

# INDIA EXTENDS \$100 MN LOAN TO SRI LANKA

Relevant for: International Relations | Topic: India - Sri Lanka

India and Sri Lanka on Wednesday signed an agreement for a \$100-million loan from the Export Import Bank of India to support the island nation's efforts to expand solar power coverage.

Issuing a press statement on the bilateral initiative, the Presidential Media Division said one of the "key plans" of the government was to generate solar power, with the contribution of state-owned buildings, places of worship and houses of the low-income families. "Steps will also be taken to provide facilities to store solar energy in batteries for the low-income families that are unable to access the national power grid," the statement said.

Sri Lanka has an installed capacity of 4,213 MW of power. While 1,400 MW of that is hydropower, some 900 MW is produced from coal. Over the last five years, Sri Lanka has sought to tap more renewable sources of power, particularly solar power. The country's electricity demand is expected to grow at an average 5.3% from 2015-2034, according to the Public Utilities Commission.

A press release from the Indian High Commission in Sri Lanka said the \$100 million line of credit will help finance various projects Sri Lanka's solar energy sector, including those announced at the founding conference of the International Solar Alliance (ISA) held in March 2018, in New Delhi, such as rooftop solar photo-voltaic systems for households and government buildings.

As many as 89 countries, including Sri Lanka, signed the framework agreement of the ISA, jointly launched by the Prime Minister Narendra Modi and former French President Francois Hollande in 2015, with the aim of bringing together countries to promote large-scale deployment of solar energy.

The line of credit extended by India, according to officials, is for a period of 20 years, with an interest of 1.75 %. Sri Lanka owes about \$960 million in debt repayment.

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