

SAMEEEKSHA

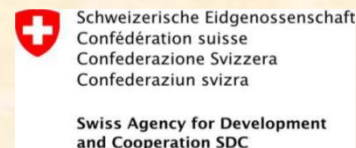
SMALL AND MEDIUM ENTERPRISES: ENERGY EFFICIENCY KNOWLEDGE SHARING



12th Meeting

12 April 2017

**The Energy and Resources Institute (TERI)
New Delhi**



An update from **SAMEEEKSHA Secretariat:** (August 2016 – March 2017)

11th Meeting (July 2016)


❖ Presentations

- SAMEEEKSHA platform and TERI-SDC's EESE project update (TERI)
- Activities under the BEE-SME Program (BEE)
- Design and demonstrate an ESCO business model to promote EE motors in chemical industries in Ankleshwar, Gujarat (International Copper Association & TERI)
- GIZ responsible enterprise financing guidelines and risk Assessment Framework

❖ Discussions

- Popularizing the 'MSME Energy Map of India'
- Members contribution to web-site
- Themes for upcoming newsletters





Promoting Energy Efficiency in SMEs
SAMEEEKSHA

VISION
SAMEEEKSHA envisages a robust and competitive SME sector built on strong foundations of knowledge and capabilities in the development, application, and promotion of energy-efficient and environment-friendly technologies.

SMALL AND MEDIUM ENTERPRISES: ENERGY EFFICIENCY KNOWLEDGE SHARING VOLUME 7 | ISSUE 4 | DECEMBER 2014


SAMEEEKSHA

www.sameeksha.org

NEWSLETTER

Inside...

- International experience in financing energy efficiency in SME sector: challenges and solutions
- SIDBI schemes and products to finance energy efficiency in SMEs
- YES BANK schemes and products to finance energy efficiency in SMEs



A PLATFORM FOR PROMOTING ENERGY EFFICIENCY IN SMEs

IN THIS ISSUE...

This Issue has, as its theme, the financing of energy efficiency (EE) in the SME sector. Major challenges continue to be faced by SMEs in raising loans for adoption of EE technologies (EETs) and best operating practices (BOP). These challenges are non-financial (low awareness about EETs and BOPs; non-availability of customized technological options at the local level; lack of skilled factory-floor personnel and/or LSPs; and so on) as well as financial (high up-front costs of EETs in many cases; lack of capacities among SMEs to meet the norms/requirements of banks in regard to credit history, accounting practices, documentation, and so on). On the other hand, banks and financial institutions too face challenges in evaluating and approving EE loan applications from SMEs (overcoming the 'risks' associated with financing future energy and cost savings; lack of technical expertise to evaluate EETs/BOPs; the relatively small ticket size of EE loans to SMEs; and so on) and in monitoring the EE loans after they are sanctioned.

In order to throw more light on the challenges faced by both sides, and on the solutions that are being devised and implemented to overcome them, this Issue features interviews with senior functionaries from two Indian financial institutions that are playing a prominent role in financing EE in the Indian SME sector through innovative schemes and financial products: Small Industries Development Bank of India (SIDBI), and YES BANK. Also presented in this Issue are highlights of a few international initiatives to finance EE among SMEs, which could provide useful



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CONVERSATIONS

Investments. However, the practice is still at a nascent stage and some of the challenges include:

- Limited documentation and monitoring:** Given the nature of industry with limited systems and processes in place, it becomes difficult to monitor the improvement in terms of energy and monetary benefits arising out of EE projects. Without clear and quantified benefits, it becomes difficult to identify financing opportunities in such projects, thus impacting the ultimate outcome of realizing energy saving potential.
- EE not being a priority:** Even though EE is a source of quick and risk free returns, it is much lower down the priority list, given the pressures for business development, compliance and production numbers. This is compounded by the limited knowledge and exposure of MSMEs to EE projects and opportunities.
- Small ticket size:** EE Interventions come at much lower cost with respect to the total assets of the company, making it difficult to evaluate as a stand-alone project for financing.
- Challenges in implementing process modifications:** EE Implementation may require a few process changes/technical modifications. MSMEs may require capacity building on their technical expertise to bring about such changes.

Q: What do you think can be done to overcome these challenges?

At YES BANK, we believe that EE is a sunrise sector for financing, given its clear business case. The bank has developed extensive experience in working with leading ESCOs in the country to provide EE financing. The bank has engaged with SIDBI to provide partial risk guarantee for the loans given to ESCOs this year. Various EE projects have already been evaluated by the bank and loans have been sanctioned in areas

like energy use efficiency in buildings, equipment replacement in hospitals, and street lighting. However, to fast track the EE agenda among MSMEs, I think the following steps would be critical:

- Increasing awareness on EE among MSMEs:** EE should be propagated among the MSMEs as a cost-saving mechanism based on payback periods, increasing its priority among other available investment options.
- Guaranteed savings to ESCOs:** Guaranteed monetary saving from EE projects would help attract debt capital towards them. Funds from government, multilateral agencies can be leveraged to provide minimum guaranteed payment to the ESCOs as part of the off-taker contracts in addition to the guarantees available to financial institutions for ESCO financing.
- Creating MSME groups:** Individual MSMEs may have limited capacity for investment in technology; however, coherent groups of MSMEs or clusters may avail loans for cutting-edge technologies to enable higher energy saving at affordable rates.
- Value chain support from the large companies:** There has been a great push towards greening supply chains of large corporations. Such corporations may handhold the MSMEs in their supply chain to use EE technology by giving them technical support and providing guarantees to increase the financing potential of such projects.

YES BANK is committed to being a one-stop solution provider for the MSME sector by catering to all their banking requirements as well as enhancing their environmental sustainability through energy efficiency, to help them become globally competitive, both in terms of output and efficiency, and contribute towards achieving the Prime Minister's vision of 'Zero Defect, Zero Effect'.

ABOUT SAMEEEKSHA

SAMEEEKSHA is a collaborative platform aimed at pooling the knowledge and synergizing the efforts of various organizations and institutions—Indian and international, public and private—that are working towards the common goal of facilitating the development of the Small and Medium Enterprise (SME) sector in India, through the promotion and adoption of clean, energy-efficient technologies and practices.

SAMEEEKSHA provides a unique forum where industry may interface with funding agencies, research and development (R&D) institutions, technology development specialists, government bodies, training institutes, and academia to facilitate this process.

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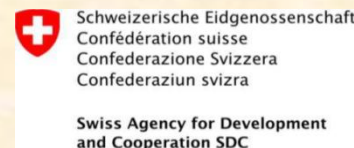


SAMEEEKSHA Newsletter

- ❑ Published two issues (September '16 and December '16)

- ❑ Sep' 16 Issue (**Focus theme: Brick manufacturing**)
 - Promoting REBs: GEF-UNDP-MoEFCC project
 - Promoting energy efficient firing technology in Varanasi brick cluster: BEE-SME program
 - Profile on Varanasi brick making cluster
 - Summary of 11th Meeting of SAMEEEKSHA

- ❑ Dec'16 Issue (**Focus theme: Financing of energy efficiency in SME sector**)
 - International experience in financing energy efficiency in SME sector
 - SIDBI schemes and products to finance energy efficiency in SMEs
 - YES bank schemes and products to finance energy efficiency in SMEs



Collation of MSME energy data

- Total clusters covered : 79 MSME clusters
 - ✓ TERI-SDC partnership: 40; BEE-SME project: 26; TERI-Shakti project: 10; SIDBI-World Bank : 3

- Types of clusters include:
 - ✓ Foundry & forging, Ceramics, glass & refractories, Chemicals, Food processing, Engineering, Textile, Brick manufacturing and Others
 - ✓ Includes energy consumption of a few prominent clay fired brick making clusters at state level

Summary of energy consumption

S No	Sub-sector	No of clusters	Energy consumption
1	Foundry & forging	21	1.75
2	Ceramics, glass & refractories	5	1.44
3	Chemicals	3	0.78
4	Food processing	17	0.36
5	Engineering	12	0.72
6	Textile	7	3.01
7	Others	10	0.17
8	Brick	State level	18.26

Total energy consumption accounted : 26.5 million toe



SAMEEEKSHA Website

<http://www.sameeksha.org/>



SAMEEEKSHA

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A PLATFORM FOR PROMOTING ENERGY EFFICIENCY IN SMEs

Vision

SAMEEEKSHA envisages a robust and competitive small and medium enterprise (SME) sector built on strong foundations of knowledge and capabilities in the development, application and promotion of energy efficient and environment friendly technologies.

Mission

- About SAMEEEKSHA
 - Background and context
 - Core committee
 - Members
- Project briefs
- Resources
 - Newsletters
 - Books, Publications and Brochures
 - Videos and Presentations
- Case studies
- DPRs and Cluster manuals
- Cluster profiles
- Templates
- Contact us

MSME Map

ACTIVITIES

KEY ORGANIZATIONS

NEWS / EVENTS

MSME Energy Map of India



Total energy consumption captured : 26.5 million toe

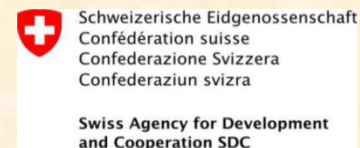
THEME

Energy efficiency

Renewable energy

Environmental protection





Discussion points

- ❖ Themes for upcoming newsletter issues
- ❖ Popularizing MSME Energy Map of India
- ❖ Contribution of other members for SAMEEEKSHA website

Thank You

SAMEEEKSHA Secretariat