

RFC/PG/1492

RAJASTHAN FINANCIAL CORPORATION
(Credit Policy & Business Development Division)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref.No.: RFC/CPBD-27/84

Dated : 16.10.2015

CIRCULAR
(LA No. 642)
(CPBD-16)

Reg: **Scheme for financing Solar Power Projects..**

The Board of Directors in its meeting held on 24.09.2015 has approved the scheme for financing Solar Power Projects, which is enclosed as Annexure "A". The Board has also authorized the MD to make need based amendments in the scheme.

All concerned are advised to make a note of it and popularize the scheme & procure quality business under the scheme for financing Solar Power Projects.

M
15.10.15
(Maneesh Chauhan)
Managing Director

End: As above.

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1. Standard Circulation at HO.
2. All Branch Offices/F.C.

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Reg:- **Scheme for financing Solar Power Projects.**

Preamble:

Energy is being generated by two way i.e. conventional power and renewable power method. Fossil Fuel such as coal, gas and oil etc. are used for conventional power generation method, which are depleting day by day whereas Solar and Wind Power are renewable energy resources. Fossil Fuels are depicting day by day whereas Solar radiation is available naturally. By virtue of geographical Rajasthan enjoys the highest number of cloud free days and high isolation ideal for generation of Solar Power. The opportunity offered by this bounty of nature is immense and it is important that this inexhaustible energy source is used to generate power. The land is abundantly available at western Rajasthan at cheaper rate, therefore, there are possibilities for Solar Power hub at Rajasthan. The Corporation may consider to finance Solar PV Power Generation Projects.

The salient features of the scheme is as under:-

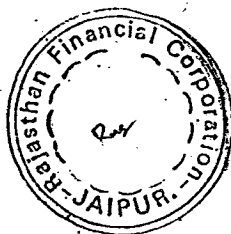
1. **Eligibility criteria:**

- a. Setting up of Solar power projects sanctioned under guidelines of MNRE/National Solar Mission(NSM)/Rajasthan Solar Energy Policy, 2014.
- b. Setting up of solar power projects in Rajasthan for sale to Discoms of Rajasthan on the tariff determined by RERC through competitive bidding process.
- c. Utility grid power projects for sale through RE (Solar) Certificate mechanism.
- d. Utility grid power projects for captive use/sale to 3rd Party/States other than Rajasthan through open access.
- e. Setting up of Rooftop/off grid PV solar power projects connected to LT under Net Metering Scheme as per guidelines of RERC.
- f. Power Purchase Agreement (PPA) for the entire period should have been signed Upfront to the satisfaction of the Corporation.
- g. Minimum size of the project shall be 1 (one) MW. However, Rooftop/off grid Solar power project of 0.050 MW (50 KW) or more for captive use shall also be eligible.
- h. Guarantees/Warrantee should be available under EPC Contract/suppliers of Panels, to the satisfaction of the Corporation.

2. **Purpose of Loan:**

The loan will be granted for purchase of land, for construction of building and for acquisition of plant and machinery.

Contd....2..



3. **Security:**

The loan shall be secured by way of:-

- a. In case of Grid connected Solar Power Projects, equitable mortgage of land and building and hypothecation of all plant and machinery.
 - b. In case of Roof top Solar Power Projects, first charge by way of hypothecation of all plant and machinery of the project proposed to be financed and assignment of right under PPA in favour of the Corporation.
 - c. Personal guarantee of promoters/partners/directors in case of proprietorship/partnership/company, as the case may be.
 - d. Need based collateral security.
4. **Admissibility of loan:** The loan shall be granted keeping security margin of 30% against cost of land, building and plant & machinery.
5. **Repayment period:** The loan shall be repayable in 10 years including moratorium period upto twenty four months.
6. **Rate of Interest:** The Corporation shall charge prevailing interest rate applicable to MSME Sector as on date of first disbursement of loan.
7. **Liquidated damages:** Liquidated damages shall be charged on the amount of default for the period of default as per norms.
8. Application fee & processing fee as per norms of the Corporation.
9. **Sanctioning authority:** Only at Head Office.
10. **Conditions:** While considering assistance following conditions shall be stipulated in addition to general terms & conditions:
1. The borrower shall submit an undertaking that:-
 - a) Borrower shall create and maintain a Trust Retention Account (TRA) in a designated/scheduled bank, where all the cash inflows of the project shall be deposited and all proceeds utilized in a manner and priority to be decided by the Corporation in consultation with the borrower.
 - b) Consent letter from Power Purchaser/Consumers should be submitted to the satisfaction of the Corporation that all payments will be deposited in Project TRA account only.
 - c) For grid connected Solar Power Projects, borrower must have the requisite land to the satisfaction of the Corporation.
 - d) The payment of interest and principal will be on due dates and in quarterly installments.
11. Appraisal would be made as per norms of General Loan Scheme.

