

**IDF/CREWA & CII – FACILITATION SERVICES TO OVERSEAS INDIANS
RELATED TO “RURAL ENERGY & WATER ACCESS” PROJECTS**

A.0 BACKGROUND

A.1 Energy access in rural and tribal areas of India, is universally poor and, in context of electricity, nonexistent in majority of the households. Kerosene (highly subsidized) & Wood (inefficiently fired) being the common practice. The symbiotic relationship between energy access and economic development is a widely observed phenomenon, across various geographies.

An equally large portion of rural & tribal population have limited or no access to treated potable water, with resultant health hazards. Women, girls and infants are the worst affected.

Ironically, rural & tribal population are increasingly connected to the rest of the country, through mobile telephone services, and become aware of their deprivation and (perceived) exploitation.

A.2 Corporate India, through CSR (Corporate Social Responsibility) initiatives, is trying to ensure that the nation’s goals of “inclusive growth” are to be met.

Apart from Corporates, there are a number of successful individuals (in particular amongst the diaspora) who would like to “give back” to their community.

Sustainability should be measured, not only in environmental/ecological/social aspects but also with economic perspective ... otherwise the enterprise falters and fails when the project sponsor is unable to continue “hand holding”.

B.0 CHALLENGES IN ENERGY/POTABLE WATER ACCESS

B.1 The conventional wisdom, of the past, has been to have centralized production/processing facilities and to have large utilities manage Transmission & Distribution ... with goals of optimizing efficiency and cost. This works very well for urban agglomerates.

However, for rural areas (with low and intermittent consumption patterns) the classical problems related to “last mile access” impacts profitability of utilities and inhibits commercial investments.

B.2 Over the last 2 decades, significant evolution has taken place in technologies for Distributed Production/Processing facilities. However, the challenge still remains on how to convert science, or even an industrialized product, into a commercially viable business model.

On paper, the market potential of rural India as well as that of developing Asia/Africa is huge. On the other hand, costs of market penetration are high ... in the absence of validated data on current/future consumer demand as well as absence of appropriate sales channels (to service a widely disbursed clientele).

C.0 IDF/CREWA & CII FACILITATION SERVICES

C.1 IDF (India Development Foundation for Overseas Indians) is a trust founded by Ministry of Overseas Indian Affairs, GOI.

CREWA (Centre for Rural Energy & Water Access) is a recently constituted, “not for profit”, organization whose governing body comprises retired Senior Bureaucrats, IITians/Corporate Executives and Social Activists. CREWA mission is to enhance access to Energy & Potable Water in rural areas through dissemination of appropriate knowhow as well as facilitating market access. For the knowhow component CREWA has established in principle cooperation with Indo-US Collaboration for Engineering Education (IUCEE), website: www.iucee.org.

CII (Confederation of Indian Industry) is India’s premier Industry body, which plays a proactive role in community development through its CSR (Corporate Social Responsibility) Groups at National and Regional office levels.

C.2 The facilitation role that could be extended to overseas Indians would fall under 3 categories of financial involvement that overseas Indians may like to make.

- **GRANTS** : This could be for carrying out District-wise studies on Rural Energy and Potable Water Access. These would cover detailed analysis of current scenario, demand/supply gap in qualitative & quantitative terms, technologies/systems solution options **and** Business Plans for Energy/Water systems marketing, sales and customer support.

Availability of such reports would facilitate implementation of programmes for enhancing energy and water access in these Districts by social entrepreneurs and/or as CSR initiatives.

- **SOFT LOANS**: Some of the projects for enhancing energy and water access particularly in Uttaranchal/Himachal Pradesh/North East States would not provide adequate IRR under conventional debt and equity financing. At the same time the capital requirements would be relatively low (< \$ 50,000 for each village project) and hence could be considered under a soft loan.

The objective is to make these micro enterprises economically self sustaining, apart from their contributions to community development and mitigation of environment pollution/GHG emissions.

- **SOCIAL ENTREPRENEUR OPPORTUNITIES**: These would be projects of larger magnitude, servicing needs of multiple villages (typically 2000 to 8000 rural households). These could be financed under classical project financing structure, with debt funds coming from RRB’s/Co-operative Banks, availing of NABARD co-financing/re-financing schemes).

Equity IRR would be relatively lower (10 – 14%) as appropriate for a social enterprise. In case of energy projects, there could be additional revenue streams from Gold Standard VERs and hence possibilities to service Dollar equity.