

IREDA gets 'Infrastructure Finance Company' status from RBI

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In news– The Reserve Bank of India (RBI) has granted an 'Infrastructure Finance Company (IFC)' status to Indian Renewable Energy Development Agency (IREDA) Recently.

Advantages of IFC status-

- **With the IFC status, IREDA will be able to take higher exposure in renewable energy financing.**
- The IFC status will also help the company to **access wider investor base for fund mobilisation**, resulting in competitive rates for fund raising.
- The recognition of IREDA as an IFC will **increase the investors' confidence, enhance the brand value**, and generate a positive outlook in the market.
- With IFC status, IREDA will keep contributing towards Govt. of India's target of 500 GW installed capacity of non-fossil fuels by 2030.
- It was earlier classified as 'Investment and Credit Company (ICC)'.

What is an Infrastructure finance, as per RBI?

Infrastructure loan" means a credit facility extended by NBFCs to a borrower for exposure the following infrastructure categories: Transport, Energy, Water & Sanitation, Communication, Social and Commercial Infrastructure.

What is an IFC and what are the eligibility or entry point norms for registration of an IFC-NBFC with RBI?

IFC is a non-deposit accepting loan company which complies

with the following :

1. A minimum of 75 per cent of the total assets of an IFC-NBFC should be deployed in infrastructure loans.
2. The company should have minimum net-worth of Rs 300 crore.
3. The CRAR of of the company should be at 15% with Tier I capital at 10%.
4. The minimum credit rating of the company should be at 'A' or equivalent of CRISIL, FITCH, CARE, ICRA, BRICKWORK or equivalent rating by any other accrediting rating agencies.

About IREDA-

- **IREDA is a Public Limited Government Company established as a Non-Banking Financial Institution in 1987** engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation.
- IREDA has been awarded "**Mini Ratna**" (Category -I) status in 2015 by the Ministry of New and Renewable Energy (MNRE).

IREDA's Motto is "Energy for Ever".

- It aims to enhance the credit rating of bonds for renewable energy projects, thereby improving their marketability and liquidity, and attracting lower-cost and longer-term funding for project developers.
- The amount raised by credit enhanced bonds shall only serve to repay existing debt partially or fully.
- **It finances all RE technologies and value chain such as solar, wind, hydro, bio-energy, waste to energy, energy efficiency, e-mobility, battery storage, biofuel and new and emerging technologies.**