



## Loan to Sri Lanka for Solar Energy

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### Why in News

Recently, India has signed an agreement **extending a USD 100 million Line of Credit (LOC) to Sri Lanka** for projects in the Solar Energy Sector. The LOC is for a period of 20 years, with an interest of 1.75%.

- The agreement was signed between the **Government of Sri Lanka** and the **Export-Import (EXIM) Bank of India**.
- EXIM Bank is a **specialized financial institution**, wholly owned by the Government of India.



### Line of Credit

- It is a **credit facility** extended by a bank or any other financial institution to a government, business or an individual customer, that enables the customer to draw the maximum loan amount.
- The borrower can **access funds** from the line of credit at **any time** as long as they do not exceed the **maximum amount** (or credit limit) set in the agreement and meet any other requirements such as making timely minimum payments.

## Key Points

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- **Significance of the LOC:**

It will help **finance various projects** in the solar energy sector in Sri Lanka, such as **rooftop solar photo-voltaic systems** for households and government buildings.

Some of these projects were announced during the **Founding Conference of the International Solar Alliance (ISA)** held in March 2018 in Delhi.

- **India's Initiatives for Global Cooperation Solar Energy:**

- **International Solar Alliance (ISA):**

- The ISA was **launched by the Prime Minister of India and the President of France in 2015** on the side-lines of the United Nations Climate Change **Conference of the Parties (COP-21)**, with 121 **solar resource rich countries** lying fully or partially between the **tropic of Cancer and tropic of Capricorn** as prospective members.

- **89 countries** have signed the ISA framework agreement.

- ISA' vision is to enable **One World, One Sun, One Grid (OSOWOG)**.

- **One Sun, One World, One Grid (OSOWOG):**

It focuses on a framework for facilitating global cooperation, building a global ecosystem of interconnected renewable energy resources (mainly solar energy) that can be seamlessly shared.

- **Schemes for Promoting Solar Energy in India:** Recently, India achieved **5<sup>th</sup> global position in solar power deployment** by surpassing Italy.
  - **National Solar Mission** (a part of National Action Plan on Climate Change): The aim is to establish India as a global leader in solar energy by creating the policy conditions for its deployment across the country.
  - **Rooftop Solar Scheme:** To generate solar power by installing solar panels on the roof of the houses, the Ministry of New and Renewable Energy is implementing **Grid-connected Rooftop Solar Scheme (Phase II)**.
  - **Production-linked Incentive (PLI) scheme** to promote manufacturing of high efficiency solar PV modules in India.
  - **Scheme for Development of Ultra Mega Renewable Energy Power Parks:** It is a scheme to develop Ultra Mega Renewable Energy Power Parks (UMREPPs) under the existing Solar Park Scheme.
  - **Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM)**: The scheme covers grid-connected Renewable Energy power plants (0.5 – 2 MW)/Solar water pumps/grid connected agriculture pumps.
  - **National Wind-Solar Hybrid Policy, 2018:** its main objective is to provide a framework for promotion of large grid connected wind-solar PV hybrid systems for optimal and efficient utilization of wind and solar resources, transmission infrastructure and land.
  - **Atal Jyoti Yojana (AJAY):** It was launched in September 2016 for the installation **of solar street lighting (SSL) systems** in states with less than 50% households covered with grid power (as per Census 2011).
  - **Suryamitra Skill Development Programme:** To provide skill training to rural youth in handling solar installations.

**Source: TH**