

**GOVERNMENT OF INDIA  
NEW AND RENEWABLE ENERGY  
LOK SABHA**

UNSTARRED QUESTION NO:3741

ANSWERED ON:27.04.2012

FINANCES FOR RENEWABLE ENERGY PROJECTS

Pakkirappa Shri S.

**Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:**

- (a) whether Government propose to mobilize additional finance for renewable energy projects at a lower capital cost;
- (b) if so, the details thereof;
- (c) whether the issue of renewable energy bonds by the Government or by Government backed agencies can be helpful in this regard;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to facilitate the issue of such bonds?

**Answer**

THE MINISTER OF NEW AND RENEWABLE ENERGY (DR. FAROOQ ABDULLAH)

(a): Yes, Madam.

(b): IREDA, the PSU under the Ministry, engages with international financial institutions and national capital market in order to meet its financing requirement. It last signed an agreement, with JICA, Japan for a line of credit of JPY 30 billion backed by Sovereign Guarantee of the Government. It is actively engaging with different lending agencies for the following further Lines of Credit (LOC):

Lending Agencies Amount in Million/Currency

AFD (2nd LOC)	Euro 200.00
KfW (5th LOC)	Euro 300.00
JICA (2nd LOC)	J.Yen 50,000.00
ADB (2nd LOC)	US Dollar 500.00

IREDA is also raising funds through Taxable Bonds for which Government of India is providing letter of comfort.

(c): Yes, Madam.

(d): Issue of Renewable energy Bonds is one of the many options for raising resources to finance renewable energy projects. Agencies such as IREDA can be allocated Capital Gain Bonds and Tax Free Bonds on yearly basis.

(e): In the Union Budget 2012, the Ministry of Finance has allocated Infrastructure Tax Free Bonds of Rs. 10,000 crores for power sector, which includes renewable power sector also. Depending on actual allocation thereof going to IREDA, the option of issue of Renewable Energy Bonds by IREDA can be exercised at a suitable time based on prevailing interest rates and market conditions.