NHB(ND)/ROD/SCB/Refinance Circular 10/2013-14
Dated : 23-04-2014

राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

All Scheduled Commercial Banks,

Sir,

**Refinance Circular No. 10/2013-14**
**Solar Subsidy Scheme - Modifications**

1. Please refer to our earlier Refinance Circular No. 08/2013-14 dated 17-01-2014 forwarding the **Loan-cum-Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes.**

2. With a view to making the Scheme more streamlined and in tune with the market requirements, a few changes have been made in the Scheme. The salient features of the Scheme are as under :

| | |
|---|---|
| **Objective** | To channelize the capital subsidy provided by the MNRE for purchase and installation of<br>♦ solar water heating equipment, and<br>♦ solar lighting equipment in homes |
| **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. |
| **Quantum of Subsidy** | The subsidy component will be limited to :<br>♦ 30% of the benchmark cost in case of solar thermal systems (40% in special category states) [subject to max. of 500 lpd per house]<br>♦ 40% of the benchmark cost in case of solar photovoltaic systems [subject to max. of 1 kw per house]<br><br>The benchmark cost would be prescribed by MNRE from time to time. Where the actual cost of the equipment is more than the benchmark cost, the subsidy would be limited to the amount computed on the basis of the benchmark cost. |
| **Mechanism** | Subsidy will be provided on front-ended basis. Subsidy amount will be released by NHB based on actual data to be furnished by the Primary Lending Institutions (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. |

| | |
|---|---|
| **Commencement of Scheme** | Loans sanctioned / disbursed by the PLIs on or after 01-04-2014 will be eligible for coverage under the Scheme. |
| **Validity of the Scheme** | Till 31-12-2015, or such extended period as may be allowed by the Government of India. |

3. A copy of the revised Scheme, along with the application form for making a claim under the Scheme is annexed for your kind reference and use.

4. In order to avail the facility under the scheme, PLIs will be required to enter into one time Memorandum of Understanding (MoU) with NHB. The MoU will enunciate the roles & responsibilities of both NHB and PLI and shall act as the guiding instrument for the programme.

5. A nodal officer is to be designated by the PLI to coordinate with NHB with regards to the Scheme.

6. You are requested to place the scheme, with full details, along with terms of MoU to your Board and obtain the Board's approval to avail and implement the scheme in partnership with NHB and MNRE. However, PLIs already availing the facility with other nodal agencies may not be permitted to avail the facility from NHB.

7. You are requested to furnish your intent, the resolution of Board and list of authorized signatories to undertake implementation of subsidy programme with NHB.

Yours faithfully,

(A.P. Saxena)
Deputy General Manager
Refinance Operations

राष्ट्रीय आवास बैंक
NATIONAL HOUSING BANK

# Loan-cum-Capital Subsidy 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 in Annexure **NHB-MNRE-03** at the end of this note.

7. **Quantum of Subsidy**

The subsidy component will be limited to :

- 30% of the benchmark cost in case of solar thermal systems (40% in special category states) [subject to max. of 500 lpd per house]
- 40% of the benchmark cost in case of solar photovoltaic systems [subject to max. of 1 kw per house]

  The benchmark cost would be prescribed by MNRE from time to time. Where the actual cost of the equipment 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 PLIs. 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 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.

**11.2** 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

**11.3** 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

**11.4** Subsidy shall not be claimed in respect of any unit against which subsidy has been claimed from NHB / any other institution earlier.

**11.5** The books of accounts and other relevant documents / records shall be made available for inspection / scrutiny by officials / representatives of NHB / MNRE.

**11.6** 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.

11.7 The PLIs shall submit utilization certificate and / or other returns as prescribed by NHB / MNRE under the Scheme.

11.8 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

Deputy General Manager
Refinance Operations
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.**

<table>
<tr><td>1.</td><td>Date of application</td><td colspan="3"></td></tr>
<tr><td>2.</td><td>Name of institution</td><td colspan="3"></td></tr>
<tr><td>3.</td><td>Subsidy for the Quarter</td><td colspan="3"></td></tr>
<tr><td rowspan="2">4.</td><td rowspan="2">Capital Subsidy being claimed (₹lakhs)</td><td>Solar Water Heating Equipment</td><td>Solar Lighting Equipment</td><td>Total</td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

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

## 1. Solar Water Heating Equipment

| No. | Loan Account No. | Date of Disbursement of Loan | Beneficiary Name | Residential Address where Unit Installed | Specification of Unit | Cost | Subsidy Claimed |
|---|---|---|---|---|---|---|---|
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| | | | | | | | |

## 2. Solar Lighting Equipment

| No. | Loan Account No. | Date of Disbursement of Loan | Beneficiary Name | Residential Address where Unit Installed | Specification of Unit | Cost | Subsidy Claimed |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
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**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 :**

(ii) 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.**

(iii) Subsidy has not been claimed in respect of any unit against which subsidy has been claimed from NHB / any other institution earlier.

(iv) The installed unit conforms to the specifications / benchmark cost as prescribed by the MNRE in this regard.

(v) The solar water heating / solar lighting equipments in respect of which subsidy has been claimed have been installed in residential premises for domestic use.

(vi) 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.

(vii) The books of accounts and other relevant documents / records shall be made available for inspection / scrutiny by officials / representatives of NHB / MNRE.

(viii) 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 :

**NHB-MNRE-03**

**Additional Information**

1. **List of Manufacturers / System Integrators** - Can be downloaded from :

**Solar Lighting Equipment**
http://mnre.gov.in/file-manager/UserFiles/list_manufacturers_SPV_NABARD-part-I.pdf
http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_sp_jnnsm.pdf
http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_sp_jnnsm-not-eligible-for-cfa.pdf

**Solar Water Heating Equipment**
Evacuated Tube Collector (ETC) based
http://mnre.gov.in/file-manager/UserFiles/list_etc_m.pdf
Flat Plate Collector (FPC) based
As per BIS standards
Channel Partners
http://mnre.gov.in/file-manager/UserFiles/list_channelpartners_st_jnnsm.pdf

2. **Benchmark Costs**

http://mnre.gov.in/file-manager/UserFiles/amendments-benchmarkcost_aa_jnnsm-2013-14.pdf
http://mnre.gov.in/solarwhin/misl/benchmark010613.pdf

# Memorandum of Understanding

between

राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

## National Housing Bank

Core 5A, India Habitat Centre, Lodhi Road, New Delhi - 110003

and

## <<Primary Lending Institution>>

MEMORANDUM OF UNDERSTANDING

between

NATIONAL HOUSING BANK

(NHB)

and

<<Primary Lending Institution>>

This Memorandum of Understanding (MoU) has been made and executed at New Delhi on ___________ day of _______, 2014.

**The National Housing Bank (NHB)** is a principal agency established under an Act of the Parliament, viz. the National Housing Bank Act, 1987, as a wholly owned subsidiary of Reserve Bank of India and is engaged in promoting housing finance institutions both at local and regional levels by providing financial and other support to such institutions and for matters connected therewith or incidental thereto.

AND

<<<Primary Lending Agency>> is ____________________

Whereas the Government of India, Ministry of New and Renewable Energy (hereinafter referred to as ("MNRE") has launched the "Jawaharlal Nehru National Solar Mission" (hereinafter referred to as the Solar Mission) *inter alia,* to promote ecologically sustainable growth while addressing India's Energy Security Challenge and to meet the challenges of climate change;

And whereas as a part of the Solar Mission, the MNRE has designed a Capital Subsidy Scheme under the National Clean Energy Fund (NCEF) for installation of Solar Water Heating Systems and Solar Lighting Systems issued the "Guidelines for Off-grid and Decentralized Solar Applications" (hereinafter referred to as the Guidelines);

And whereas the MNRE, Government of India, has appointed NHB as a Nodal Agency to implement the Scheme. The capital subsidy will be released by the Nodal Agency to the Primary Lending Institutions on quarterly basis in respect of financial assistance extended by them to the various beneficiaries for purchase and installation of solar water heating and solar lighting equipments in homes in accordance with the provisions of the scheme.

**NOW, THEREFORE the above mentioned parties have agreed to the terms & conditions as mentioned hereinafter :**

**(A)** The National Housing Bank has formulated the **Loan-cum-Capital Subsidy Scheme for Installation of Solar Water Heating and Solar Lighting Equipments in Homes**, which is part and parcel of this MoU. The terms of subsidy reimbursement, selection of beneficiaries, roles and responsibilities of various agencies under the scheme and monitoring of scheme etc. will be as per the provisions of the Scheme.

**(B) Role & Responsibilities of National Housing Bank**

NHB shall be responsible for release of capital subsidy to the <<PLI>> out of the funds provided by MNRE, Govt. of India and in terms of the capital subsidy scheme. On receipt of information regarding the total loan disbursed by the <<PLI>> to the beneficiaries during one quarter, NHB will release the subsidy amount to them directly. MNRE, Govt of India, shall be at full liberty to amend / modify / terminate the scheme of capital subsidy.

**(C) Role & Responsibilities of <<PLI>>**

(1) The <<PLI>> hereby undertakes to pass-on the entire benefit of the scheme of capital subsidy to the beneficiaries on front-ended basis by reducing the subsidy amount from the principal loan amount.

(2) The <<PLI>> hereby undertakes to implement the scheme of capital subsidy as per the terms & conditions of the scheme.

(3) The <<PLI>> hereby undertakes that it will follow the applicable guidelines and Regulations of RBI / NHB (both general guidelines as well as specific guidelines for the Scheme).

(4) The <<PLI>> will exercise due diligence in appraisal of beneficiaries.

(5) The <<PLI>> will adhere to all extant guidelines issued by the MNRE as also NHB under the Scheme including modifications / amendments to such guidelines from time to time.

(6) The <<PLI>> will provide utilization / end use certificate to NHB on a quarterly basis. In case of default in not providing utilization / end-use certificate the <<PLI>> shall refund the amount of subsidy to NHB. Further, any unutilized amount of subsidy shall be immediately payable by <<PLI>> to NHB.

(7) The <<PLI>> shall ensure that the equipment in respect of which capital subsidy is provided under this scheme conforms to the specifications / criteria laid down by NHB / MNRE in this respect from time to time.

(8) The <<PLI>> shall maintain receipts / invoices of all equipment covered under this scheme and shall make them available for inspection / verification as and when required by NHB / MNRE.

(9) The <<PLI>> will provide each beneficiary a statement, which will make him / her understand the amount given as subsidy.

(10) The <<PLI>> shall provide all other information, statements and particulars as may be required from time to time by NHB or by the MNRE, Government of India under this scheme.

**(D) Disputes and Jurisdiction**

All disputes and differences between NHB and <<PLI>> arising part of these presents shall as far as possible be resolved through negotiations. However, if any differences / disputes still persist the same shall be referred to the sole arbitrator appointed by the CMD, NHB under the provisions of the Arbitration and Conciliations Act, 1996. The decision of the sole arbitrator shall be final and binding on the parties. Arbitration proceedings shall be held at Delhi.

Signed at Delhi on this date as mentioned above.

For and on behalf of For and on behalf of

National Housing Bank

<<PLI>>