



SIDBI's Ongoing Programs on EE in MSMEs

Importance of MSME sector

- Micro, Small and Medium Enterprises (MSMEs) are vital for development of a country:
 - 45% of total industrial manufacturing output
 - 40% of shares in exports
 - More than 8000 products
 - Second Largest Sector after agriculture
 - Generates more than 100 million jobs
 - Accelerates the growth of economy
 - Sustainable and balanced growth
- Globally, SMEs contribute over 90% of Business Enterprises and 50-60% of Total Employment.

MSMEs drives the Indian Economy

Energy Efficiency - Potential

- India is the third-largest energy consumer in the world, after the United States and China.
- Indian MSME sector consumes almost half of the total energy consumption by industrial sector.
- Many MSMEs are highly energy inefficient due to obsolete technology/processes.
- Potential for enhancing energy efficiency in MSME : 10- 25%.

Barriers

- Lack of awareness / information on Energy Efficiency (EE)/ EE best practices/EE technologies
- Inadequate focus on EE/ clean tech/ renewable energy financing by the banks
- Lack of sufficient expertise in banks to assess EE loans
- ESCO market is still underdeveloped in India

SIDBI -Approach

- **Financial Assistance to MSMEs through focused Lines of Credit:**
 - Concessional schemes for financing sustainable development projects in MSMEs
 - Objective of these lending schemes is to reduce energy consumption, enhance energy efficiency, reduce CO2 emissions and improve the profitability of the Indian MSMEs.

- **Developmental Support to MSMEs**
 - Cluster focused Awareness & Capacity Building Programmes for MSMEs, Industry Associations, Bankers and other stakeholders.
 - Implementation of various developmental projects.

SIDBI's Initiatives

- Introduced schemes for financing Energy Efficiency (EE) & Cleaner Production projects in MSME sector.
- Entered into strategic partnership with BEE, TIFAC, The World Bank, DFID, JICA, KfW, GIZ & AFD for promoting & financing clean & EE investments in MSME sector.
- Created a dedicated team of experts housed at “Energy Efficiency Centre” for focused approach.
- Besides financing, also actively pursuing various developmental initiatives including WB-GEF Project, 4E scheme etc.
- Conducted awareness campaigns, focused group meetings, energy audits, pilot interventions in MSME clusters.

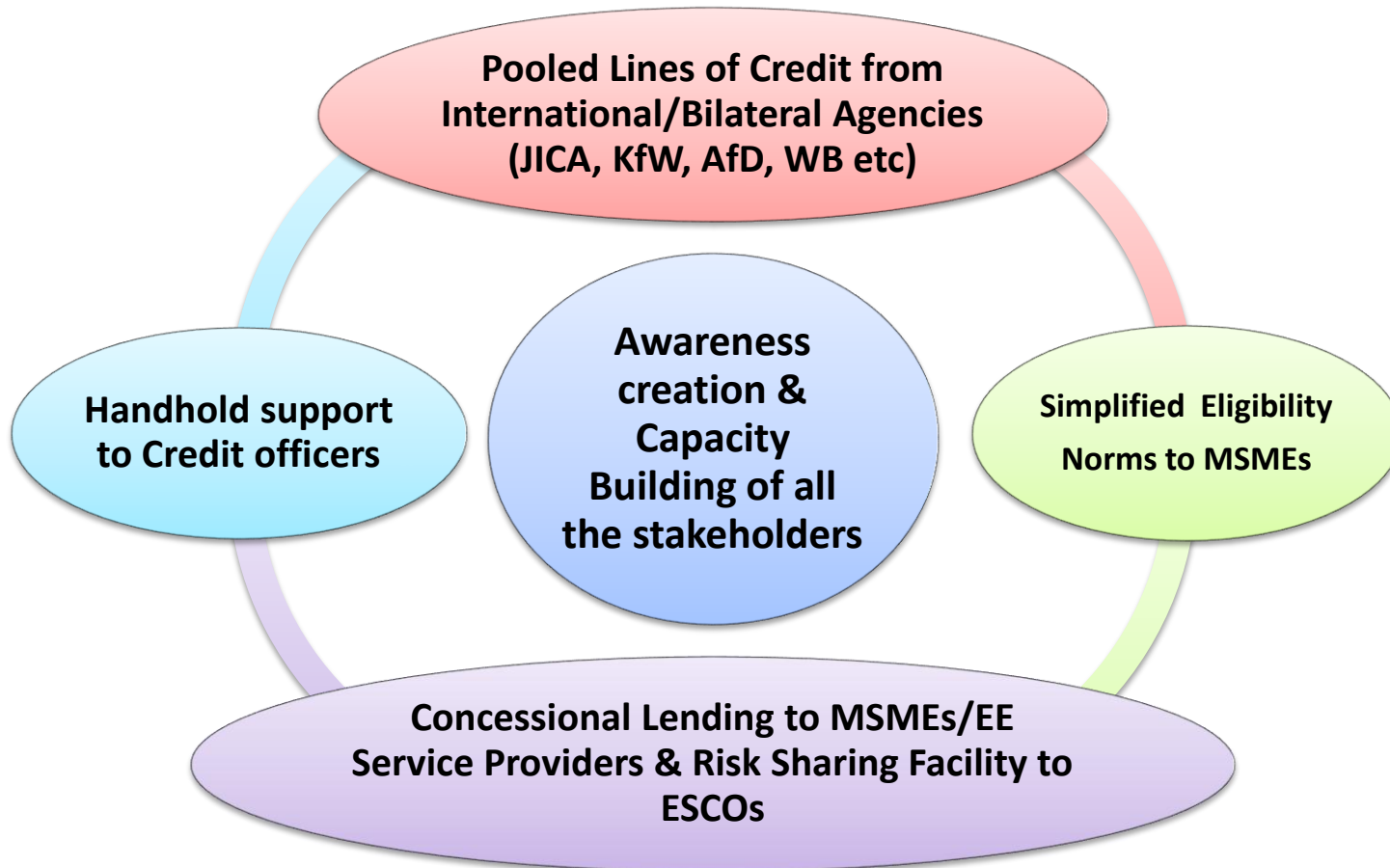
SIDBI's EE assistance/Intiatives: Highlights

- Sanctioned Assistance of around Rs.5900 crore to more than 6800 MSME units.
- Sanctioned more than Rs. 400 crore in RE Projects (both Wind & Solar power projects)
- More than 1043 Million units of electricity saved.
- Thermal energy savings of 650,000 million kCal
- Resulted in reduction of 909 kilo tons (kT) of CO₂ annually.
- Financed Green Buildings/Energy Efficient buildings aggregating to an amount of more than Rs. 100 crore.
- Reached more than 100 industrial clusters & 2500 MSME units and awareness on EE has been created to 4000 participants from the MSMEs.

 **SIDBI received ADFIAP Award, 2012 for Energy Efficiency Lines of credit**



SIDBI's Initiatives



Activities covered under SIDBI 's sustainable financing schemes

- ❑ Energy Efficiency – Equipments, Green Building
- ❑ Cleaner Production -
 - ✓ Waste Management –agro waste, industrial waste
 - ✓ Fuel Switching- diesel/petrol to CNG/LPG, coal to oil/gas based furnace
- ❑ ESCOs – Energy Service Companies
- ❑ Renewable Energy –solar, hydro, bio mass, wind power



World Bank GEF Project: Financing Energy Efficiency at MSMEs

Objective: to increase demand for energy efficiency investments in micro, small and medium enterprise clusters and to build their capacity to access commercial finance.”

Project Components & Targeted MSME clusters

Capacity Building & Awareness

- Marketing & outreach efforts, capacity building of MSMEs and IAs
- TA to energy professionals
- Support to FIs
- Vendor Outreach Activities

Increased Investment in EE

- Energy Efficiency project development support
- Performance Linked Grant

Knowledge Management

- Knowledge Portal
- Helpline
- Success Stories / Videos
- Policy Papers

Kolhapur Foundry

Ankleshwar
Chemicals

Faridabad
Mixed

Pune
Forging

Tirunelveli
Limekilns

WB-GEF Project - Achievements

- More than 1100 Walk-through Energy Audit completed.
- More than 600 Detailed Energy Audit completed.
- **EE measures implemented by more than 510 MSME units.**
- Third party M&V through CII has been conducted more than 420 MSMEs and excellent feedback has been reported.
- Expected Results from the project are as under:
 - *EE Investment* : *INR 150 Crore*
 - *Energy Cost Saving* : *INR 127 Crore*
 - *Total Energy Saving* : *24304 TOE / Yr*
 - *CO2 Reduction* : *1.50 Million tCO2*

This is the first project in the World which has triggered large scale implementations of EE measures by MSMEs.

WB-GEF Project –

- WB-GEF Project Activities -Further expanded to 5 New Clusters
 - *Delhi-NCR region*
 - *Varanasi*
 - *Mumbai-Thane*
 - *Ludhiana*
 - *Dehradun*

In New Clusters not only cover to identify the Energy Efficiency Projects and Implementation support but also identify the Cleaner and lean manufacturing opportunities in the units

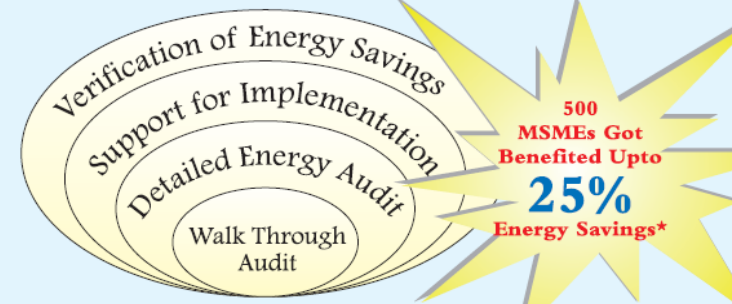
As of Now more than 80 DEAs are Completed all five clusters and Implementation are initiated in 20 MSMEs

End to End Energy Efficiency (4E) Solutions

- 4E (End-to-End Energy Efficiency) Solutions product launched.
- 4E would help the MSME units to adopt energy efficient practices by providing them the technical consultancy / advisory services.
- 4E would include the following services :
 - *Detailed Energy Audit (DEA)*
 - *Support for implementing the identified Energy Conservation Measures (ECMs) including Measurement & Verification for quantifying actual savings.*
- 4E is expected to benefit 3,000 MSME units in the next three years.
- India SME Technology Services Ltd. (ISTSL), an associate of SIDBI is implementing the 4E Initiative.

A Unique Product for MSME Sector

End to End Energy Efficiency (4E) Solutions




500 MSMEs Got Benefited Upto **25%** Energy Savings*

*Under WB-GDP Project

Benefits to MSME units

- Avail Energy Efficiency services at reasonable cost
- Assurance of Quality of services by ISTSL & SIDBI
- Finance at concessional terms from SIDBI
- Improvement in Energy Efficiency
- Better Profitability

Do you want to reduce your electricity / fuel bills?? ...please contact us


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Revolving Fund Scheme for Financing End to End Energy Efficiency Investments in MSMEs (4E Financing Scheme)

| Parameter | Norms |
|----------------------|---|
| Purpose | For implementing Energy Efficiency measures on an end to end basis. For meeting part cost of (i) capital expenditure including for purchase of equipment/machinery, installation, civil works, commissioning, etc. for implementing the Energy Efficiency measures as recommended in the DPR, (ii) Energy Audit and DPR preparation cost, and (iii) any other related expenditure required by the unit, provided it is not more than 50% of (i). |
| Minimum Assistance | Upto 90% of the Project cost with minimum loan amount of Rs.10 lakh and maximum loan amount not to exceed Rs.150 lakh per eligible borrower under this scheme. |
| Interest Rate | 2.5% below the normal lending rate as per the credit rating (both fixed and floating options shall be available). |
| Repayment period | Including initial moratorium period of upto 6 months, shall not be more than 36 months for loans upto Rs.10 lakh and 60 months for loans beyond Rs.10 lakh |
| Eligibility Criteria | <ul style="list-style-type: none"> • Applicant unit should be in operation for atleast 3 years and should have earned cash profit in the last 2 years of operation. • The unit should have undergone the process of Detailed Energy Audit (DEA) through a BEE certified technical agency / consultant. • India SME Technology Services Ltd. (ISTSL) will an associate (if required) concern of SIDBI is assisting MSMEs in identifying Technical agency/consultant |

Partial Risk Sharing Facility for Energy Efficiency (PRSF) Project

Objective:

Mobilizing commercial financing using risk sharing mechanisms through GEF and CTF support, and catalyzing ESCO-implemented energy efficiency projects

Project Duration:

- 15 years consisting of initial period of 10 years and a follow-on 5 years.

Project Components

- Component 1: Risk sharing facility)of USD 37 million (USD 12 Mn from GEF as Grant and USD 25 Mn from CTF as contingent finance) will be managed by SIDBI, and
- Component 2: TA of USD 6 Mn (USD 4 Mn to SIDBI and USD 2 Mn to EESL).

Role of SIDBI:


SIDBI is the Project Execution Agency (PEA) and shall provide partial guarantees to Participating Financial Institutions (PFIs) and SIDBI (as lender) for loans extended for Energy Efficiency Projects being implemented by ESCOs.


TIFAC-SIDBI Revolving Fund for Technology Innovation (Srijan Scheme)


- To support MSMEs for up-scaling and commercialization of innovative technology based project at flexible terms & interest rate.
- Preference accorded to sustainable technologies / products.
- Soft term loan with an interest of not more than 5%.

TIFAC – SIDBI REVOLVING FUND
for
**TECHNOLOGY
INNOVATION
PROGRAMME**
सृजन (SRIJAN)

...Catalyzing development, demonstration, commercialization of innovative technologies




Technology Information, Forecasting
and Assessment Council (T I F A C)
Department of Science & Technology
Govt. of India


SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

Green Climate Fund (GCF)

- The GCF is a fund to promote the Clean / Green developmental activities by providing support to developing countries .
- The developed countries have committed to mobilize USD 100 billion p.a. by 2020 under the GCF which shall be provided to developing countries in the form of grants and concessional lending, and through other modalities, support Climate change mitigation and adaptation actions.
- As on date, more than 22 countries have pledged a total equivalent to about USD 10 billion to the Fund's initial capitalization.
- The GCF resources will be channeled through accredited public and private implementing entities.
- **SIDBI has been nominated as “National Implementing Entity” for accreditation with GCF by Ministry of Environment, Forest & Climate Change, Gol.**
- **Upon nomination, SIDBI has recently submitted its application for accreditation with GCF.**
- **With GCF support, SIDBI will upscale and manifold its existing climate change programmes and further contribute to the global goal of Climate Change mitigation and adaptation.**

Awards & Recognition

- **National Energy Conservation Award-2015 (NECA-2015)** – Under Financial Institutions Sector.
 - *Excellency in Energy Conservation and Management*
- **ADFIAP Award 2013** - *Under the Environmental Category for*
 - *World Bank GEF project: Financing Energy Efficiency at MSMEs Project*
 - *pCDM Project at Jodhpur Stainless Steel Re-rolling Mills Cluster*
- **ADFIAP Award 2012** - *under the category of Environmental Development for:*
 - *CNG Taxi Financing Scheme, CNG Auto Rickshaw Financing Scheme and Energy Efficiency Lines of Credit.*
- **SIDBI, the only Indian Institutional member of International Development Finance Club (IDFC) promoted by KfW . Presently, there are 23 members of IDFC across the global .**

Thank You !

