

Loan Scheme to promote the Concentrating Solar Thermal (CST) Projects in India for Industrial Process Heat Applications

Objective

The Ministry of New & Renewable Energy (MNRE) in partnership with United Nation Industrial Development Organization (UNIDO) and IREDA under the GEF-UNIDO-MNRE project launched an innovative financing scheme to promote adoption and of Concentrated Solar Thermal (CST) Technologies for thermal applications in the specified industrial sectors.

It aims to create the necessary enabling environment for increasing penetration and Scaling up of CST Technology in India through an innovative financing mechanism.

The Loan Scheme

The Loan scheme aims to provide upfront financial assistance to beneficiaries to overcome the financial constraints faced in the adoption and penetration of CST technologies.

- Under this scheme, financial assistance is available for up to 75 % of the CST project costs.

Scheme Highlights

PART A: SOFT LOAN FROM IREDA

Rate of Interest	7 %	After considering UNIDO interest subvention
Repayment Period	7 years	1 year moratorium + 6 years repayment

PART B: BRIDGE LOAN AGAINST MNRE SUBSIDY

Rate of Interest	12 %	The rate is applicable till the project is commissioned. On commissioning, the MNRE subsidy will be passed to the project and the bridge loan will be closed
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Indicative Project Cost Structure:

- Minimum promoter's contribution - : 25%
- Soft Loan - 45%
- MNRE Subsidy - 30%
- Total - 100%**

Note: Quantum of Soft Loan will depend on the MNRE subsidy and approval by UNIDO-PMU.

Note: The Project would be eligible for interest rebate of 1 % in the event of Borrower furnishing security of Bank Guarantee/ Pledge of FDRs as the primary security, equivalent to the amount sanctioned by IREDA for both soft loan and bridge loan, from Scheduled Commercial Banks as described in RBI Act or Unconditional or Irrevocable guarantee from All India Public Financial Institutions with "AAA" or equivalent rating.

ELIGIBILITY

Projects Eligible for Assistance

- Any entity as per IREDA guidelines setting up a solar thermal heating/ cooling/ tri-generation project.

General Applicant Eligibility Norms as per prevailing IREDA financing Norms

Minimum Loan Amount

- The minimum loan eligibility from IREDA will be Rs. 30 lakhs.

Disbursement Schedule

- The following disbursement schedule is applicable for both Part A (Soft Loan) and Part B (Bridge Loan)

Installment	Percentage	Terms
1st instalment	30 % of loan amount	on signing of the loan agreement and inflow of minimum 30 % share of promoters contribution
2nd instalment	30 % of loan amount	Inflow of additional 60% share of promoter's contribution and after delivery of all equipment at site
3rd instalment	30 % of loan amount	Inflow of minimum 90% share of promoter's contribution, on final installation of CST equipment at location
4th installment	10 % of loan amount	On completion, commissioning, testing and inspection and utilization of 100% of the promoter's contribution.

Note

Main loan and bridge loan will be disbursed proportionately as indicated in the table above.

Guarantee & Security

- As per IREDA's norms
- Additionally, performance guarantee from supplier for a period of 7 years or until complete repayment of loan and payment guarantee from the beneficiary
- The promoter shall give an undertaking that in case non – release of Capital Subsidy, the company will bring in equity to repay IREDA Loan.

Detailed Scheme document can be accessed at IREDA website

Others

- All other terms and conditions not specifically mentioned in the scheme will be as per existing norms of IREDA
- The consideration of the projects under the scheme may be subject to availability of funds.