

Sustainable Finance Scheme Small Industries Development Bank of India (SIDBI)

SIDBI has introduced a new scheme called the Sustainable Finance Scheme for funding sustainable development projects that contribute energy efficiency and cleaner production but not covered under the international or bilateral lines of credit. All sustainable development projects such as renewable energy projects, Bureau of Energy Efficiency (BEE) star rating, green microfinance, green buildings and eco-friendly labelling, etc. are applicable for the scope of this scheme.

Objective Of The Scheme

The following are the main goals of the Sustainable Finance Scheme.

- According to the definition laid down by the MSMED Act 2006, new/ existing MSME units would be eligible for assistance under the scheme.
- Existing units must have a satisfactory track record of the past performance and sound financial position and should not be in default to institutions/ banks
- The units should have a minimum credit rating of investment grade or its equivalent according to the internal credit rating model.
- Renewable energy projects such as solar power plants, wind energy generators, mini hydel power projects, biomass gasifier power plants, etc. for captive/ non-captive use.
- Any potential CP investments that include waste management
- Suitable assistance to OEMs that manufacture energy efficient/ cleaner production/ green machinery/ equipment. Further, the OEM has to be an MSME, or it has to supply its products to a substantial number of MSMEs

Scheme Overview

The scheme develops the entire value chain of energy efficiency (EE)/ cleaner production (CP) and sustainable development projects that lead to necessary improvements in EE/ CP/ sustainable development in the MSMEs that presently not covered under the viable financing lines of credit.

Rate Of Interest

The rate of interest applicable would be the standard lending rate by the credit rating of MSMEs.

Eligibility Criteria

The acceptable standards for this scheme are as follows

- Renewable energy projects like solar power plants, wind energy generators, mini hydel power projects, biomass gasifier power plants, etc. for captive/ non-captive
- Any potential CP investments that include waste management

- Suitable assistance to OEMs that manufactures energy efficient/ cleaner production/ green machinery/ equipment. Either the OEM has to be an MSME, or it has to be supplying its products to a substantial number of MSMEs

Fiscal Incentives

Suitable assistance using term loan or working capital is granted to the ESCOs that implements EE/ CP/ Renewable Energy Project. To be eligible for this grant, the ESCO must be an MSME or otherwise the unit to which it renders its services has to be an MSME.