Early Warning System

ADB-49419-003

Solar Rooftop Investment Program (Tranche 2)

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-07-10
Borrower	State Bank of India
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 90.50 million
Loan Amount (USD)	$ 90.52 million

Project Description

According to ADB documents, Asian Development Bank (ADB), through the solar rooftop investment program (SRIP), proposes to provide a $500 million sovereign-guaranteed multi-tranche financing (MFF) comprising four tranches.The SRIP aims to finance solar rooftop systems through public financial institutions, including the SBI and the National Bank for Agriculture and Rural Development (NABARD). The definition of the solar roof top has been modified to include ground-mounted solar power installations by the Ministry of New and Renewable Energy, Government of India. The impacts of the facility would be energy security provided to all in an environmentally sustainable manner and renewable energy developed, aligned with the Government of India's Integrated Energy Policy. The outcome would be solar rooftop capacity in India increased. The MFF (and tranche 2) outputs would be (i) debt funding to the solar rooftop sector increased, (ii) SBI and NABARD institutional capacity improved, and (iii) solar rooftop market infrastructure and bankable subproject pipeline developed.

On October 2023, SBI and NABARD, through the Government, submitted to ADB formal periodic financing requests (PFR) for tranche 2 and 3 loans to be provided to the SBI and NABARD, respectively. Each PFR is aligned with the financing framework agreement (FFA), which was revised and agreed with the government, SBI and NABARD. In the revised FFA, the MFF's roadmap and policy framework are unchanged since the program remains to be highly important to achieve the government's intended outcome of increased solar rooftop capacity in India. To enable SBI and NABARD to implement the MFF availability period was extended until 30 September 2026 (10 years) under the major change. Furthermore, the Ministry of New and Renewable Energy (MNRE) became the oversight body in place of the PNB Board to supervise overall program implementation.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

On 4 July 2023, ADB approved a major change in the facility to restructure the program. This was because PNB was unable to implement the program effectively. In view of PNB's nonperformance, the Government of India, as the loan guarantor, has requested ADB to include additional borrowers in the program. Under the major change, the State Bank of India (SBI) and the National Bank for Agriculture and Rural Development (NABARD) were identified as the additional borrowers to implement the subsequent tranches of the MFF. PNB's tranche 1 loan of $100 million has been reduced to $9.5 million as requested by PNB and consented to by the Government of India. SBI was expected to be the additional borrower under the major change for the facility for the unutilized balance of $90.5 million under the existing tranche 1, which would be processed separately as a new tranche 2, while NABARD is expected to be the borrower for new tranches 3 and 4, respectively. Tranches 2 and 3 are hereby prepared in parallel.

ENVIRONMENTAL AND SOCIAL INFORMATION

The Ministry of New and Renewable Energy (MNRE) and Ministry of Environment, Forest and Climate Change (MoEF&CC), Government of India (GOI), vide respective office memorandums7 dated 14th August 2017 and 7th July 2017, have clarified that Solar Photo Voltaic (PV) Power Projects, Solar Thermal Power Plants and Development of Solar Parks are outside the purview of environment impact assessment (EIA) notification 2006 and its amendment thereon and as such no prior environmental clearances either at the center or at the state level is required. However, disposal of photovoltaic panels/cells is covered under the provisions of Hazardous and Other Waste (Management and Trans-Boundary Movement) Rules, 2016, and is to be handled accordingly. The SBI will ensure compliance with GOI's laws and other legal requirements through its sub-borrower.

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- State Bank of India (Financial Intermediary)

Private Actors Description

State Bank of India (SBI) is a Fortune 500 company, an Indian multinational, public sector banking and financial services statutory body headquartered in Mumbai, India. SBI has over two centuries of rich heritage and legacy, accredits it as one of the trusted Bank through generations. SBI is the largest Indian Bank with over 25% market share, serves over 450 million customers through its vast network of over 22,000 branches 62,617 ATMs/ADWMs 71,968 Business Correspondents (BC) or Customer Service Point Kiosk outlets (CSPs) across India. SBI also has a global presence and operates across time zones through 229 offices in 31 countries worldwide.

Contact Information

Responsible ADB Officer	Ogino, Kaoru
Responsible ADB Department	Sectors Group
Responsible ADB Division	Energy Sector Office (SG-ENE)
Executing Agencies	State Bank of India

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

Bank Documents

- Environment and Social Management System Arrangement November 2023 [Original Source]
- Project Disclosure PDF

Media

- ADB Approves Support for Rooftop Solar Systems in India

Other Related Projects

- ADB-49419-002 Solar Rooftop Investment Program - Tranche 1
- ADB-49419-001 Solar Rooftop Investment Program
- ADB-49419-004 Solar Rooftop Investment Program (Tranche 3)
- ADB-49419-005 Solar Rooftop Investment Program (Tranche 4)