



Capital Subsidy cum Loan Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes

1. Background

Energy conservation and energy security are important challenges facing the Indian economy. The growing consumption of energy in the housing sector has generated all round concern amongst various stakeholders. Various initiatives of the Government of India have also led to increased awareness about alternate sources of energy and their acceptance across the commercial and household sectors. Alternate sources of energy have emerged as a viable solution to the problem of dependence on fossil fuels and the consequent energy shortage.

With a view to promoting the use of solar energy in the domestic context, the Ministry of Ministry of New and Renewable Energy (MNRE), Government of India, is implementing a capital subsidy scheme under its Jawaharlal Nehru National Solar Mission (JNNSM). The Scheme aims at popularizing the use of solar water heating and solar lighting equipments in homes by offering suitable incentives in the form of capital subsidies for purchase and installation of the solar equipment. The National Housing Bank has been designated as a nodal agency for administering and monitoring the capital subsidy scheme, the details of which are given below.

2. Name of the Scheme

The Scheme will be known as **Loan-cum-Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes.**

3. Validity of the Scheme

Commencement date - The Scheme will be valid from 01-04-2014. Accordingly, loans disbursed on or after 01-04-2014 will be eligible to be covered under the Scheme.

End date - The Scheme will be valid till 31-12-2015, or such extended period as may be allowed by the Government of India.

4. Objective

4.1 The objective of the Scheme is to channelize the capital subsidy provided by the MNRE for purchase and installation of (a) solar water heating equipment and (b) solar lighting equipment in homes.

4.2 The capital subsidy routed by NHB through the implementing Primary Lending Institutions (PLIs) will be passed on by them to their borrowers together with the loan for purchase of the equipment. The subsidy will be applicable only on purchase and installation of solar water heating and / or solar lighting equipments which conform to the specifications of the MNRE as provided on MNRE's website www.mnre.gov.in or as specified separately.

5. Eligible Institutions

- ◆ Housing Finance Companies (HFCs)
- ◆ Scheduled Commercial Banks (SCBs)
- ◆ Regional Rural Banks (RRBs)
- ◆ Scheduled Urban Cooperative Banks (UCBs)
- ◆ Apex Cooperative Housing Finance Societies (ACHFS)
- ◆ Agricultural and Rural Development Banks (ARDBs)

6. Eligible Equipment

Subsidy will be offered in respect of purchase and installation of equipment which has been approved by the MNRE for the purpose. A list of the approved specifications and manufacturers is available on the MNRE's website and the links for the same are given below:

Solar Lighting systems

http://mnre.gov.in/file-manager/UserFiles/list_manufacturers_SPV_NABARD-part-I.pdf

http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_sp_jnnsn.pdf

http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_sp_jnnsn-not-eligible-for-cfa.pdf

Solar Water Heating Systems

i. Flat Plate Collector (FPC)

http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_st_jnnsn.pdf

ii. Evacuated Tube Collector (ETC)

http://mnre.gov.in/file-manager/UserFiles/list_etc_m.pdf

7. Quantum of Subsidy

The subsidy component will be limited to:

A) For Solar Water Heating Systems:

- ◆ 30% of the benchmark cost in case of solar water heating systems [subject to max. of 500 lpd per house].
40% of the benchmark cost in Special Category States i.e. NE Region States, Sikkim, J&K, HP and Uttaranchal.
Link to MNRE benchmark cost for Solar Water Heating Systems is below:
<http://mnre.gov.in/solarwhin/misl/benchmark010613.pdf>

B) For Solar Home Lighting Systems:

- ◆ 40% of the benchmark cost for units upto 300 watts capacity and 30% of the benchmark costs for units above 300 watts to 1000 watts.
- ◆ Link to MNRE benchmark cost for Solar Home Lighting Systems is below:
<http://mnre.gov.in/file-manager/UserFiles/amendments-benchmarkcost-aa-jnns-2013-14.pdf>

The benchmark cost would be prescribed by MNRE from time to time. Where the actual cost of the systems is more than the benchmark cost, the subsidy would be limited to the amount computed on the basis of the benchmark cost.

8. Loan

The gap between subsidy amount and equipment cost (including installation cost) would be financed by the PLIs as loan.

9. **Refinance** - Refinance in respect of loans extended by the PLIs will be available from NHB in accordance with NHB's **Refinance Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes**.

10. Procedure for Claiming Subsidy

10.1 The National Housing Bank has been designated by the MNRE as a nodal agency for administering and monitoring of capital subsidy scheme under JNNSM.

10.2 Subsidy will be provided on front-ended basis.

10.3 Mechanism

- ◆ PLIs will enter into an MoU with the NHB. The MoU will cover the terms and conditions of the Scheme including the broad mechanism for availing and distribution of subsidy.
- ◆ Subsidy amount will be released by NHB based on actual data to be furnished by the PLIs on quarterly basis.

- ◆ Upon receipt of the subsidy amount from NHB, the PLI will adjust the subsidy amount from the principal loan amount and compute the reduced EMI and inform the borrower accordingly.
- ◆ At the end of each quarter, the PLI will submit the statement of utilization for the subsidy released in the said quarter in the prescribed format to NHB
- ◆ Shorter periods may be considered by NHB for accepting claims from the PLIs in case of large volumes of disbursements at any point of time.

10.4 Subsidy can be claimed by the PLIs by submitting the claim in the prescribed format **NHB-MNRE-01** by providing all the required information. Utilization will have to be submitted in the prescribed format **NHB-MNRE-02**.

11. Other Terms and Conditions

- 11.1 The systems should have a minimum 5 year warranty.
- 11.2 PLIs should ensure that the units are insured. The insurance premia may be included in the total financial outlay.
- 11.3 The PLIs shall ensure that the loan is extended in respect of purchase of equipment conforming to the criteria prescribed by the MNRE in this regard.
- 11.4 The receipts and invoices of the equipment financed by the PLIs shall be kept in the records of the PLIs and submitted to NHB / MNRE as and when asked for
- 11.5 The PLIs shall undertake due diligence at the time of appraising the borrowers and shall ensure adherence to the credit / loan policy and the directions / requirements of NHB / RBI / NABARD
- 11.6 Subsidy shall not be claimed in respect of any unit against which subsidy has been claimed from NHB / any other institution earlier.
- 11.7 The books of accounts and other relevant documents / records shall be made available for inspection / scrutiny by officials / representatives of NHB / MNRE.
- 11.8 The beneficiaries would be informed that the solar units installed in their homes would be subject to inspection. An undertaking to this effect shall be obtained from the beneficiaries and kept on record.
- 11.9 The PLIs shall submit utilization certificate and / or other returns as prescribed by NHB / MNRE under the Scheme.
- 11.10 Approval of the Board shall be obtained by the PLI for claiming subsidy under the Scheme.

NHB-MNRE-01

Application for Disbursement of Capital Subsidy

General Manager
MRC&PD
National Housing Bank
New Delhi - 110003

Sir,

Capital subsidy may kindly be disbursed in respect of loans to be extended for purchase and installation of solar water heating and solar lighting equipments in homes, as per the details furnished below. The information pertaining to specific accounts is furnished in **Appendix I**.

1.	Date of application			
2.	Name of institution			
3.	Subsidy for the Quarter			
4.	Capital Subsidy being claimed (₹ lakhs)	Solar Water Heating Equipment	Solar Lighting Equipment	Total

5. We agree and undertake that :

- (i) Subsidy is not being claimed in respect of any unit against which subsidy has been claimed from NHB / any other institution earlier.
- (ii) Subsidy is not being claimed for that portion of the loan in respect of which refinance has been claimed / will be claimed from NHB.
- (iii) The installed unit conforms to the specifications / benchmark cost as prescribed by the MNRE in this regard.
- (iv) The solar water heating / solar lighting equipments in respect of which subsidy is being claimed has been installed in residential premises for domestic use.
- (v) The subsidy claimed will be passed on to the beneficiaries within 15 days of receipt of the subsidy amount from NHB by deducting the subsidy amount from the loan principal, and the beneficiaries will be informed about the same.

- (vi) The books of accounts and other relevant documents / records shall be made available for inspection / scrutiny by officials / representatives of NHB / MNRE.
 - (vii) The beneficiaries have been informed that the solar units installed in their homes would be subject to inspection. An undertaking to this effect has been obtained from the beneficiaries and kept on record.
 - (viii) Approval of the Board has been obtained by the PLI for claiming subsidy under the Scheme.
 - (ix) Utilization certificate / information / statements as may be required by NHB / MNRE from time to time shall be submitted promptly.
6. The subsidy amount may be credited into our account no. _____ having IFSC Code _____ maintained with _____ (Name of the Bank / Branch / Place).

(Authorized Signatory)

Appendix I

1a. Solar Water heating Systems (Flat Plate Collector) - FPC (Presently Not Applicable)

(Amount in Rs.)

No.	Loan Account No.	Date of loan disbursement	Beneficiary name	Gender (M/F)	Category *	Residential address where unit is installed	Capacity in Litres per day	Cost	Subsidy claimed (%)	Subsidy claimed (Amount)

*Category (SC/ST/OBC/Other Minorities/Disabled)

1b. Solar Water heating Systems (Evacuated Tube Collector) - ETC (Presently Not Applicable)

(Amount in Rs.)

No.	Loan Account No.	Date of loan disbursement	Beneficiary name	Gender (M/F)	Category*	Residential address where unit is installed	Capacity in Litres per day	Cost	Subsidy claimed (%)	Subsidy claimed (Amount)

*Category (SC/ST/OBC/Other Minorities/Disabled)

2a. Solar Home Lighting Systems (CFL based)

(Amount in Rs.)

No.	Loan Account No.	Date of loan disbursement	Beneficiary name	Gender (M/F)	Category*	Residential address where unit is installed	Capacity in peak watts	Cost	Subsidy claimed (%)	Subsidy claimed (Amount)

*Category (SC/ST/OBC/Other Minorities/Disabled)

2b. Solar Home Lighting Systems (LED based)

(Amount in Rs.)

No.	Loan Account No.	Date of loan disbursement	Beneficiary name	Gender (M/F)	Category*	Residential address where unit is installed	Capacity in peak watts	Cost	Subsidy claimed (%)	Subsidy claimed (Amount)

*Category (SC/ST/OBC/Other Minorities/Disabled)

NHB-MNRE-02
Certificate of Utilization

1.	Name of institution			
2.	Subsidy for the period			
3.	Subsidy amount received			
4.	Date of receipt of subsidy amount			
4.	Capital Subsidy Utilized (₹lakhs)	Solar Water Heating Equipment	Solar Lighting Equipment	Total

We hereby certify that :

- (i) The amount of capital subsidy received, as per details given in Appendix I, has been fully utilized in accordance with the terms and conditions prescribed by NHB / MNRE under the **Loan-cum-Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes.**
- (ii) Subsidy has not been claimed in respect of any unit against which subsidy has been claimed from NHB / any other institution earlier.
- (iii) The installed unit conforms to the specifications / benchmark cost as prescribed by the MNRE in this regard.
- (iv) The solar water heating / solar lighting equipments in respect of which subsidy has been claimed have been installed in residential premises for domestic use.
- (v) The subsidy claimed has been passed on to the beneficiaries by deducting the subsidy amount from the loan principal, and the beneficiaries have been informed about the same.
- (vi) The books of accounts and other relevant documents / records shall be made available for inspection / scrutiny by officials / representatives of NHB / MNRE.
- (vii) The beneficiaries have been informed that the solar units installed in their homes would be subject to inspection. An undertaking to this effect has been obtained from the beneficiaries and kept on record.

(Authorized signatory)

Dated :