

feeder can be installed either through DISCOM's own expenditure (CAPEX mode) or utilising services of independent Renewable Energy Service Company (RESCO mode), which will be selected through competitive bidding and on the basis of lowest tariff offered for supply of required solar power for a period of 25 years. This would be much cheaper than present cost of power delivered at distribution sub-station. Therefore, DISCOM will save the amount equal to difference between the two. In CAPEX mode, the annual subsidy being presently provided for supply of electricity to agriculture pumps by



State Government can be used to repay the loan in five to six years after which solar power will be available free of cost and outflow from State Government's exchequer on account of electricity subsidy for agriculture will come to an end.

For installation of feeder level solar power plant, CFA of 30% (50% in case of NE States, hilly states/UTs and Island UTs) will be provided for CAPEX/RESCO Mode by Central Government and balance will be met through loan from NABARD/PFC/REC.

Where agriculture feeders are not separated, loan for feeder separation may be taken from NABARD or PFC/REC. Further, assistance for feeder separation may be availed taken from the scheme of the Ministry of Power. The savings on account of electricity subsidy on agriculture and the income from the surplus electricity generated by the solar power plant when it is not being used for irrigation can be used to pay off the loan taken for feeder separation.

For water and energy conservation, the DISCOMs shall assess the average power requirement by farmers of an area depending upon pump capacity and various other factors. This power

requirement will be treated as their benchmark consumption. The DISCOMs shall incentivise farmers for consuming power less than benchmark consumption. Such saving of power shall be treated as surplus power injected by farmers and they will be paid by DISCOMs against this saved power at pre-determined tariff.



# Expected outcomes

PM-KUSUM will bring along the following reform/improvements:

## Day-time reliable power for irrigation

Farmers typically get power for irrigation at night. This not only causes them a great deal of inconvenience but also results in wastage of water as pumps are left running once switched on. Providing solar panels for irrigation under PM-KUSUM would result in day-time reliable power to farmers making irrigation easier for them and also avoiding over-use of water and power.

## De-Dieselization Of Farm Sector By Replacing Diesel Pumps With Solar Pumps

Farmers have been demanding replacement of diesel pumps by electric pumps as the former one is costly to run. By replacing diesel pumps



with solar pumps and panels, the farmers will get cheaper and more reliable power for irrigation resulting savings in diesel cost.

## Enhancing Farmers' Income

Enhancing farmers' income is one of the most important policy priorities of the Government. PM-KUSUM will serve this objective by replacing high cost diesel with less expensive solar energy under Component-B and by enabling farmers to sell surplus solar power at a pre-determined rate to DISCOMS under Component-C.

## Reducing The Agriculture Electricity Subsidy Burden On States And Improving The Financial Health Of DISCOMS

The annual electric consumption of over 220 lakh grid connected agriculture pumps installed in