

CLEAN

Decentralized Renewable Energy in India Shows Growth, Resilience: Annual CLEAN Report

- *Despite COVID-19, 62 percent of DRE enterprises reported financial growth -- a 17 percent increase from the previous year*
- *Demand for productive use appliances like solar pumps, cold storage, cooking as well as home solar has increased*
- *Government focus on improving livelihoods has highlighted the value of the sector, but requires more action and awareness to leverage these opportunities*
- *Finance and end-user affordability were cited as key challenges by 68 percent of DRE enterprises*

25 November 2020, New Delhi: Today, CLEAN, a non-profit committed to support, unify and grow the decentralized renewable energy (DRE) sector in India, published a new report that shows significant growth in the sector and resilience in the face of COVID-19. India's DRE sector has seen a shift towards being an enabler of economic growth, especially in rural areas, with an increased focus on livelihoods and income generation applications and activities. In addition, the Ministry of New and Renewable Energy's (MNRE) focus on promoting and scaling up the deployment of DRE-enabled livelihood applications in the country has further spurred sector growth. However, more needs to be done in order to leverage this opportunity and realise the full potential the sector has to offer.

"With COVID-19 taking its toll on CLEAN Members, employment has dropped and so has investor interests. However, the potential and need for decentralized solutions has never been greater. DRE is integral to any economic recovery package and there is a strong case for its inclusion as one of the sectors under the Atma Nirbhar Bharat. The case studies presented in this report present the diversity of DRE solutions at the local level and show immense opportunity for impact when supported with awareness creation, access to markets and financing," says Svati Bhogle, President, CLEAN.

The fourth edition of the annual publication, State of the Decentralized Renewable Energy Sector in India 2019-20, supported by Shakti Sustainable Energy Foundation, includes data from a survey of CLEAN members, its network of financiers, government representatives, researchers, think tanks, and funders in the DRE sector. The survey responses were used to understand the sentiments of DRE enterprises in India today and their expectations from the future. The report presents an overview of the sector, including market trends, new technologies and innovation, policy and finance advancements, and the impact of the sector as a whole on socio-economic development.

"While challenges have taken the spotlight, COVID-19 has also presented the CLEAN energy enterprise space an interesting opportunity to prove that sustainable interventions like DRE can play an important

role in reviving our economy at the grassroot level. As centralized structures and processes have collapsed, there is no other sustainable option but to create a robust local economy. Local production and local consumption are the primary mantras, and this where DRE will become the key catalyst,” says Harish Hande, CLEAN Board Member.

The report shows that low priced products like lights, solar home systems, and improved cookstoves saw high sales with enterprises reporting sales of more than 10,000 units. Other products such as solar pumps, and cold storage have also been popular. A higher number of manufacturers of these products was seen this year, indicating market growth and competitiveness. More than 50 percent of the respondents felt that localized DRE powered cold storages will grow to mitigate the huge amount of losses that occur from bringing the produce from fields to market.

“DRE sector enterprises have played a key role in delivering energy and livelihood solutions to the last mile, ensuring progressive steps towards achieving the Sustainable Development Goals. With adequate support from financial institutions and government bodies, the positive impact can be scaled to a larger population. The draft policy framework for Developing and Promoting DRE Livelihood Applications In Rural Areas is a great first step in this direction,” says Vivek Sen, Associate Director Clean Power, Shakti Sustainable Energy Foundation.

However, adequate channels for financing and consumer affordability have been the biggest barriers to growth, followed by gaps in consumer awareness about these products owing to limited market linkages and distribution channels. Accessing finance from government schemes and products was rarely availed by enterprises. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has been the major source for loans, and only 24 percent of member enterprises reported having tie-ups with financial institutions to support their customers with end-user financing. Nearly 37 percent expressed that in order to overcome the impact of COVID-19, sources of debt can be most helpful for them to sustain their businesses.

"For DRE Enterprises to grow access to finance remains the biggest challenge. The challenge has intensified with the tough times created by the pandemic. Many DRE enterprises in India are showing remarkable resilience to adverse situations by re-inventing their business models. However, the sector needs intense support from all stakeholders. The survey findings indicate a serious gap in awareness among DRE-linked government initiatives at the ground level. Another area which needs to be reformed is the eligibility mismatch of enterprises to avail such schemes. There is a dire need of sensitising key stakeholders involved so that the potential of DRE enterprises to accelerate social development is realised. DRE is beyond energy access and has been accepted globally as a catalyser for achieving SDGs. The sooner we accept this, the easier it will become to access finance for DRE enterprises. CLEAN has been actively pursuing this and we hope that progressive developments around this will reflect in the coming months," says Adwait Joshi, Chief Executive Officer, CLEAN.

DRE enterprises reported that 1000+ educational institutions, 50,000+ health-care institutions, and 700+ public buildings (including banks, post offices, and jails) are now being supported by DRE technologies by either enabling or supplementing their energy access, which is an increase from the previous year.

In addition, CLEAN also launched a new dynamic online platform - the India Renewable Energy Appliances Portal (I-REAP), with support from GIZ. On behalf of BMZ, GIZ India is supporting MNRE in implementing the Indo-German Access to Energy Programme

“I -REAP is India’s first open source knowledge information platform that aims to create awareness and share information about various Decentralised Renewable Energy (DRE) technologies. The portal presents 400 + products, technologies covering about 24 farm and nonfarm categories,” says Nidhi Sarin, Program Manager, GIZ India

The portal features suppliers’ details, technical specifications, contacts, and other relevant information on diverse technologies. The portal covers a broad range of DRE appliances, including solar and biomass powered systems and provides latest information on the same, giving last mile end users, government agencies, and field organizations access to information to help make decisions for personal consumption or to promote rural livelihoods.

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ABOUT CLEAN

CLEAN is a non-profit organization, committed to support, unify and grow the clean energy enterprises in India. Our primary focus is on rural and underprivileged communities where reliable, affordable and clean energy plays a unique role in accelerating social, environmental and economic development. CLEAN has contributed to development and influencing policies for the DRE sector, bridged access to finance for its enterprises, facilitated technology innovations, assisted its members in accessing markets and built capacity of enterprises through trainings.