



**Saurashtra Gramin Bank**  
**Credit Department**  
**Head Office – Rajkot**

**CIRCULAR No. CRD/**

**DATE: 12.12.2014**

**To**  
**ALL OFFICES OF THE BANK**

**NEW SCHEME SOLAR PHOTOVOLTAIC WATER PUMPING STSTEMS**

Govt. of India has now launched a credit-linked subsidy scheme to be implemented through NABARD to promote 10,000 Solar Photovoltaic Pumping Systems in the country for the purpose of irrigation (Copy Attached). The scheme is intended to obviate farmers from long distance travels to procure and transport diesel as also to increase the cropping intensity.

**Implementation Period**

The scheme will be effective from 1 April 2014 to 31 March 2016 i.e. for a period of two years. Accordingly, loans sanctioned by Commercial Bank and Regional Rural Banks(RRBs) from 1 April 2014 till 31 March 2016 for models approved by MNRE can be considered eligible to receive subsidy under the scheme.

**Technical Specifications and maximum Admissible Subsidy**

A SPV water pumping system consists of PV array, a DC/AC surface mounted/submersible/floating motor pump set, electronics, if any, interconnect cables and an 'on-off' switch. PV array is mounted on a suitable structure with provision of tracking. Electronics could include Maximum Power Point Tracker (MPPT), Inverter and Control/Protections. Technical Specifications for solar water pumping systems are given in **Annexure II**.

The models approved by MNRE are indicated in **Annexure IIIA, IIIB, IVA & IVB**. Presently the benchmark cost for Solar Pumping System with DC/BLDC Motor Pump Set is `190 per Wp and AC Motor Pump Set is `161.5 per Wp. The banks are eligible to finance only those units that conform to the conditions/stipulations laid down for individual models and more specifically under the Technical Specifications (**Annexure II**).



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In case units are financed with cost over and above the approved benchmark cost, capital subsidy will be limited to the maximum capital subsidy ceiling as indicated for these models. However, in cases where the actual cost is less than the indicative cost of the approved models, the eligible capital subsidy will be at 40% of the actual cost of the unit.

Only manufacturers/suppliers empanelled by MNRE, GoI (displayed in website of MNRE, GoI at [www.mnre.gov.in](http://www.mnre.gov.in)) can participate in the scheme. The empanelled manufacturer will raise the invoices for the supplied products. The invoices generated by their dealers will not be eligible for subsidy. Further, the manufacturer has to give an undertaking (in the prescribed format – **Annexure V**) with the invoice that systems offered meet the technical standards / requirements specified by MNRE, GoI.

**Location of the unit**

The installation of the Solar Photovoltaic Water Pumping Systems is for the purpose of irrigation. The units can be located in rural or urban areas.

**Pattern of Assistance**

Subsidy at 40% of the approved indicative unit cost will be eligible subject to norms.

**Margin**

Banks have to ensure that beneficiary contributes margin of 20% of the Total Financial Outlay (TFO).

**Security**

Banks may follow RBI guidelines in this regard.

**Insurance**

Banks should ensure that the units are insured. The insurance premia may also be included in the TFO.



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#### Eligible Borrowers

Individuals, group of individuals, SHGs, JLGs, NGOs, Farmers' Clubs and Farmers Producers Organisation will be eligible for subsidy. However, Private/Public Limited Companies/ Corporates are not eligible.

#### Release of subsidy

The eligible borrowers shall apply to the banks for sanction of the project. The bank shall appraise the project as per the norms and if found eligible, sanction the loan excluding the margin subject to technical feasibility and financial viability.

Based on the field visit and after satisfactory installation of the unit, the bank shall arrange to make payment directly to the supplier.

After sanction of the loan including subsidy, the bank shall approach NABARD for capital subsidy in the specified format (**Annexure VI**). NABARD will sanction and release subsidy subject to the admissibility of the claim and availability of funds from Government of India.

As in the case of other Govt. Sponsored Schemes, the subsidy would be credited to the "Subsidy Reserve Fund Account" of the borrower. No interest shall be charged by the bank on the subsidy component. Subsidy will be back ended hence subsidy is adjusted against final instalments provided the borrower has repaid the remaining instalments.

There would be a minimum lock in period of 5 years and hence the loan is repaid before five years, the borrower will not be eligible for subsidy.

#### Interest Rate

The loans extended by the banks would carry the rate of interest as per RBI / bank norms.

#### Repayment period

Repayment period will be for 10 years.



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**Misutilization of subsidy**

In case the unit is found to be incomplete or the subsidy is misutilized, Bank shall arrange to recall the subsidy and refund the same to NABARD. In the event of loans becoming NPA, beneficiary will not be eligible for subsidy and the same will have to be refunded to NABARD.

**Utilization Certificate**

Banks have to submit the consolidated utilization certificates for capital subsidy in the format indicated in **Annexure VII**. Banks have to submit the utilization certificate to NABARD within 3 months from the date of receipt of subsidy.

Please bring contents of this circular to the notice of all staff members for meticulous compliance.

**GENERAL MANAGER (P & D)**

**Encl:- As Above**