



Ref: - NSEFI/MoS/2020-21/42

Date: 3rd July, 2020

To
Shri R. K. Singh
Honorable Minister of State
Ministry of Power, New and Renewable Energy
Shramshakti Bhawan
Rafi Marg, New Delhi – 110001

Sub: Request for intervention to align the policy on loan and Interest charges of IREDA on loans to SPD's against Annuity payments of GST/SGD from SECI

Dear Sir,

With reference to the projects wherein applicability of GST and Safeguard duty have been approved under Change in Law by CERC, we would like to submit that SECI has agreed to compensate developers for GST and Safeguard duty amount paid by them in the form of monthly annuities for a period of 13 years instead of lumpsum onetime payment after a long period of two years. In the proposed annuity model, the interest rate has been considered as 10.41% p.a.

In this connection, Solar Power Developers (SPD's) approached various banks and Financial Institutions including IREDA for sanction of loan based on securitization of GST and Safeguard duty receivables. However, it was informed that Rate of interest on such loan would be minimum 11 % p.a and that too only upto 85% of the amount can be funded.

This is very discouraging for the developers as the interest rate being used by SECI is 10.41% whereas the loan against those receivables shall be sanctioned at 11% resulting in loss to the developers in terms of time value of money and developers will not be able to even recover the amount spent by them.



NATIONAL SOLAR ENERGY FEDERATION OF INDIA

Regd. No. 362 / IV of 8 May, 2013

As SECI and IREDA fall under the administrative control of same ministry i.e. MNRE, we pray to consider SPD's concerns and request you to kindly direct IREDA to align the policy with below

1. Extend 100% loan on the annuity payments from SECI
2. Charge similar interest rate of 10.41% so that developers are not at loss.

Thanking you

Yours Sincerely

Subrahmanyam Pulipaka

Chief Executive Officer

CC:

1. **Secretary – MNRE**
2. **CMD - IREDA**