

SBI's SCHEME FOR FINANCING

BIOFUEL PROJECTS



Consultancy Services Cell,
New Delhi

SBI's NEW SCHEME FOR FINANCING BIOFUEL PROJECTS

- ❖ SBI has now come up with revised scheme for financing Biofuel projects in which it has also included units engaged in manufacturing of Biomass pellets to be used as Biofuel.
- ❖ The eligible unit may be a Biomass supplier/ Aggregator engaged in supply of Biomass for sale to the NTPC, Oil Marketing Companies (OMC), Govt. Organisations and Private Companies for Power generation, Heat generation and to be used in other industrial applications.

To finance units for supply of Biomass pellets/ Briquettes to NTPC/ OMC/
Private companies to be used as Biofuel

TL – 30%
WC – 25%

Term Loan,
Working Capital,
LC and BG

Upto Rs. 2 Cr –
Nil (To be
covered under
CGTMSE)
Annual
Guarantee fee
approx. 2.47%
will apply).

8.40% - 12.25%.

Repayable in 10-12 years with moratorium of 6
months

PURPOSE

FACILITIES

**INTEREST
RATE**

REPAYMENT

MARGIN

**COLLATERAL
SECURITY**

**Finance to
Biomass
projects**

COVENANTS OF THE SCHEME

- ❖ 100% land should have been acquired. In case of leasehold land, period of lease should be more than 16 years. The land should have Mortgageable rights alongwith Transferable and substitution rights. The land should be SARFAESI compliant and CLU for commencing commercial activity should be in place.
- ❖ Long term tie-up arrangement with Industries / Farmers / Municipalities / Govt. agencies for regular supply of Biomass/ Raw material is mandatory.
- ❖ Long term Commercial Ageement (CA) between Biomass Project Developer (Seller) and OMCs / Private companies (Buyer) for purchase of Biomass pellets/ Briquettes should be executed.
- ❖ At least 50% of Promoter's contribution should be brought upfront as equity.

Thank You



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