

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2876

ANSWERED ON:26.11.2010

ENERGY EFFICIENT PROJECT FOR MSMES

Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has signed any tripartite agreement for financing Energy Efficiency Project for Micro, Small and Medium Enterprises (MSMEs);

(b) if so, the details thereof; and

(c) the details of the terms and conditions of the said agreement alongwith the benefits of the said project to the MSME sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

a) & (b) In order to upscale Energy Efficiency (EE) financing for the MSME sector, SIDBI has signed the following bilateral Agreements:

Bilateral Agreement with Japan International Cooperation Agency (JICA), Japan SIDBI entered into a bilateral Agreement with JICA for a Line of Credit (LoC) of JPY 30 billion (about Rs. 1,600 crore) in 2008 for promotion of energy efficiency investments in MSMEs. The LoC is backed by Sovereign Guarantee from Government of India. The entire loan from JICA has been utilized by SIDBI by October, 2010 by way of direct assistance to MSMEs as well as through Primary Lending Institutions (PLIs) viz. State Financial Corporations (SFCs), Commercial Banks and NBFCs benefitting 3483 MSMEs involving financial assistance of Rs.1721 crore.

Bilateral Agreement with KfW, Germany

SIDBI entered into a bilateral Agreement with KfW, Germany in November, 2009, for a Line of Credit (LoC) of Euro 50 million (about Rs.310 crore) for providing Energy Efficiency loans in the MSME sector. The LoC is backed by Sovereign Guarantee from Government of India. The objective is to promote energy efficiency among MSMEs and reducing CO2 emissions thereby reducing the cost of production and enhancing competitiveness of MSME products in the domestic and overseas market. Euro 2.99 million (Rs. 17.81 crore) has so far been drawn under the line. One hundred and seventy nine (179) MSMEs involving financial assistance of Rs.75 crore have been covered under this line till September 30, 2010.

Bilateral Agreement with French Development Agency (AFD)

SIDBI entered into a bilateral Agreement for a Line of Credit from AFD, France in May, 2010, of EUR 50 million (about Rs.335 crore) for financing energy efficiency investments in MSME sector. A sum of EUR 20 million (Rs.122 crore) has been drawn under the line till September 2010. 46 MSMEs involving financial assistance of Rs.21 crore have been covered under this line till September 30, 2010. Bilateral Agreement with Bureau of Energy Efficiency, Ministry of Power SIDBI has signed an MoU in March, 2009, with Bureau of Energy Efficiency (BEE), Ministry of Power for implementing Energy Efficiency (EE) measures among MSMEs in 25 clusters.

(c) The broad terms, conditions and objectives of the above three Energy Efficiency Lines are given below :

Agency	Loan Amount	Tenor of the loan	Objectives of the Loan
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1 JICA, Japan	JPY30 billion (Rs 1600 crore)	15 years including moratorium of 5 years	Promoting energy saving in MSMEs through direct and indirect lending.
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2 KfW, Germany	EUR 50 mio (Rs.310 crore)	9 years including moratorium of 2 years	Promoting energy saving investments in MSMEs through direct and indirect lending.
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3 AFD, France EUR 50 mio 12 years including Promoting energy saving
(Rs.335 crore) moratorium of 4 years investments in MSMEs
through direct and
indirect lending.