



Viability Gap Funding (VGF) Scheme

[Source: PIB](#)

The Union Cabinet has recently approved the [Viability Gap Funding \(VGF\) scheme](#) for offshore wind energy projects with a total outlay of **Rs.7453 crore**.

- The scheme includes the installation and commissioning of 1 GW (Gigawatt) of offshore wind energy projects **with an outlay of Rs. 6853 crore, featuring 500 MW wind energy projects off the coasts of Gujarat and Tamil Nadu.**
 - Offshore wind is a source of [renewable energy](#) which **offers several advantages such as higher adequacy & reliability, lower storage requirement.**
- The VGF scheme, **overseen by the Ministry of New and Renewable Energy**, is a major step towards implementing the National Offshore Wind Energy Policy **notified in 2015.**
 - VGF is a government **grant of up to 40% of the total project cost**, provided to support infrastructure projects that are economically justified but not financially viable.
- The VGF support from the Government will reduce the cost of power from offshore wind projects and make them viable for purchase by [Distribution Companies \(DISCOMs\)](#).

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