

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

UNSTARRED QUESTION NO:4100
ANSWERED ON:07.08.2014
FINANCE TO SOLAR ENERGY GENERATION COMPANIES
Muddahanumegowda Shri S.P.

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

- (a) whether the Government has formulated any policy to provide low cost and long term finance to the solar energy generation companies to bring their cost down;
- (b) if so, the details thereof;
- (c) the details of proposals received from the State/UT Governments regarding setting up of solar energy projects, State/UT-wise including Maharashtra along with the details of funds allocated and utilized during the last three years and the current year, State/UT-wise for the purpose;
- (d) whether any study has been conducted to examine the cost efficiency of solar energy for use in air-conditioners; and
- (e) if so, the details thereof along with financial assistance provided to install solar power capacity for domestic use?

Answer

THE MINISTER OF STATE FOR POWER, COAL & NEW AND RENEWABLE ENERGY (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a)&(b): MNRE has been impressing upon Banks and Financial Institutions to provide low cost and long term finance for solar power projects to bring down the cost of solar power generation.

A refinance scheme was introduced under NCEF in FY 2013-14 wherein NCEF funds are provided to IREDA at zero interest rate for lending to Banks at an interest rate of 2%, for refinancing up to 30% of the loan given by them for renewable energy projects, at an interest rate of not more than 5%. This scheme covers all renewable energy sectors, including solar. An amount of Rs. 100 crore has been released to IREDA for this purpose till date.

(c): The solar power generation projects for feeding power to grid are set up mostly in private sector with largely private investment. The Central Government facilitates the same through fiscal/ financial incentives such as accelerated depreciation, concessional/ nil customs and excise duties, preferential tariffs and generation based incentives, etc. No State-wise allocation of funds is made for such projects as MNRE does not have a scheme to provide funds for large solar projects built by State/UT Governments. A new provision for Ultra Mega Solar Power Projects has been included in the current budget. The Scheme is however, still under preparation.

No proposal seeking central financial assistance for setting up grid-connected solar power plants has been received from Maharashtra Government.

(d): No, Madam.

(e): Does not arise. However, details of central financial assistance/ subsidy being provided for installation of solar power generation systems for domestic use are furnished in Annexure.