OVERVIEW

India is projected to contribute to one-fourth of the rise in global energy demand by 2040.

India has 18% of the global population but currently uses only 6% of the world’s primary energy sources.

It is estimated that, in India, universal energy access will be achieved by 2022, and renewables will account for 60% of this gain.

By 2040, up to 35% of all renewable energy in India’s electricity mix will be distributed through decentralised infrastructure.

In 2017, India added more energy capacity from renewables than coal.

In 2018, India led the formation of an International Solar Alliance of 121 countries.

The UN India Business Forum thematic group on ‘Access to Energy’ identified the need for innovation in the decentralised renewable energy segment as their core priority.

The group, comprising members from business and knowledge partners, engaged in a series of consultations on the following strategies: identifying market-based approaches to scale up decentralised and off-grid energy, unlocking income generation through improved energy access, supporting the creation of an optimal financing eco-system, increased efficiency of appliances and raising awareness among rural communities.

The group’s work on analytics, eco-system development, innovation and policy was furthered through a strategic policy roundtable with the Ministry of New and Renewable Energy on the main issues confronting the sector and scaling up innovations for transformations in the sector. Subsequently, a detailed 10-point actionable recommendation paper was presented, outlining key issues including the financing eco-system, communications, behavior change and skilling. Each recommendation defined business action and policy support needed to meet the ambitious agenda.
THE **FINANCING CHALLENGE**

At 5:30pm on 28th April 2018, Leisang village in Manipur became the last inhabited non-electrified village to join India’s mainline supply network. This has been the result of the government’s ‘electricity for all’ push which started in 2015 and was reinforced by the SAUBHAGYA scheme launched last year. However, despite the tremendous progress, 237 million Indians continue to lack access to electricity. Access to electricity needs to be backed by reliability, quality and affordability. In addition, a critical issue has been financing – particularly in the off-grid energy space, which remains fragmented and plagued by low margins due to high distribution and customer acquisition costs. There is therefore, a need to develop innovative financing instruments that go beyond the original outlay and capital expenditure, to address operational sustainability. Furthermore, the lack of consumer financing makes it difficult for businesses to scale, a key requirement for investors. Even today, banking penetration in off-grid areas remains low and there are few financing options for such high-risk consumers with limited collateral.

**BEST PRACTICES**

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**Pay as you Go:**

Simpa Networks pioneered the “Pay as you go” smart metering system with remote monitoring, that successfully mitigates the known challenges of collections and affordability, by offering consumers pre-paid electricity credits which can be topped up via mobile. This helped solve a critical consumer financing issue that is also now being adopted by government agencies.

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**Financing Solar:**

US-India Clean Energy Finance (USICEF), is a unique financing facility that supports early stage development of distributed solar power projects in underserved regions of India. A partnership between the Ministry of New and Renewable Energy, the Overseas Private Investment Corporation (OPIC), and a consortium of foundations, USICEF has provided project preparation support to over 15 initiatives that has helped catalyze long-term debt financing.

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**KEY PARTNERS :**

Gram Oorja | IREDA | India Smart Grid Forum | Mahindra Group | OMC Power | Philips Lighting | Schneider Electric | SELCO Foundation | Shakti Foundation | Shell India | Shell Foundation | Simpa Networks | SIDBI | Siemens Ltd. | TATA Power | The Climate Group | US-India Clean Energy Finance | World Business Council For Sustainable Development | YES Bank