

APPENDIX G: SUMMARY OF INDIAN BANKS' ENERGY EFFICIENCY (EE) SCHEMES

	State Bank of India (SBI)	Canara Bank	Union Bank of India (UBI)	Bank of India (BoI)	Bank of Baroda (BoB)
Scheme title	Project Uptech for Energy Efficiency	Loan Scheme for Energy Savings for SMEs	Scheme for Loans for Energy Savings to SMEs	Scheme for Financing EE Projects	Energy Efficiency Projects (EEP) Scheme
Managed by	SME business unit, national banking group	Priority credit wing	Priority-sector lending department	SME department	Priority-sector department
Initiation date	<ul style="list-style-type: none"> • SBI central board approval in December 2002 • Launched over the next six months in various circles 	<ul style="list-style-type: none"> • Board approval in April 2004 • Launched at the Peenya Industrial Cluster in Karnataka (southern India) in July 2004 	<ul style="list-style-type: none"> • Instruction circular issued to all branches/offices in September 2004 	<ul style="list-style-type: none"> • Board approval in January 2006 • Instructions/circular issued to branches on March 2, 2006 	<ul style="list-style-type: none"> • Board approval in January 2006 • No formal launch; only a press release following distribution to bank branches
Geographical coverage	<ul style="list-style-type: none"> • Seven circles initially, eventually extended to entire country in January 2004 	<ul style="list-style-type: none"> • Entire country • Planned to be implemented initially in selected industrial areas 	<ul style="list-style-type: none"> • Entire country 	<ul style="list-style-type: none"> • To begin with, all 32 specialized SME branches • To be rolled out to other branches later 	<ul style="list-style-type: none"> • Entire country
Target beneficiaries	<ul style="list-style-type: none"> • Existing SBI clients with sole banking arrangements with SBI • Credit rating from SB-1 to SB-4 	<ul style="list-style-type: none"> • Clients exclusively with Canara Bank • Category S-1 or S-2 borrower 	<ul style="list-style-type: none"> • Clients exclusively banking with UBI satisfactorily for a period of at least 1 year • SME units with no loan liability to other banks 	<ul style="list-style-type: none"> • Client and nonclient SMEs • Clients exclusively banking with BoI satisfactorily for at least 1 year • Nonclient SME units with no loan liability to other banks • Other nonclient SME units considered on a case-by-case basis • For new SME units, a separate term loan for procuring EE equipment within the overall term loan for financing plant and machinery 	<ul style="list-style-type: none"> • Existing client SMEs, plus those whose accounts are being taken over by BoB as per extant policy guidelines • The credit rating should not be less than "BBB" (new model) rating
Eligibility	SMEs with investment in plant and machinery of less than INR 100 million (USD 2.2 million)	<p><i>SMEs that meet the following criteria:</i></p> <ul style="list-style-type: none"> • Investment in plant and machinery of up to INR 100 million (USD 2.2 million) • Energy bill accounting for at least 20% of total production cost 	<p><i>SMEs that meet the following criteria:</i></p> <ul style="list-style-type: none"> • Investment in plant and machinery of up to INR 100 million (USD 2.2 million) • Annual turnover of up to INR 1 billion (USD 22 million) • Energy bill accounting for at least 20% of total production cost <p>Have an energy audit report prepared by an IREDA-approved energy auditor/consultant</p>	<p><i>SMEs that meet the following basic criteria:</i></p> <ul style="list-style-type: none"> • Energy cost savings of at least 150% of cost of servicing the proposed term loan (interest, installment, and other charges) • Energy audit done by a BEE/PCRA-approved auditor or an auditor who has done similar work for other reputed companies 	<p><i>SMEs that meet the following basic criteria:</i></p> <ul style="list-style-type: none"> • Energy cost of not more than 20% of total production cost • The EEP to reduce energy cost by at least 10% over a 3-year period • Energy audit to be conducted by IREDA-approved auditor/ESCO/consultant • Average DSCR to be at least 1.50 • Debt component to be at most 75%

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Loan amount	<ul style="list-style-type: none"> Maximum of 90% of project cost or INR 10 million (USD 220,000), whichever is lower If 90% of project cost exceeds INR 10 million, the balance amount to be funded through SBI's normal loan schemes <p>Minimum of INR 200,000 (USD 4400)</p>	<ul style="list-style-type: none"> 90% of total project cost, subject to a maximum of INR 10 million (USD 220,000) <p>No minimum loan size specified</p>	<ul style="list-style-type: none"> 75% of project cost, subject to a maximum of INR 10 million (USD 220,000) Project to have a maximum DSCR of 1.3 (project cost to include cost of energy auditing and consultancy, energy savings equipment, software, cost of effecting modifications to existing machinery, etc.) 	<ul style="list-style-type: none"> Up to 80% of project cost, subject to a maximum of INR 10 million (USD 220,000) Overall debt-equity ratio should not exceed 4:1 for SSI and 3:1 for medium industries (project cost would include consultancy/management fees, cost of EE equipment, cost of modifications to existing plant and machinery, reengineering the manufacturing process, and interest during implementation period. Also consider cost of energy audit as part of project cost once the unit has the same done initially at its own expense and finds scope for substantial reduction in cost) 	<p>Up to 75% of project cost, subject to a maximum of INR 10 million (USD 220,000) and a minimum of INR 500,000 (USD 11,000) (project cost may include cost of acquisition/modification/renovation of equipment/software; cost of alterations to existing machinery, cost of structural layout changes, cost of energy audit/consultancy/preparation of DPR)</p>
Interest rate	<p>In effect from May 1, 2006</p> <ul style="list-style-type: none"> 0.5% below SBAR for loans up to INR 25 lakhs SBAR for loans between INR 25 lakhs and INR 50 lakhs 0.25% above SBAR for loans above INR 50 lakhs Present SBAR—13.75% 	<p>1% below the prevailing rate for loans of similar tenure for other SME borrowers</p>	<p>As per existing guidelines for SMEs</p>	<p>1% less than the term loan rate charged from the SME beneficiary, subject to a minimum of 9%</p>	<p>Benchmark prime lending rate (10.5% at present)</p>
Other terms	<ul style="list-style-type: none"> Term of 5 to 7 years, including a moratorium period of up to 12 months Commitment fee of INR 10,000 per borrower initially (now reduced to INR 5000 per borrower) Additional incentives include 50% of cost of energy audit and DPR up to a maximum of 	<ul style="list-style-type: none"> Term of 5 to 7 years, with a moratorium of up to 6 months Security/insurance/inspection/follow-up/service charges as per existing guidelines for SMEs Additional incentives: grant of 25% toward cost of energy audit and DPR (max. INR 25,000) for first 100 applicants; additional grant of INR 	<ul style="list-style-type: none"> Project dependent, but not to exceed 7 years, including a moratorium period of up to 6 months Security/insurance/inspection/follow-up/service charges as per existing guidelines for SMEs Subsidy of INR 25,000 from IREDA to partially cover the cost of energy audit for first 100 projects on a first-come, first- 	<ul style="list-style-type: none"> Repayment not to exceed 7 years, including moratorium period of 6 months Generally, loan through EE scheme to be aid in the currency of existing term loan (if for acquiring plant and machinery) EE loan-processing charges waived for existing SME clients Security: (1) hypothecation of equipment purchased and (2) extension of charge on existing assets, where applicable 	<ul style="list-style-type: none"> Maximum 5 years, including moratorium if any One-time processing fee of 0.5% of loan amount, with a minimum of INR 2500 (USD 55) and a maximum of INR 10,000 (USD 220) Security for sole banking accounts and extension of first charge on all fixed assets Security for consortium/multiple banking accounts first charge on equipment acquired from

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Other terms (cont.)	INR 50,000, of which half the amount to be shared with IREDA through the GEF TA	25,000 from IREDA through GEF TA to partially cover energy audit available for first 100 audits <ul style="list-style-type: none"> Eligible loans of up to INR 2.5 million (USD 55,500) sanctioned to SSI units to be covered under CGFSI 	served basis <ul style="list-style-type: none"> Eligible loans of up to INR 2.5 million (USD 55,500) sanctioned to SSI units to be covered under CGFSI 	<ul style="list-style-type: none"> Eligible loans to SSE units to be covered under CGFSI 	loan under the EE scheme, with total security cover of not less than 1.25
Sanctioning authority	<ul style="list-style-type: none"> Circle credit committee at local head offices for grant to cover cost of energy audit and DPR Loan sanction on a case-by-case basis depending on the amount of the loan 	<ul style="list-style-type: none"> SME business unit at the head office of Canara Bank (grants only) Loan sanction as per delegated powers	As per existing guidelines for SMEs	As per existing guidelines for SMEs	As per existing guidelines for SMEs

Source: IREDA