



HOOGLY DISTRICT CENTRAL CO-OPERATIVE BANK LTD
হুগলী জেলা কেন্দ্রীয় সমবায় ব্যাঙ্ক লিমিটেড



BANKERS ASSESSMENT REPORT

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INTRODUCTION



Any economy's energy sector is crucial for achieving its developmental objectives (IEA 2015). However, in a time when the relationship between energy and climate change has taken centre stage on the policy agenda and necessitates smart energy sector interventions to halt the impending hazards of climate change, the primacy of energy has gained a renewed push. India, one of the economies with the greatest growth rates worldwide, has recently experienced significant changes to its energy structures and systems as a result of deliberate policy initiatives aimed at increasing renewable energy. This is also consistent with India's expanding strategic significance on the world arena as a nation that increasingly takes the lead in the global renewable energy regime. The initiative made by India in establishing the International Solar Alliance (ISA) on December 1 in order to mobilise combined global efforts to address climate change issues is a conspicuous example of such strategic relevance. With soaring domestic energy demand brought on by strong economic growth, quick urbanisation thanks to programmes like Smart City projects, and recent industrialization initiatives like 'Make in India,' it has become crucial for policymakers to actively support renewable energy sources. The Government of India has made it a national priority to supply all families with 24x7 electricity by 2019, and by 2040, it is anticipated that there will be an additional 600 million energy consumers, resulting in a considerable increase in demand (IEA 2015). According to studies, the nation's electricity demand would experience a sharp increase, leapfrogging from the current capacity of 300 GW to more than 1,000 gigawatts (GW) by 2040. (IEA 2015). India's goal of generating 500 GW of renewable energy by 2030 committed by the Prime Minister in the COP26 may appear ambitious, but it is vital for the country's economic growth, energy security, and efforts to combat

climate change. A total of \$14.5 billion was invested in renewable energy, up by 125% compared with the financial year 2020-21. Financing is proved to be a serious impediment to this goal, with more than half of the 2022 target still unmet as,. India needs Rs. 2.61 trillion more funds to achieve the target of 175 GW of renewable energy by 2022 (Lok Sabha Standing Committee Report on Energy 2021). The most critical difficulty facing India's financial environment is the lack of creative financing solutions (guarantee funds, blended finance) that would have supplied larger volumes at lower interest rates and for longer periods. The sector's deconstructed financial map demonstrates that private investors are the sector's driving force, while banking institutions rely on the government to raise the necessary funds. Due to the accompanying risks and uncertainties associated with renewable energy projects, the financial community has been reluctant to finance renewable energy initiatives. According to a report by a panel of the Indian parliament (2021), the sole dedicated public sector financial organization, IREDA, has been suggested to provide the required funding for the installation of RE projects. The panel advised MNRE to leverage more long-term funding and low-interest loans through bilateral and multilateral organizations. The RBI has included financing of renewable energy projects under the priority sector lending limit, which includes loans up to Rs. 10 lakhs to individuals, but not much lending has taken place so far. Banks are still reluctant to lend in this sector owing to three types of risks:- Offtake risk, technology risk, and policy uncertainty.



Objectives

1. To understand the level of awareness among financial institutions regarding renewable energy and its associated policies;
2. To identify the perceived risks among financial institutions with respect to providing credit facilities to the agricultural community;
3. To identify areas of intervention to eliminate/reduce the risks among financial institutions;

Methodology

We employed a mixed approach for gathering data for the study. The approach consisted of

- Review of the relevant literature to gain an understanding of the existing challenges and knowledge gaps;
- Quantitative survey of bankers by using structured questionnaires to collect primary data. The same structured questionnaire has been used twice with the same set of bankers to understand the awareness before SwitchONs intervention and post intervention.

Universe of the study

The district for the intervention was Hooghly. The rationale behind selecting Hooghly as a study area is key partnership with private (PNB) and Public (hooghly Central Cooperative Bank) sector bank.

Sampling

The study has used non-probability (convenience) sampling to select bankers. The data has been captured by providing appropriate instructions to the bankers regarding every question. Training partners have been carefully selected having expertise in data collection.

Research Design

The study uses a cross sectional research design and employs individual surveys. A total of 400 surveys have been conducted. Based on the secondary literature review and pilot implementation the questionnaire has been finalized with a focus given on 4 dimensions.

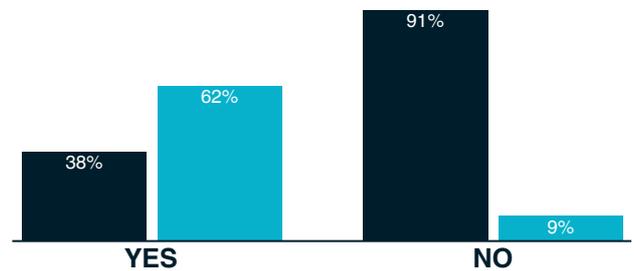
The final questionnaire (designed to be completed in about 15 minutes) focused on the following themes:

1. Bankers profile
2. Awareness regarding solar water pump
3. Awareness regarding central and state government schemes.
4. Challenges associated in the loan disbursement process.

Data collection & Monitoring

We hired a team of experts from the state of West Bengal who were familiar with the local geography and culture to ensure the smooth administration of the exercise. We trained them on the use of the survey tool and on the due diligence required for the successful administration of the program. Field supervisors and managers oversaw on-the-ground activities to ensure data quality and consistency. We regularly assessed data for outliers and missing values to identify incorrect observations, which were later cross-verified and resolved.

AWARENESS REGARDING SOLAR PUMP



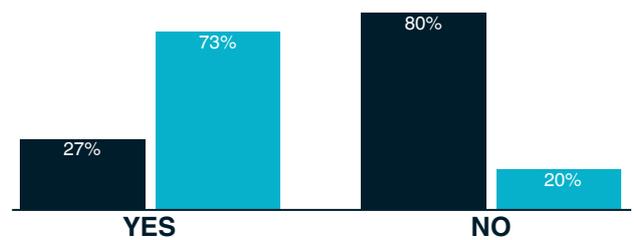
■ PRE SESSION ■ POST SESSION

Before the session 91% of the bankers were not aware about solar pumps even some of them have not heard about that, after the session there is a sharp increase that can be witnessed in the above graph, where 62% Of them got aware of the term solar pump and its functionality whereas previously the number was 9%.

Tool Used

Data collection part has been accomplished using Kobo toolbox (A platform developed by Harvard Humanitarian for collecting data in a challenging environment by providing facility to collect data in blended mode) and the analysis was performed using MS EXCEL.

AWARENESS REGARDING SOLAR PUMP SCHEME

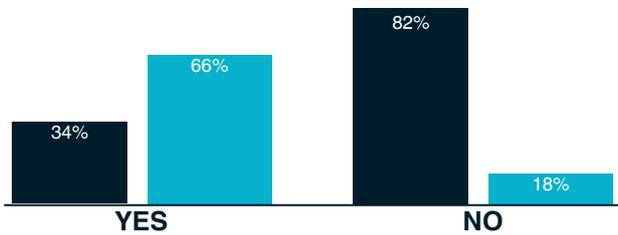


■ PRE SESSION ■ POST SESSION

Although this study is only limited to financial institutions however the awareness status regarding solar pump scheme poor among farmers (SwitchON'22) as well financial institutions. Before the awareness session the awareness level regarding the scheme was very poor 80% of the respondents were not aware of any government schemes pertaining to solar irrigation pump after the session the number has seen 53% increase.



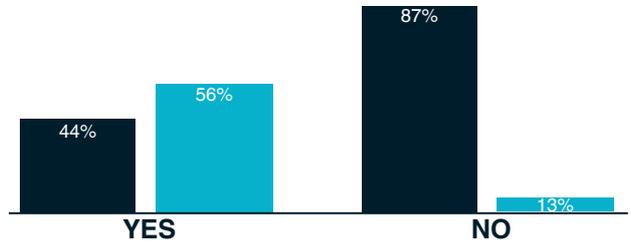
AWARENESS REGARDING GOVT, TARGET



■ PRE SESSION ■ POST SESSION

The Indian government is taking different steps to reduce the carbon footprint of the nation and achieve net zero emission by 2070, in this regard to reduce agricultural emission which is the second highest emitter in the country. The government has an ambitious renewable energy target. As literature suggests financing still remains a challenge in this sector, awareness needs to be built around this. However current status in the ground is quite different. 82% of the respondents were not aware about any government renewable energy target however after the session there is a 48% increase in the number.

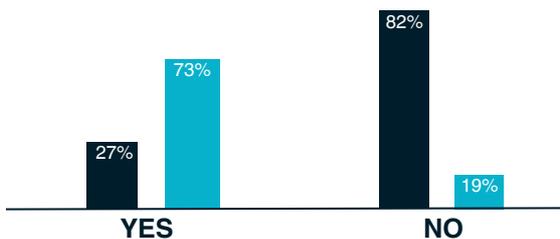
AWARENESS ON FARMERS ELIGIBILITY TO AVAIL LOAN



■ PRE SESSION ■ POST SESSION

As agriculture is a high risk segment financial institutions are still reluctant to provide any loan to them. A similar picture can be witnessed in this part as well. As Solar irrigation pump is capital intensive even after having 60% subsidy farmers still require financial support otherwise scaling up of solar pump won't be possible. However the real scenario is bankers are not aware of this fact that farmers are eligible for loan. 87% of the farmers are not aware of it. Post session the number has reduced to 13%.

AWARENESS REGARDING CENTRAL AND STATE SUBSIDY



■ PRE SESSION ■ POST SESSION

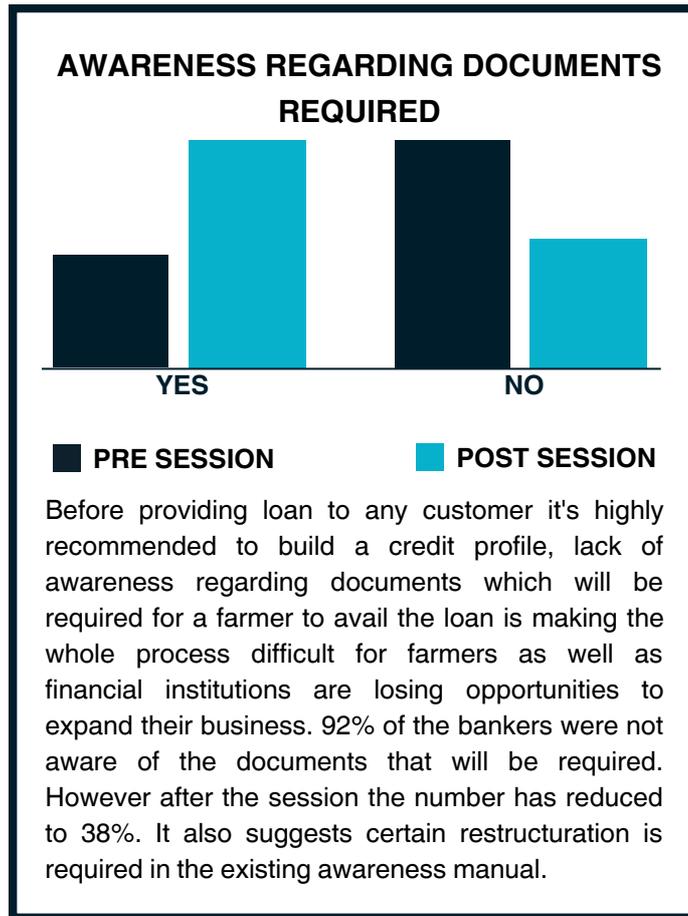
Under the PM KUSUM scheme central (30%) and state government (30%) is providing equal subsidies in the state of West Bengal. However, bankers are not aware of the fact that there is a separate subsidy for farmers under the scheme. Before awareness session 81% of the farmers have state that they are not aware of such subsidies although after the session the number got reduced to 19% and the awareness level has seen a 51% increase.

AWARENESS REGARDING BANKS OFFERING LAONS



■ PRE SESSION ■ POST SESSION

Before the bankers sensitization program 75% of the farmers were not aware that different banks are providing loan under this scheme one of the major concern from the bank was as there is no direct communication from respected government departments on this, they are completely unaware of the process and technicalities. However after the session they have shared they gained confidence and more aware of the process. A significant drop of 50% can be witnessed.



OVERALL PERFORMANCE

PRE SESSION	
STATUS	FREQUENCY
PASS	93
FAIL	131

POST SESSION	
STATUS	FREQUENCY
PASS	211
FAIL	13

Based on the overall performance we have prepared a pass and fail category for the bankers who participated in the session and got aware of the whole solar pump narrative. Before the session 41 percent participants were in the pass category whereas 58% of the respondents were in the fail category. After the session the whole scenario has changed which implies the effectiveness and requirement of such awareness sessions for different stakeholders. After the session 94% of the respondents passed the test scoring more than 30%.



Conclusion:

With a growing percentage of renewable energy in the energy mix, India's energy sector is undergoing change. Securing the funding required to reach the revolutionary target of producing 500 gigawatts of renewable energy by 2030 is one of the main obstacles in the way of such a change. Limited financial resources, coupled with challenges in securing private financing for the industry, exacerbate the issue. In light of this, we provide a detailed analysis of the difficulties in securing such funding, using West Bengal as our case study. We list the obstacles as well as the growing financing options for renewable energy sources. The results are really illuminating. The financing of renewable energy in India continues to be fraught with difficulties, many of which are engendered by the characteristics of the country's current financial market in general, such as short loan terms, high capital costs, a dearth of adequate debt financing, etc., as well as by problems unique to the renewable energy sector. Despite the fact that lending to agriculture is a priority sector, lenders are nevertheless hesitant to proceed because of the risks involved and a lack of information on their part. The study emphasises the lack of expertise among West Bengal bankers and what the administration may do to lessen the difficulties. The report outlines future research directions for understanding lenders' perspectives on various schemes serving this high-risk industry, as well as funding opportunities and difficulties for emerging Distributed Renewable Energy technologies.





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SwitchON Foundation is a leading, award-winning not-for-profit, established in 2008 with a focus on Environment Sustainability and Equal Opportunities. Presently working in 10 states across India, the organisation spearheads and supports interventions on Clean Energy Access, Sustainable Agriculture, Skilling - Education, and Wellbeing. SwitchON's core competencies lie in testing innovative technologies and business models, communication for advocacy and awareness, capacity building through skilling and training, and implementing / supporting field operations.

