

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2215
TO BE ANSWERED ON 01.01.2019

SUBSIDY FOR SOLAR PRODUCTS MANUFACTURERS

2215. SHRIMATI VANDANA CHAVAN

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

- (a) whether Government has given any subsidy or implemented any scheme in order to incentivise the manufacturing of solar energy products;
- (b) whether Government has provided any scheme in order to reduce the cost and insurance for solar energy products; and
- (c) whether Government has considered including solar energy in Priority Sector Lending norms for banking institutions?

ANSWER

THE MINISTER OF STATE FOR NEW & RENEWABLE ENERGY AND POWER (I/C)
(SHRI R. K. SINGH)

(a) Domestic manufacturing of solar cells and panels in India is being supported by the Government of India through Modified Special Incentive Package Scheme (M-SIPS) of Ministry of Electronics & Information Technology. The scheme, inter alia, provides for:

- i. 20-25% subsidy for investments in capital expenditure for setting up of the manufacturing facility.
- ii. Reimbursement of countervailing Duty (CVD)/ Excise Duty for capital equipment for the units outside Special Economic Zone (SEZ).

Further, the solar power projects being implemented by the Central Public Sector Undertakings (CPSUs) with financial support from the Government and those rooftop solar projects which are implemented with central financial assistance are mandated to source their requirement of solar cells & panels from domestic sources as per extant Guidelines, in a World Trade Organization (WTO) compliant manner.

(b) In order to make the solar energy products affordable, the Ministry of New & Renewable Energy is providing financial assistance as follows:

(I). Grid-connected Roof Top Solar Projects:

Central Financial Assistance (CFA) of up to 30% of project cost /bench mark cost (whichever is lower) is being provided for installation of Grid Connected Rooftop Solar Projects in Residential, Institutional and Social sectors in General Category States and up to 70% of the project cost/benchmark cost (whichever is lower) in Special Category States (i.e. North Eastern States including Sikkim, Uttarakhand, Himachal Pradesh, Jammu & Kashmir, Lakshadweep and Andaman& Nicobar Islands).

For Government sector, achievement linked incentives are being provided. Subsidy/CFA is not applicable for commercial and industrial establishments in private sector.

(II). Off-Grid Solar Photovoltaic Applications:

| Item | Benchmark Cost | Central Financial Assistance (CFA) |
|--|-----------------------|---|
| Street Lights with Lead acid batteries | Rs. 300/Wp: | Rs. 90/Wp |
| Street lights with Lithium Ferro Phosphate batteries | Rs. 435/Wp: | Rs. 130.50/Wp |
| Power plants with 6 hours battery bank | Rs. 100/Wp: | Rs. 30/Wp |
| Solar Lamp | Rs. 250/Wp: | Rs. 212.50/Wp |

Presently, under Ministry of New and Renewable Energy's Scheme Guidelines, there is no provision for subsidy for insurance of solar energy products.

(c) As per the Reserve Bank of India's circular no. RBI/2017-18/175DCBR.BPD(PCB).Cir.No 07/09.09.002 /2017-18 dated 10.05.2018, the priority sector lending for renewable energy includes bank loans up to a limit of Rs. 15 Crore to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification, under priority sector lending. For individual households, the loan limit is Rs. 10 lakh per borrower.
