



SOLAR POWER DEVELOPERS ASSOCIATION

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Sub: Request your kind intervention to remove difficulties faced by Borrowers for processing and disbursement of loans

Dear Shri Chaturvedi,

Greetings from Solar Power Developer Association.

At the outset, we would like to thank MNRE for all its support and responsiveness to the renewable energy (RE) sector issues, thereby enabling us to effectively deal with the impact of coronavirus (COVID-19) pandemic for the past one year. As a result of the Government's support, the renewable energy (RE) sector is now slowly moving towards a path of recovery.

IREDA is an important institution for ensuring that the target capacity addition in renewable energy is achieved.

We would like to draw your kind attention towards some of the issues that needs to be addressed by IREDA to simplify the compliances / processed which are either irrelevant or cumbersome and time consuming and non-value adding. As solar power developers are required to achieve the Financial Closure and Scheduled Commissioning within a stipulated time frame, it is important that redundancy in the name of compliances / processes should be reduced / revisited. This is in the interest of all to achieve the capacity addition target of 175 GW by 2022.

Some of the challenges faced by borrowers with IREDA specifically are listed below:

1. **Double Mortgage Creation:** In a consortium funding, the mortgage on immovable assets is created and perfected favoring the Security Trustee who holds all securities on behalf of all lenders participating in the consortium. However, IREDA insists on a separate mortgage in its favor, apart from the mortgage created in favor of the Trustee. This results in additional cost as well as requires time and efforts for the Borrower without giving any additional security to IREDA. It may be noted that apart from IREDA, none of the other lenders or Financial institutions have this requirement.
2. **Adjudication of Mortgage Deeds:** IREDA insist on adjudication of stamp duty on every mortgage document even in cases where borrower agrees for paying maximum stamp duty as per the relevant provisions of a particular state. Demanding adjudication results in additional cost and delay in meeting the security creation timelines.

E.g., even if SPDs are paying the maximum duty of Rs 10 lacs in Maharashtra for a property mortgage, IREDA still insists on adjudication.

3. Operational Challenges:

- a. **Bureaucratic Approach and Long Response / turn-around Time:** Bureaucratic approach and delayed responses results in long turnaround time in IREDA for any request or proposal. Even small requests related to NoCs, timeline extensions etc. Usually takes months. This makes IREDA facilities unattractive to borrowers.
- b. **CA Certificate for project cost certification with details at component level:**
For project loan disbursement, IREDA needs a CA certificate certifying the cost of individual component of project assets' cost apart from other requirements. This requirement apparently adds no value, as anyways a CA certificate is provided certifying the overall cost of project and means of finance. It is logistically heavy task to list out all individual assets and value against each asset.
- c. **Acceptance of Government documents as compliances:**
Despite availability of certificates and orders from Income Tax Department stating Nil dues, IREDA insist on Statutory Auditor's Certificate certifying the same. Such requirements should be dispensed with.

Request:

We humbly request your kind intervention by way of issuance of necessary instructions to IREDA to look into the above issues faced by the SPDs that causes unnecessary delays in project timelines. These issues are impediments to attract investments, and by making necessary changes, MNRE can play it's part in promoting the 'Ease of Doing Business in India.

We look forward to your kind consideration on the above request.

With warm regards

Yours Sincerely,



Shekhar Dutt

To,
Shri Indu Shekhar Chaturvedi
Secretary
Ministry of New & Renewable Energy
New Delhi