

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

UNSTARRED QUESTION NO:1543  
ANSWERED ON:13.12.2013  
VIABILITY GAP FUNDING  
Karunakaran Shri P.

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

- (a) whether the Government has come out with proposed norms for Viability Gap Funding (VGF) for large size solar power projects in Phase-II of the Jawaharlal Nehru National Solar Mission;
- (b) if so, the details thereof;
- (c) whether the Government has decided to facilitate the creation of 10,000 MW of utility scale solar power capacity under Phase-II; and
- (d) if so, the details thereof?

**Answer**

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

(a)&(b): Yes, Madam. Implementation of a Scheme for Setting up of 750 MW Grid-connected Solar PV Power Projects under Batch-1 of the Phase-II of the National Solar Mission (NSM) with Viability Gap Funding support to the tune of Rs. 1875 crore (maximum) from NCEF was approved by the Government on 03.10.2013. Detailed Guidelines/ norms thereof have been issued by the Ministry on 25.10.2013 and are available on its website: [www.mnre.gov.in](http://www.mnre.gov.in). Main provisions of these guidelines are furnished below:

# Coverage: Solar PV projects of total 750 MW capacity to be set up on Build-Own-Operate basis, with maximum project capacity of 50MW, in multiples of 10MW. A maximum of five projects at different locations with total capacity not exceeding 100 MW can be allotted to one company.

# Tariff for power purchase: @ Rs. 5.45/ unit fixed for 25 years (Rs.4.75/ unit in case of projects availing benefit of accelerated depreciation). The power will be purchased by Solar Energy Corporation of India (SECI) and sold to willing State Utilities/ Discoms at a fixed tariff of Rs.5.50/ unit for 25 years.

# VGF support: up to 30% of project cost or Rs.2.5 crore/MW, whichever is less, based on bids. The projects will be selected based on a process of reverse bidding on VGF required by the developers.

# Developers' equity contribution: At least Rs.1.5 crore/ MW. The balance amount can be raised as loan from any source.

# Domestic Content Requirement (DCR): Out of the total capacity of 750 MW, a capacity of 375 MW will be kept for bidding with DCR. Under DCR, the solar cells and modules used in the solar PV power plants must both be made in India. The Developers may submit bids for either "DCR" or "Open" or both the categories.

Request for Selection (RfS) document has been issued by SECI on 28.10.2013. The closing date for receipt of proposals in response to the RfS is 28.12.2013.

(c)&(d): Yes, Madam. The Ministry envisages solar power capacity addition of 9,000 MW under JNNSM Phase-II (April, 2013–March, 2017), comprising of 3,000 MW under Central schemes and 6,000 MW under States own initiatives/market mechanisms of Solar Renewable Purchase Obligations (RPOs)/ Renewable Energy Certificates (RECs). The capacity addition under Central schemes is envisaged mainly through three different categories of

(i) Bundling with thermal power

(ii) Viability Gap Funding support from National Clean Energy Fund and

(iii) Generation Based Incentive Scheme from Ministry's direct budgetary allocation, in different proportions depending on availability of unallocated quota of thermal power and allocation of funds from different sources.