion inside the port and slowed cargo handling at the berths.

"The seasonal factor also comes into play. As winter approaches, the availability of water in the river goes down. Consequently, capacity of ships to bring cargo also comes down by 15-20 per cent. But the situation has started improving," a CPT official said.

The lower carrying capacity of ships leads to piling up of cargo at the transshipment ports.

Shipping lines ruled out dramatic

improvement in CPT, the most expensive port in India, unless intense dredging is carried out to increase the water depth. However, central assistance for dredging is fast coming down even as the port authority, burdened with feeding 30,000 pensioners, are not in a financial shape to make up for the shortfall.

Despite such challenges, container traffic in Calcutta is on the rise, thanks to demand from the thickly populated land-locked hinterland. Calcutta Dock System will handle 630,000 containers this year, nearly a 10 per cent increase, making 2016-17 the best performing year in history.

"Calcutta is the port for the entire Northeast, Nepal, Bhutan, Bihar, Jharkhand and parts of eastern Uttar Pradesh, apart from Bengal. Because of good rail and road connectivity, shippers prefer this port. But once the Dhamra port gets railway connectivity in 2018, traffic may move out," an executive of a shipping company said.

Chaudhary, however, clarified that the Falta facility would continue and they would use Calcutta. "Due to the push from the Modi government promoting non-renewable green energy, we have around a 500 mega watt order book. Timely delivery of the equipment is critical. Hence, we are looking to save as much time in transit as possible. And a new port-based location with less congestion may help," he added.

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