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NATIONAL CONFERENCE

Solar Rooftop Financing under PM - Surya Ghar: Muft Bijli Yojana

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PM - Surya Ghar: Muft Bijli Yojana is an innovative scheme launched for accelerating uptake of residential solar rooftop

The Government of India launched the PM-Surya Ghar: Muft Bijli Yojana to sustainably provide clean, affordable electricity to residential consumers in a streamlined manner through installation of solar rooftop (SRT) systems.

Other scheme objectives

- To **enhance the production of renewable electricity** and **reduce emissions**
- To **develop enabling ecosystem** for large scale proliferation of solar rooftop
- To **boost local economy, generate employment and enhance energy security**
- To aid in **achievement of India's climate commitments**

PM Surya Ghar: Muft Bijli Yojana targets



Cover 10 million households under scheme by 2027

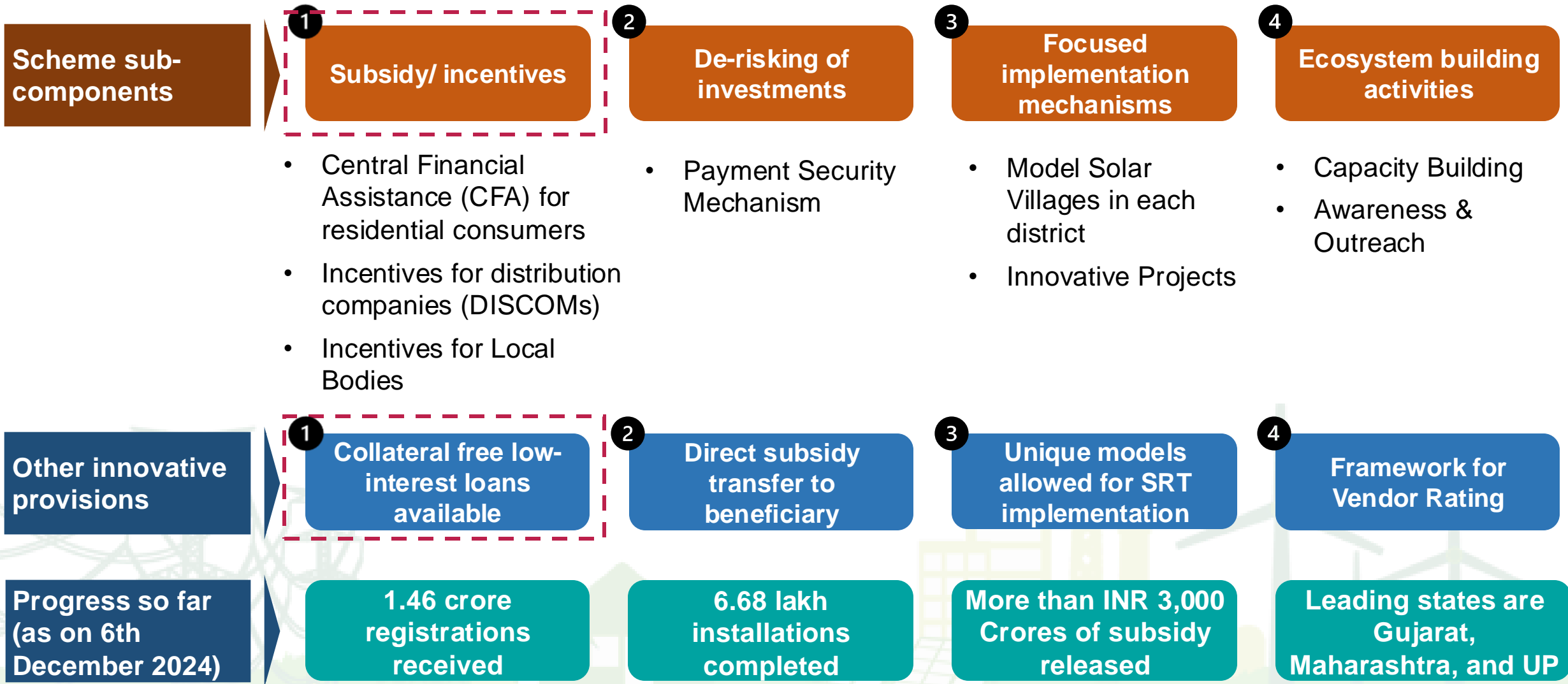


Increase residential SRT capacity by 30 GW



Provide ≤ 300 units/month of free/low-cost electricity per consumer

The various unique components and provisions of the scheme have led to accelerated uptake of SRT



Source: Ministry of New and Renewable Energy, Government of India



The subsidy structure makes SRT more affordable for consumers requiring low-capacity SRT systems

To enable target achievement, the scheme provides for **~60% of the system cost upto 2 kW** as consumer subsidy

Eligible consumers for CFA



Individual residential consumers



Group Housing Societies



Group of consumers through RESCO

S.No.	Type of residential segment	Benchmark cost (INR)	Benchmark cost (INR) (Special category states/UTs)	CFA structure	CFA amount (INR/kW)	CFA amount (Special category states/UTs)
1	Residential sector (first 2 kWp of solar rooftop capacity or part thereof)	50,000	55,000	60% of benchmark cost	30,000	33,000
2	Residential sector (with additional solar rooftop capacity of 1 kWp of part thereof)	45,000	49,500	40% of benchmark cost of additional kWp	18,000	19,800
3	Residential sector (additional solar rooftop capacity beyond 3 kWp)			No additional CFA		
4	Group Housing Societies/ Residential Welfare Associations (GHS/RWA)*	45,000	49,500	40% of benchmark cost	18,000	19,800

*Upto 500 kWp (@3 kWp per house)



There is a huge market for SRT financing and low-interest loan products make SRT more affordable

~INR
6
Lakh



Assuming equity investment of 10% by the customer and ~52% subsidy from MNRE, ~38% of the total cost of solar rooftop requires financing support for installation



Assuming average cost of INR 50,000 per kW for SRT installation, if we target ~50% realization of the maximum residential SRT potential of 637 GW i.e., 318 GW, there will be an additional loan market opportunity of **~INR 6 lakh Crores**

Opportunity for financing residential solar rooftop

- Earlier there were very few SRT loan products without collateral requirement
- Under the Scheme, the financial institutions are providing collateral-free, low-interest loans at around 7% to residential consumers for installing SRT up to 3 kW
- As efforts are made to accelerate SRT deployment, several banks and FIs have developed loan products for SRT projects

The loan products offer attractive terms



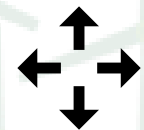
Moratorium period



Lower interest rate



Special rates for home loan customers



Flexible tenure



State Bank of India is the leading bank for facilitating the PM – Surya Ghar: Muft Bijli Yojana

SBI appointed as Nodal Bank by DFS for implementation of the scheme

SBI has been given a target of 40 Lakh SRT installation (~40% share of total 1 Crore target)

SBI has rolled out 3 variants of SRT loan product for facilitating PMSGMBY

SBI has developed a digital journey through which SRT loan application can be facilitated in a streamlined manner



SBI solar rooftop financing product – SBI Surya Ghar

SBI's solar rooftop financing product provides low-cost finance for smaller capacities upto 3 kW, with higher interest rates for capacities between 3 kW – 10 kW

Parameter	Product category	
	Upto 3 kW	3 kW upto 10 kW
Net annual income	No requirement	Minimum INR 3 Lakhs
Margin	Minimum 10% of project cost	Minimum 20% of project cost
Security	Hypothecation of assets	Hypothecation of assets
Processing fees	NA	NA
Maximum loan amount	INR 2 Lakhs	INR 6 Lakhs
Moratorium period	6 months	6 months
Maximum loan tenure	120 months inclusive of moratorium	120 months inclusive of moratorium
Minimum period and prepayment penalty	None	None
Interest rate	7%	Home loan customers: 9.15% Non-home loan customers: 10.15%

Source: State Bank of India ([Link](#)), National Portal ([Link](#))



Apart from the above two main SRT loan products, SBI has also developed a loan product for new home loan consumers



Progress made by SBI under the PMSGMBY

27,000+ loan applications sanctioned for SRT under SBI Surya Ghar

Outstanding amount of **INR 450 Crores released** under SBI Surya Ghar

Reverse integration of RLMS & JanSamarth portal for automatic flow of loan data to JanSamarth

Vendors listed on the National Portal **now eligible disbursed upfront** up to 70% of project cost

SBI has conducted several awareness creation activities for making the scheme a success

Radio jingles released pan India in Hindi, English, and 8 vernacular languages

Awareness programme on loan products conducted **for operating functionaries**

District level meetings with all solar vendors for apprising about loan modalities

An all-India PMSGY campaign “Suryoday” launched in July with specific targets to BUs

Centralized SMS, emails sent to 1.72 lakh leads shared by MNRE

Dashboard developed for effective followup with **1.29 lakh leads** of home loan borrowers

Key Financing Challenges and Recommendations for accelerating SRT

Key challenges

- **Since the cost of installing SRT is not significant, it is financed by the consumers through their own equity**, and there is limited uptake of bank financing
- **Lack of interest from low-income consumers** for solar rooftop installation
- **High operational cost** involved in processing and monitoring small ticket size SRT loans
- **Lack of suitable roof space in urban areas**
- While there is standardization of loan products and provisions for low interest rates for consumers opting for system sizes upto 3 kW, there is **lack of awareness and demand push in rural regions**

Recommendations

- **Mechanism to be developed** for educating consumers on advantages of installing SRT and availing low-cost loans
- **Adopting innovative utility led models** for facilitating uptake of SRT amongst **low-income consumers**
- **Suitable mechanisms for aggregating demand at local levels** may be developed. **Lending directly to state entities for utility led models shall increase ticket size thereby reducing operational costs**
- **Dedicated awareness creation activities** can be carried out in rural/semi urban regions **through Customer Service Centres in collaboration with local administrative authorities**