
***Challenges & The Way Forward to Improve
Energy Access in India***

**Roundtable on Solar Energy Policy
June 29, 2012, New Delhi**

JNNSM – Issues with Approach

- Stated intention of priority to the poor not reflected in the amount of subsidy committed (< 7%) – Prayas EPW Article (Mar 2010)
- Overall target of 20 million systems by 2022
 - No clear plan on how this will be achieved & no targets specified for each phase
- Multiple channels for subsidy flow
 - Use of banking network based on experiences in Karnataka and UP
 - Not clear on the intermediary role/value add of NABARD
 - No incentives for bank engagement

JNNSM – Issues with Approach

- Flexible scheme – instruments which can be tailored
 - Unreasonable benchmark price - did not account for the transaction cost of serving the needs of a remote location
 - Specific system configurations meant a shift towards standardization as opposed to customization
- Accreditation process for partners
 - Standard frameworks for accreditation, which rated long term players in this space lower than new, but financial stronger players
 - Start-ups were at a disadvantage although the policy refers to measures to encourage and support such start-ups
- Additional incentive instruments – RE Voucher/Stamps, etc??

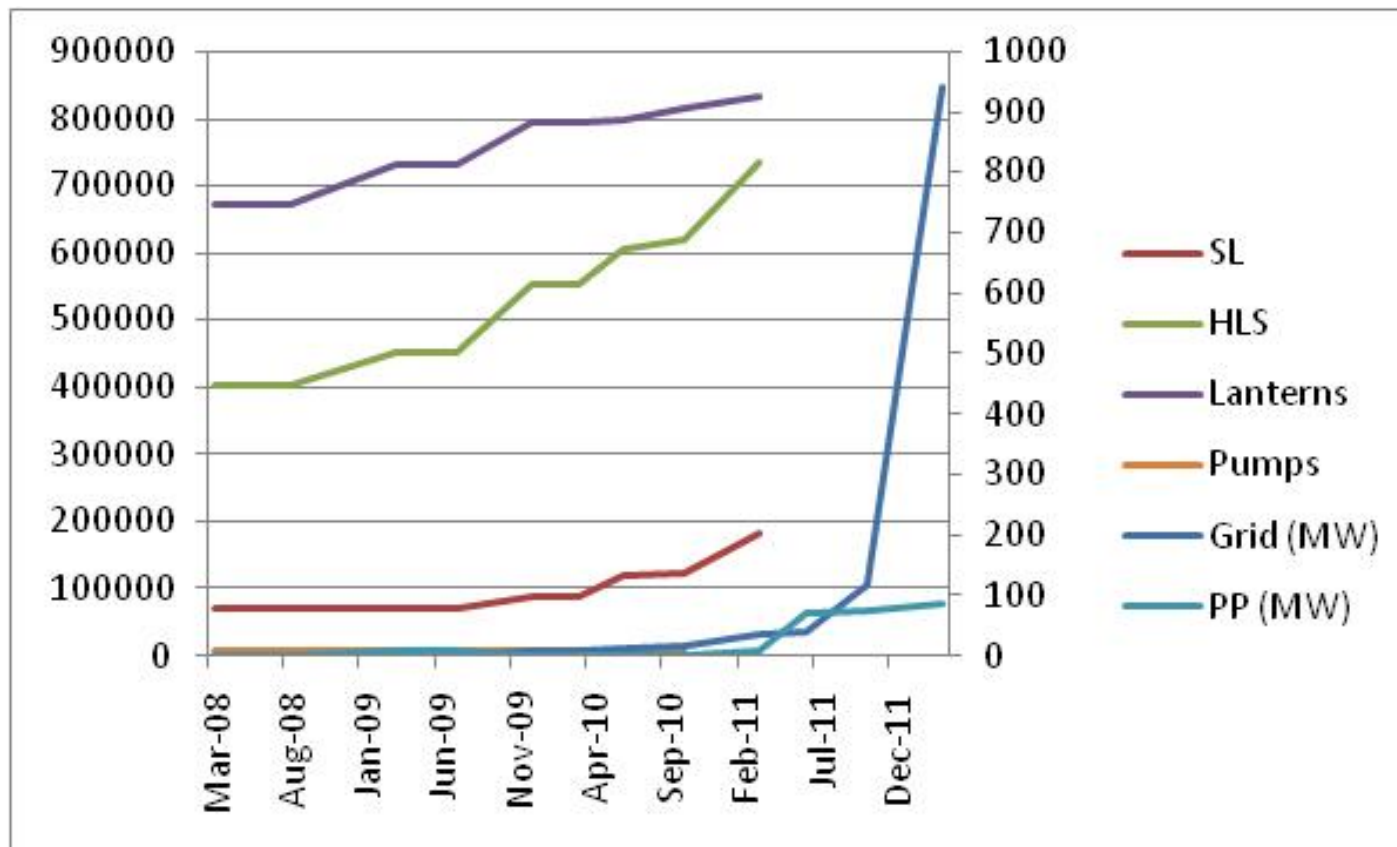
JNNSM – Implementation Issues

- Unreasonable benchmark price posed problems
 - Either supply poorer quality systems within notified price, OR
 - Banks needed to offer 2 loans for systems above notified price, one at subsidized interest rates for the amount as per the notified price and the balance at regular interest rates
 - 20% margin money high in some cases
 - Significant delays in release of subsidy from NABARD
-

JNNSM – Impact

- Initial confusion on implementation issues led to a dip in a well functioning market like Karnataka
 - Banks unwilling to process 2 or more loans for the same system due to transaction costs
 - Proposed 10% drop in benchmark price in April 2011 postponed due to poor uptake?
 - Despite the switch to a pure capital subsidy and release of subsidy in advance from NABARD, banks still appear reluctant
 - Business as usual in states where activity existed prior to NSM and challenges to generate bank interest continue in new states
 - AR 2012 indicates 26,264 SHLS, 18,583 SL and 32,826 lanterns added; 90% SLHS & 70% SL working
-

JNNSM – Impact



JNNSM – Way Forward

- Develop a detailed road map and specify phase wise targets for home lighting systems as well
 - REWG & AC to help develop the roadmap
 - Work to create an appropriate environment on the supply side - Incubation
 - Define NABARD's role, build implementation capacity and develop clear guidelines for subsidy release
 - Incentive to banks where such lending is considered under priority sector
 - REWG & AC have provided inputs in this regard to the Nair Comm.
 - Need for strong monitoring & evaluation structures
 - Pay attention to the R & D needs for this space as well
-

Thank you!

Hari Natarajan
hnatraj13@gmail.com
