

# Solar subsidies: Government subsidies and other incentives for installing rooftop solar system in India

Both the Central Government as well as State Nodal Agencies (SNAs) offer subsidy schemes to the people for installing rooftop PV systems.

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Solar energy refers to the energy obtained from the sun which is a renewable form of energy. Ample solar energy is available in India due to its perfect geographical location which makes the country receive tropical sunlight. Furthermore, the country witnesses more than 300 days with clear skies each year. Thus, India receives a large amount of the sun's radiation throughout the year.

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## Rooftop PV systems

By installing solar rooftop systems, people can generate their own energy and use it for different purposes. These panels are eco-friendly and they can help in curbing the user's carbon footprint. The generated energy can be used to power residential, commercial or industrial buildings. In fact, people can even supply excess electricity to the grid and make some money out of it. Thus, a [rooftop solar system](#) is a worthy investment.

However, the problem is the huge upfront installation cost of a rooftop solar system. As per [MNRE](#), the average cost of a rooftop solar system connected with the grid is Rs 75 per watt. Most of the population of India cannot afford this installation cost. Thus, in order to pose a solution to this problem and to encourage people to exploit renewable

energy, the [Government of India](#) has launched a subsidy scheme as well as various other incentives.

## Government subsidy scheme for rooftop solar systems

Both the Central Government as well as State Nodal Agencies (SNAs) offer subsidy schemes to the people for installing rooftop PV systems. This encourages people to exploit renewable energy and to cut their electricity bill. Though the upfront cost of installation of a rooftop PV system is high, it is inexpensive in the long run when compared to electric generators. Once rooftop PV systems are installed, they don't need any other expenses as they use solar energy instead of fossil fuels.

According to the Ministry of New and Renewable Energy, the Central Government pays 30% of the benchmarked installation cost for rooftop PV systems. This subsidy is applicable in states that are in the general category. However, a subsidy of up to 70% of the benchmarked installation cost is offered in some states that lie in the special category - North MNRE PV Rooftop Cell. These include states such as Uttarakhand, Sikkim, Himachal Pradesh, Jammu & Kashmir and Lakshadweep. In addition to this, State Nodal Agencies also offer subsidies in various states.

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This subsidy scheme is applicable for institutional, residential and social sectors. However, it is not applicable to the commercial sector, industrial sector and public sector undertakings. PSUs are eligible to avail incentives on the basis of energy generation.

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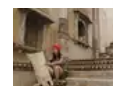
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### Other perks offered by the government for installing a rooftop PV system

In addition to the subsidy, people can avail various other benefits by installing a rooftop solar system:

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- Those planning to install rooftop PV systems can avail [priority sector loans](#) of up to 10 lakhs from nationalized banks. This loan shall fall under the category of [home loan](#) or home improvement loan.
- Consumers will be eligible for generation-based incentives and will receive Rs 2 per unit of electricity generated.
- Furthermore, people can sell the excess of electricity. For this, they'd receive a regulated cost per unit as per tariffs set by the government.

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### Specifications of rooftop PV system for the subsidy scheme

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- Approximately 100 square feet of space is required for the installation of the rooftop PV system.
- The average cost of installation of rooftop PV system without subsidy is around Rs 60,000 - 70,000.
- After leveraging 30% subsidy, people just have to pay Rs 42,000 - 49,000 for installing a rooftop PV system.
- In order to avail generation-based incentive, the customer should generate 1100 kWh - 1500 kWh per year.
- Under the scheme, a customer can earn up to Rs 2000 to 3000 per annum as generation-based incentive.

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### Application process for the scheme

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- Interested people should contact their electricity provider to express their interest. Next, concerned officials will visit the installation site, assess it and give approval. They will also explain the necessary details for installation along with fee structure.
- Users can also seek approval for the installation of monitoring systems from the inspection officers during their visit.
- The customer needs to call the electricity provider for inspection after completion of the installation process as well.
- Next, the officer will inspect the installation and give their approval for availing the subsidy.
- Then, customers can avail the subsidy amount. They can also get tariff details of the excessive units that will be sold to the government.

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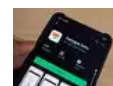
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