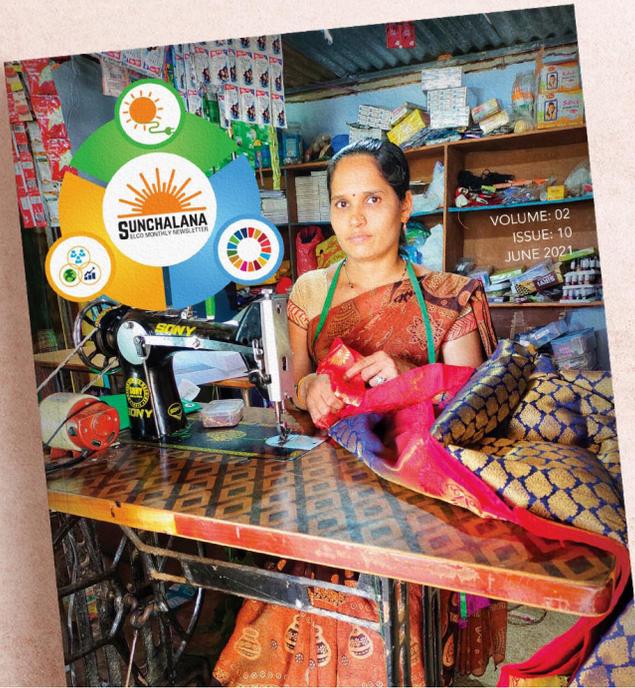




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## COVER STORY

Our customer **Nagveni Shankar** from Kumta runs a solar powered tailoring shop, earning livelihoods and contributing to their family's incomes

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# EDITORIAL

One of the key aspects of delivering reliable energy solutions to the poor is access to financing which enhances their affordability and ability to purchase solutions that are suited to their needs. SELCO has been facilitating credit through partnerships with financial institutions as a part of its business model. The types of financial partners tapped into can vary from public banks, community organizations, cooperative societies, microfinance institutions and so on. The case captures key aspects of a formal agreement between SELCO and a community based micro finance partner in an effort to shape language and responsibilities that ensure both parties are invested in providing reliable energy solutions for the end user.

Understanding that end-user financing is crucial for providing reliable energy solutions for the poor in rural and remote areas, SELCO works with a network of different types of financial institutions like regional rural banks, cooperative societies, microfinance organisations (MFIs), NGO's, CSR partners and so on to provide affordable credit to enable them to purchase energy access solutions. SELCO has a deep sense of confidence in their partners and they are one of the primary reasons for SELCO's success .

In this edition of Sanchalana, we will be covering some successful cases of SELCO's financial model.

We sincerely hope that the reader will enjoy reading this edition.

**COMMUNICATIONS TEAM, SELCO**

# Role of Banks & financial sector for success of Solar



**JAGDEESH PAI**  
GENERAL MANAGER, SELCO

**T**he economic self-reliance of the people in the rural areas is very important in the measurement of the development of a developing country like India. Only with a good income villagers can live a happy and meaningful life.

**Background:** After the nationalization of the 14 major banks of our country in 1969, the role of banks in rural development became important. Then in 1980, six more banks were nationalized. The financial support of the banks was first directed towards the development of agriculture, establishment of small industries, advancement in household industries, transportation of goods and the development of communication equipment. Since then huge amounts of money have been invested in these sectors through bank loans.

Then came the concept of Priority Rate and a National Policy for assigning 40% of the Bank's Debt to the Priority Zone. The central government gave all banks the direction to

implement it. Bank accounts across the country have been opened, mainly in rural areas, where people can open savings accounts in banks. The banks thus contribute to the development of our country.

**The Solar Revolution of SELCO:** Until the 1990s, most of the villages in our country did not have electricity. Kerosene lamps were mainly used for lighting. The villages which the government claimed to be electrified were also considered and few houses from those villages were provided with solar powered lighting systems. Due to the lack of proper power transformers in the villages, the villagers were suffering from low voltage.

During the period of such transition, Dr. Harish Hande established SELCO in 1995. It set the stage for a new era of decentralized solar systems in our country. Mainly in Karnataka, SELCO has developed and implemented a system that caters to the needs of a wide range of customers, from a solar lamp to a solar inverter and ensures after-sales service. When financial institutions first applied credit systems to solar lights, SELCO provided solar power equipment systems, benchmark proposals, etc.

Loan facilities from Banks : SELCO has convinced our country's solar energy service companies and banks to supplement the solar sector with the headquarters of their respective banks, to focus on the importance of the solar lamp and the minimum lighting system required for improving the quality of life of people in rural areas. The Bharatiya Vikas Trust, Manipal



along with SELCO organized seminars on solar equipment lending to bank managers and credit officers under the Solar Finance Capacity Building Alliance (SFCBA) Scheme. In all these programs, SELCO has provided technical information and demonstrations. The bank acted as a liaison for customers and bankers who wanted to borrow solar equipment. This is why SELCO is recognized as a major partner in the solar lending banking campaign both nationally and internationally.

## Rural Banks and Solar Loans

The widespread use of solar equipment and their adoption in villages has been recognized by SELCO's service commitment and interoperability. Rural banks also played an important role in this success story. Mainly to mention in Karnataka are Malaprabha Grameena bank, Netravati Grameena bank and in Maharashtra it is Vidharbha Konkan Gramin Bank and Maharashtra Gramin bank. Prathama Gramin bank and Gramin Bank of Aryavart in Uttar Pradesh, Bihar gram in bank in Bihar. These banks have helped our branches in rural areas and have been instrumental in delivering solar systems to the people there.

In the later period when the rural banks merged, the Karnataka Development Rural Bank and the Karnataka Rural Bank branches made significant efforts to install solar lighting

equipment across our state and subsequently deliver various solar powered livelihood equipment to rural consumers.

## UNDP Solar Loan Scheme (2003)

The interest rate concession (5.5% back-end subsidy) was offered through local banks through the UNDP Solar Loan Scheme. This low interest loan for solar lamps (6% i.e. 11.5% -5.5%) was implemented mainly in the states of Karnataka and Kerala.

## NABARD Sponsored Subsidy Scheme (2011)

Under this scheme, 30% subsidy was given to water heaters. This subsidy was given to the people who have paid back their loan. This included many customers who had adopted a water heater through the SELCO. There are many consumers who fail to get the subsidy because of improper records. Although such subsidy schemes have been undertaken by governments from time to time to increase the popularity of solar equipment, they are only available for a limited time.

## Loan Scheme expanded for new business

SELCO initiated many new experiments by introducing a bank loan scheme for energy-saving equipment. Customers were taken to the bank loan and introduced through the Rural and Nationalized Credit Scheme. The equipment includes solar powered machines that compliment the home based industry and agriculture based activities. Most solar powered equipment, mainly for blacksmithing, dairy milking for dairy farmers, pulp separators, coconut fiber rope making, sugar cane extractor, bread making machine, sewing machine, etc., have been reached the rural end users through assistance from banks.



## 'Solar Beds' introduced for bed-ridden patients



**S**ELCO has launched 'solar beds' under the guidance of Belthangady-based NGO Seva Bharati along with The Association of People with Disability, Bengaluru.

The bed is designed for those who have vertebral fractures and are confined to the bed. Deficiency in care or neglect in treatment can cause pressure on the back of such patients and cause ulcers on the skin. The solar bed regulates airflow in the bed relieving discomfort to bed-ridden patients. The bed, modelled on the water bed, can operate for 24 hours using electricity generated through solar energy. According to Seva Bharati, 310 people in Dakshina Kannada, Udupi and Kodagu districts are bed-ridden due to spinal cord injuries. Two of them, in Banakal and Belthangady, have been given the solar beds while plans are to donate 8 more to others.

# SELCO's Partnership with SAMPARC NGO



**NIKHIL BHATUSING GIRASE**  
MANAGER, PUNE BRANCH

In 2018, SELCO conducted a survey in the Mulshi block with the ground base of Samparc NGO which has been working for the last 25 years for Adivasi villages. We observed that in this area electricity is a major issue since it is a heavy rainfall area. The Adivasi people had no connection with electricity; they used kerosene for

light. Residents of these areas purchase illegal Kerosene every month, spending 500-600 rupees, hence they could not afford to purchase a solar system. The area lacks bank facilities. SELCO Foundation came forward to help us in serving these people through revolving funds.

SAMPARC assisted us in collecting monthly contributions and also helped during installation. Initially 81 families benefited through this scheme. Villages such as Ambavane, Majgaon, Jamburde, Peth shahpur were covered. Mr. Nikhil Girase completed the technical installation 2 units of DEP were installed in ZP School Ambavane and other at Vidya Vikas Kendra Bhambharde during lockdown period. Sewing machines were installed in Sutarwadi, Khechare, Belawade & Andeshe



# Energy Associates of SELCO



**SANANDAN P KULKARNI**  
BA DEVELOPMENT  
MANAGER

The Business Associate (BA) program of SELCO reflects the philosophy of the organisation in every aspect. The concept has been brought to improve the quality of life by increasing the income level of unemployed people by providing the part time earning opportunity. The BA concept directly supports the our organisational policy of ‘No Dealership and No Franchise model’ by making the BA to reach out to the untapped areas, as we the employees can’t reach out to the corners of the assigned territorial area, BAs fulfill the reachability constraint by using their own contacts and goodwill.

We recognise our Business Associates as partners. The sustainable features of this concept distinguishes it from other B2B2C (Business to Business then to customer) contract based business models. Intangibility in material handling, installation and after sales services makes this business model completely different from dealership, franchise and agency models. This model also assures one price for every customer, the other models follow inconsistency in pricing. When we go in depth to understand this concept, we will get to know the concept has been tailored in a holistic approach which significantly differentiates from other contract based business models.

This concept creates the platform for those who are willing to earn along with social work. There are many such examples of our business associates, who are enrolled only to become financially sustainable, after understanding our organization's mission they have made modifications in their intention and started to see the earning opportunities by the upliftment of the underserved people.

On the flipside, SELCO will be expanding its customers network without disturbing its philosophy of social enterprise. As we follow the pull strategy rather than spending the money on expensive promotional and marketing tools. Without spending on the push strategy tools such as advertisements, billboards and hoardings. SELCO is recognised as a market leader in domestic solar solutions and importantly we stand distinguished from other solar companies. Other organizations, social organizations and the Government bodies recognise us as solution providers rather than a solar company. For a moment our organisation falls in the monopoly category with its works towards introducing and

providing the solar based livelihood solutions and other interventions to the needy people. To gain this recognition, SELCO's business associates have invested a substantial amount of effort, the BAs have seen their growth in the company's growth and vice versa. The BAs acts as a bridge between SELCO and the society. There are many such instances where BA has brought us complicated and unique problems, which we accept as challenges and provided sustainable solutions. Interestingly we have a few wonderful BAs who have joined hands with SELCO to serve the poor and backward people. We have witnessed contributions from the BAs in a few projects in the form of raising the local funds, funds from their own pocket, connecting different organisations and getting the cooperation from the local Government bodies. The BAs represents SELCO and they are a free source of promotional activities, they influence the people to go for SELCO solutions. They also create word of mouth marketing in a natural manner. Thus this concept creates a Win-Win situation for BAs-SELCO-Society/consumers.



Our company policies have evolved along the year on year growth. As changes are must in the process of growth, Business Associate policy has seen modifications along the time. By considering the behavioural aspects, market approach and other factors affecting the performance of the Business Associates we have brought significant changes in the enrollment process, made Independent (Woman & General),ESP and Dependent classifications based on the different working patterns.

Now we will have considered this concept as “Energy Associates Concept”. To bring the improvements in the approach our management has introduced a new Energy Associate policy with a revolutionary concept in the FY 2019-20. The Women Business Associate Concept is the dream program of our CEO Shri Mohan Hegde. This program integrates women empowerment and community service. A woman is considered as the eye of a family, similarly a team self sustained woman will be an eye of the society. A woman will be knowing the actual need of a family and the associated things benefiting the society. Each women energy associates are working individually with their unique approach, with their assistance we are able to

**SELCO is recognised as a market leader in domestic solar solutions and importantly we stand distinguished from other solar companies. Other organizations, social organizations and the Government bodies recognise us as solution providers rather than a solar company.**

implement many interventions. Some of them have become successful entrepreneurs and they have nurtured many of the women to become entrepreneurs. Presently we are working with more than 350 women energy associates. Our organisation has a plan to enroll women EAs in the interval of every 5 Km, these EAs represent SELCO and create awareness about sustainable energy usage and interventions. Special provisions and special facilities have been made for the Women EAs. The first 250 women EAs have been gifted with the two light systems. The mammoth step towards women empowerment. We have witnessed a national level women BA conference, which turned out to be a great success.





The EA concept also allows our energy centers to collaborate with the social organizations which brings mutual benefits. We have partnered with many such organizations which are working in health, education, sanitisation, women empowerment, child upliftment, rural development, agriculture, entrepreneurship and many more. Our steps towards promoting sustainable energy will get huge support as these social organizations will be supporting us in multiple ways with different approaches.

Major portion of the BA sales is directly linked with the banks' lendings. From the initial stage financial institutions have supported this concept. In the present scenario our rural populations require livelihood supporting and entrepreneurship development energy based interventions more than basic solar energy solutions, to increase these kinds of interventions in the rural and backward areas the support and coordination of financial institutions is must. Our organisations have taken many initiatives to enhance the relationship with different types of financial

institutions. Presently Regional Rural banks, Co-operative banks, Co-operative societies and even Nationalised banks are very interested in promoting the income generation activities in the rural areas through efficient-sustainable solar powered interventions, this approach also helps the traditional rural community based businesses. When our Energy Associates collaborate with the financial institutions then there will be a drastic increase in the success rate of our Energy Associates.

We have got a huge responsibility to nurture the new women BA concept by assisting the enrolled women BAs to reach out to more and more people. Increase in the WBA sales directly influences the increase in the financial benefits of the WBA, that leads to extension of support towards women empowerment, but not at the cost of ignoring our good old general BAs. We should take into consideration the potentiality of our general BAs. We should inculcate the skills to handle BAs as they are external people. Let us increase the quality of the relationship with all our BAs and let us make a difference.



# 3M case studies

The partnership of SELCO & 3M started in March 2020. The genesis of the engagement was to create an innovative strategy that primarily focussed on maximising social impact through judicious use of CSR funds. This project was divided into two verticals- Building resilience in rural healthcare & enhancement of rural livelihood by supporting micro businesses. It also meant that solutions were created at community & individual level. During the execution of the project the core philosophy of both the organisations i.e. decentralisation for SELCO & sustainability for 3M was embedded.



### **Innovation during COVID-19 Pandemic**

Nagveni Shankar from Kumta had a tailoring business for 8 years. She was using a manually run machine. Her husband was a driver and lost his job during the 1st phase of Covid-19 pandemic. She was the only breadwinner for the family during such challenging times. She started taking more orders to increase her income and this created a lot of physical strain for her. Also she could not work for long

hours in the night due to intermittent supply of electricity. She needed some technology that could allow her to work for more hours and ensure lighting even at night.

She decided to go for a solar powered motor for her sewing machine. She approached SELCO for support. With 3M CSR funds, 25% of the system cost was used as gap financing and Nagveni availed a loan from SKDRDP. This small support according to Nagveni came as a boon in disguise. With this technological innovation, she could do more and support her family during the covid-19 pandemic. This has also encouraged other women in the community to take up such income generation activities.

### **Inclusivity**

Ganapati Kuppayya Achari, age 60 from Kumta has been in the blacksmith business for the last 30 years. He was manually doing the work hence a lot of physical effort was required and he always needed extra human support to complete his work. He couldn't afford labourers so he took his wife's support, yet he couldn't earn sufficient income and thought of giving up the work. In addition, he was quite to carry on with the drudgery associated with this business.

He needed some technology that could allow him to work for more hours and increase productivity without much physical effort. He later got to know about solar powered blowers and thought of trying it. He approached SELCO for support. With 3M CSR funds, 25% of the system cost was given as capital subsidy. Now he is happy to continue this business. This intervention has filled Ganapati with positivity and now he is hopeful to earn more. Through this project, we have been able to touch upon end users from different demographics such as unemployed youth, senior citizens, economically weaker sections, women widows and so on.



# Ullal Beach sees its first Solar powered Plastic Collection Centre

Plastic pollution is one among the world's most formidable environmental challenges. With almost 8 million tonnes of plastic ending up in our oceans every year, marine ecosystems are being seriously affected. Responsibly disposing of the plastic we use has therefore become an essential need of the hour. To help support this effort, Plastics For Change India Foundation has set up a Plastic Collection Centre on Ullal Beach in Mangalore in collaboration with Ullal City Municipal Council. The centre provides an avenue for both beach-goers and informal waste collectors to hand in their plastic waste - which it hopes will be a deterrent against littering on the beach. The foundation assures that all the

plastic waste collected at the centre would be processed for recycling and has also designed incentives for informal waste collectors that bring in large volumes of plastic waste from the Ullal area. Consistent with its mission, the kiosk - that stands on the entrance of the beach - was made completely out of low value recycled plastic. A total of 413 kgs of plastic went into its making. The Plastics For Change India Foundation has been working tirelessly towards its mission of fighting poverty and plastic pollution. It has implemented multiple social development projects in informal waste collector communities and has innovated in disruptive methods, such as building houses from recycled plastic.

# INTERVIEW WITH Manoj Menezes,

## Agri Regional Director, SKDRDP



### How did your partnership start with Selco?

SKDRDP had initiated its Pragathi Bandhu SHG models for organizing the small farmers during 1992-97. During the period there was an interest towards the solar lights at the remote villages where they could not get the grid supply. Moreover SKDRDP has started community charity programs during the period. SKDRDP, after having discussions with the SELCO, started a green vision in which every member has access to modern green energy services. SKDRDP has arranged a program at Dharmasthala in the presence of Dr.D.Veerendra Heggade and Honorable Chief Minister Shri. S.M.Krishna. 1000 solar home lighting systems were adopted in belthangady taluk. Further, SKDRDP/SELCO joined hands to educate and support rural masses to install SHLS at DK and Udupi districts till 2010.

During 2012 SKDRDP/SELCO entered into an agreement to install units on a need basis in rural areas. SKDRDP identified the interested members who would avail loans to install the unit. SELCO provided technical guidance and installed the units on receipt of the loan amount. Today, this collaboration is lighting 30000 rural households every year.

### How have your customers benefited through our solar products?

SKDRDP in collaboration with SELCO has supported the rural mass by providing solar home lighting systems. The villages which lack the facility of grid supply or poor quality electricity were benefited by the project. These families were technically educated to install the units. Moreover these members have availed the financial support from SKDRDP through Regular and quality power supply, relief from kerosene and candle smoke. no issue of power cut, assistance to perform household activities. Now, Children can perform their school activities & assured protection from poisonous pests which has created positive impact on health & reduced burden on natural resources

### Your advice to rural youth.

Poverty rate has been steadily decreasing in the rural areas. But most of the large portion of the population still is affected by poverty and is considered as fragile. The youth should work towards creating production and financial assets needed to launch ventures. They have the answers to many of the challenges rural areas face. They are the ones who can increase the use of technologies, develop new services and undertake more competitive business. So without them there is no possible future for rural development. The youth should have more discussions in the economy and participate in opportunities and challenges in the rural areas. Livelihood adoption and Marketing support should be the priority areas.

