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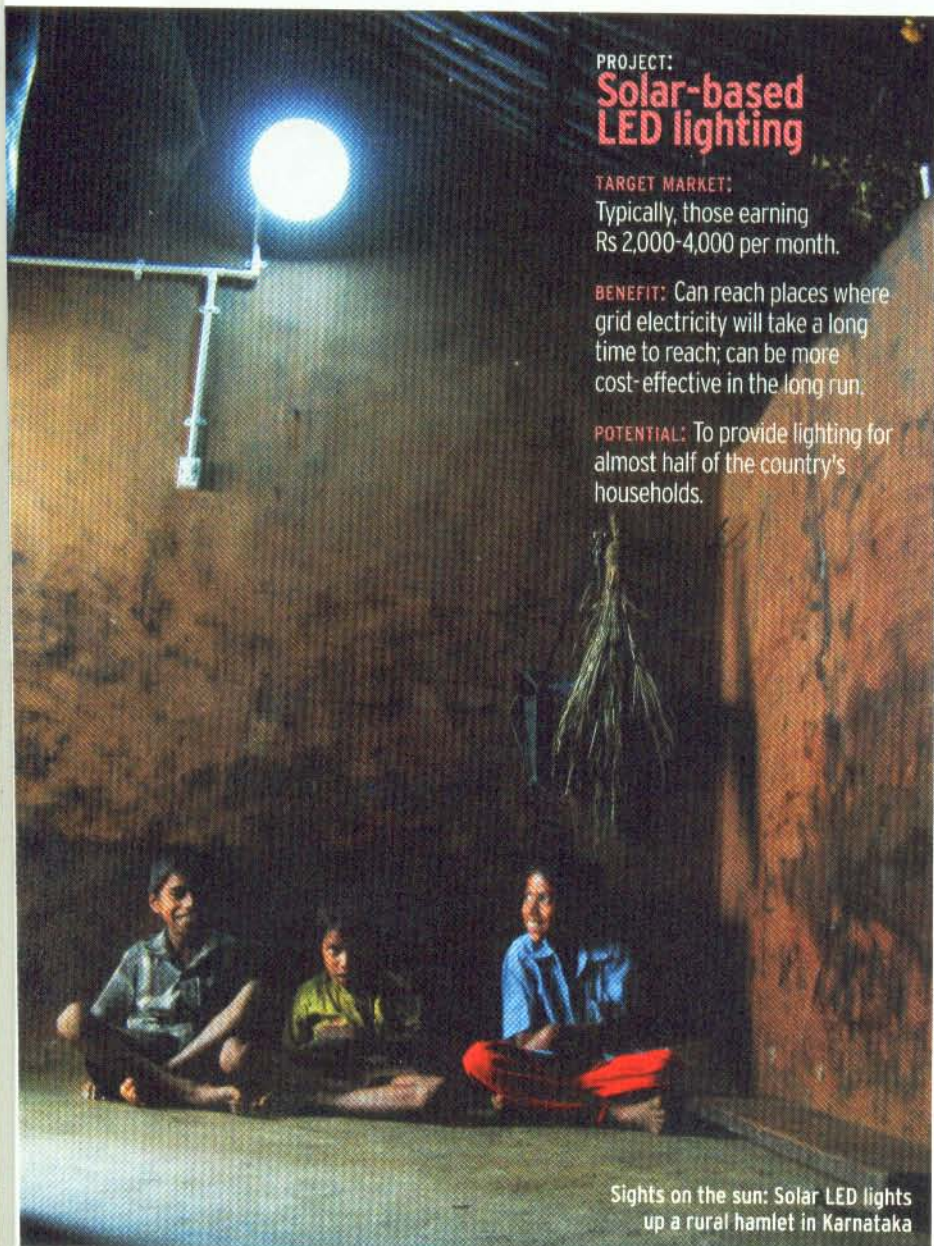
2000-2009

India's

Best Decade

And Lessons
It Holds for Future





PROJECT:
Solar-based LED lighting

TARGET MARKET:
Typically, those earning Rs 2,000-4,000 per month.

BENEFIT: Can reach places where grid electricity will take a long time to reach; can be more cost-effective in the long run.

POTENTIAL: To provide lighting for almost half of the country's households.

Sights on the sun: Solar LED lights up a rural hamlet in Karnataka

Let There Be Light

Almost half of the country's households have no connection, or an unreliable one, to a grid for electricity. That's a grim statistic but, for Ashis Kumar Sahu, Chief Operating Officer, SELCO Solar Pvt Ltd, therein lies a huge opportunity. SELCO Solar has been providing "sustainable energy solutions and services to underserved households and businesses" since 1995.

That sustainable energy solution is in the form of solar-based LED (short for light emitting diode) lighting, which converts sunlight into electricity. SELCO also facilitates third-party finances, installs, services and designs solutions based on the customer's needs. "We have so far served over 1,00,000 households in the last 14 years and plan to double that number in the

next 4-5 years," says Sahu. His target market: Typically, households that earn Rs 2,000-4,000 a month or, in the case of farmers, those with annual cash flows of Rs 40,000 per annum.

Solar-based LED lighting may just be the next big thing because of the gradual reduction in the cost per unit—from Rs 20 per unit five years ago to Rs 16-17 per unit currently—although it is still more expensive than conventional sources of electric power. But then, for the government to take electricity grid connections to the country's remotest corners will be a very long-term exercise—and a more expensive one, too. With the help of a back-of-the-envelope calculation, Sahu reckons that a Rs 4 per unit of grid power connection actually works out to around Rs 9-10 per unit (after factoring in costs like transmission and distribution losses and cost to the environment). In future, the extent of decline in solar-based lighting prices will be linked to the way volumes pick up and on the number of players entering the field. If solar-based LED power is expensive today, it's because of all that goes into it—a panel, a battery plus installation charges which, depending on the model and the solution requirement (single light or home lighting), vary between Rs 2,000 and Rs 6,000.

Yet, that's not deterring more players from entering this segment of energy. Karnataka alone today has 15-16 players, says Sahu. That's because the high cost notwithstanding, millions of Indians have little choice: It's either a kerosene-lighting solution or solar power. Yet, cost reduction measures coupled with innovative financing options and perhaps even interest subsidies or waiving off the requirement for payment of margin money while taking a loan for poor households and farmers on such lighting products are the need of the day.

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