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Canara Bank loan for solar home lighting

Our Bureau
BANGALORE, Jan. 23

CANARA Bank today launched a new credit scheme to encourage solar home lighting systems in Karnataka with assistance from the United Nations Environment Programme (UNEP).

The scheme will carry an interest rate of 50 basis points less than the bank's prime lending rate of 11.75 per cent. It is expected to cover 10,000 beneficiaries initially in the rural sector of the State. The Bank will advance a total of Rs 15 crore for the programme in the next three years with a maximum loan limit of Rs 25,000.

Announcing the new scheme here, the Chairman and Managing Director of Canara Bank, Mr R.V. Shastri, made an impromptu revision in the interest rate saying the bank could make its contribution in mitigating the ordeals of vast majority of rural population unable to afford electricity connection.

Mr Shastri said the experimental scheme will be extended to other parts of the country subsequently and could cover larger number of people than the initial 10,000. He said, "we can commit more assistance and cover up to 1,00,000 lakh beneficiaries".

Canara Bank, which had earlier advanced Rs 10-crore loan to fund solar water heater sys-

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tem along with the Ministry of Alternative Energy, has come up with the soft term loan to encourage solar lighting programme through an agreement with UNEP.

The scheme with a five-year repayable tenure, envisages financing 85 per cent of the cost of the lighting system. It also carries a subsidy of 15 per cent offered by UNEP, which will be adjusted towards the last instalments.

The scheme comes as a boon to people reeling under severe power problem in the rural Karnataka, which is experiencing unscheduled load shedding.

Mr Jyoti Prasad Painuly, Senior Engineer, UNEP (Denmark), said alternative source of energy is set to record a growth from the present 15 per cent to over 50 per cent and could offer a huge potential for bank loans.