



**SOCIO ECONOMIC APPROACH FOR SUSTAINABLE DEVELOPMENT OF  
RENEWABLE ENERGY BY THE BANK.  
“A CREDIT TO DOWN TRODDEN TO INSTALL SOLAR SYSTEM”.**

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**Abstract:** To increase the use of renewable energy in the rural area and participate in the national mission to use solar energy. Bank has identified the village Kini and afforded financial assistance particularly to low income group potential borrowers. These borrowers are made available loans on the repayment guarantee issued by co-op. milk producer dairy at Kini to whom these borrowers supply milk. Result of the loan scheme made available for low income group borrowers is positive one. All the parties in the said scheme i.e. bank, co-op. dairy and solar system manufacturing company as well as the borrower benefited.

**Keywords:** Credit, Eligible criteria, Repaying capacity, Recovery, Overdue and Non-Performing Assets

**Introduction:**

Unconventional energy sources are wind, solar, nuclear, and tidal. These sources are also referred as renewable energy.

India's Prime Minister Narendra Modi said at the historic climate conference in Paris in 2015...

“The world must turn to (the) Sun to power our future.”

Solar power has evidently emerged as an attractive & reliable alternative for meeting our energy needs.

In order to combat the increasing energy/electricity tariffs & ensuring savings from the energy expenditure. Solar system is a way to the future.

Various lucrative subsidy schemes for homes, residential complex have been started by Government.

Rural population also realized the importance of solar energy and they are opting to use the same. However, on account resources many of the rural families' particularly landless labors, small & marginal farmers unable to get the benefit of subsidy as well as that of solar system.

**Materials and method:**

**1) Loan Scheme of the Bank**

Bank formulated scheme for financing installation of solar system particularly for low income group in the rural area. On experiment basis bank has selected following village and 76 villagers from low income group.

Village- Kini, Block-Hatkanangale, District-Kolhapur-Maharashtra (India) Pincode-416112.

Bank targeted potential 76 villagers for financing solar system on the following criteria-

1) Potential borrower must be from category of landless labor, small farmer or marginal farmer.

2) Potential borrower must have at least two match cattle & he should be member of the village co-op dairy society.

3) Co-op dairy society has to issue mandate in favor of the bank to the effect that it will deduct EMI of the loan & remit it to credit respective loan account of the milk supplier with bank.

4) Co-op dairy society & potential borrower must have deposit account with the bank either saving or current.

5) Quotation of the solar system & mandate for subsidy/discount to be credited in the loan account of the potential borrower.

Loan amount ranging from Rs.-12000/- to 40000/- (As per Solar EST capacity)

Margin amount 25% of the quotation

Excluding discount/Subsidy

**2) Partners of the scheme**

**1) SUBHADRA LOCAL AREA BANK LTD.**

399, E opposite Basant Bahar Talkies, Shahupuri, Kolhapur.

State- Maharashtra, Country-India, Pincode-416002.

## II) BALBHIM CO-OP. MILK PRODUCERS' SOCIETY LTD.

Village- Kini, Block-Hatkanangale, District-Kolhapur-Maharashtra (India) Pincode-416112.

## III) ORB. ENERGY PVT. LTD.

Magadi Main Road, Bangalore 560091.

### Selection of the Borrowers from village Kini

Village Kini situated banks of the river Warana and National highway (NH4) passes through the village. Farming is the main occupation & Sugarcane is the main crop of the village. Beside this, villages are carrying agriculture allied business activity of animal husbandry. From the milk production villagers are earning their live hoods. The village bagged "Ideal Village" award of State Government of Maharashtra. (Fig. 1 & Fig. 2) Further, village Local body has installed street lights through solar system & creating awareness among the villagers & farmers to use renewable energy source (solar system) in day to day operations i.e. at home & at farm. Many of the farmers installed agriculture solar drip irrigation method and other is the agriculture solar spray irrigation method.

As per the eligible criteria & on the basis of repaying capacity which is calculated on the basis of milk bill. Bank has sanctioned term loan under Priority Sector Lending to eligible borrowers.

### Results and discussion:

From the analysis of the table (Table 1 & Table 2) it shows that bank is able to recover its loan installment in time from low income group population.

The recovery pattern of "linking of credit with marketing" help bank to recover its loan installment from the borrowers from their milk bill from co-op. dairy society who has furnished guarantee for loan repayment and associated in the solar credit project of the bank. Overdue as well as non-performing assets is 0% as on 31.03.2017 under this loan product.

Out of 76 borrowers 69 borrowers have repaid the loan taken before due date. This was possible due to recovery from the linking system which develop habit of timely repayment as well as repaid excess EMI from increased milk production.

Bank has also an agreement with Orb. Energy Pvt. Ltd. to provide Solar System to a person to whom loan is sanctioned & remit the subsidy to credit his loan account. Timely credit of subsidy amount reduces burden of loan & interest.

### Benefits of the partners in the project Subhadra Local Area Bank Ltd.

1. Earned Interest
2. Able to increase priority Sector Lending to achieve target imposed by the Central Bank.
3. Non-Performing Assets (NPA) this product stands 0 % on account of 'Linking of Credit with Marketing.'
4. Participation in the national mission (Fig. 4).

### Balbhim Co-Operative Dairy, Kini:-

1. Increased customer base and milk supply.
2. Increased income of the dairy.
3. Increase awareness of regular loan repayment and financial discipline (Fig. 5 & Fig. 6).

### Orb Energy Pvt. Ltd. Company:-

1. Increased sales/ Production.
2. Increased Profitability.

### Conclusion:

- Awareness about renewable energy is increasing in the rural area also.
- Use of solar system in home & in the farm saved bill of electricity and reduces pollution.
- In the village pollution created due to use of forest wood & waste material used for fire is controlled to a great extent as near about 30% families are using solar system.
- Non-credit worthy borrowers become credit worthy.
- Unique alliance of co-operative sector, private sector and villagers jointly participate in the National Mission of "Save Energy" and "Use Renewable Energy".

Table 1

Total No. of Borrowers	Limit Sanctioned	Duration	Margin	Repayment
76	Rs.12,61,400/-	36 months	25 % of quotation price considering discount.	EMI

Table 2

Total No. of closed before maturity	Outstanding as on 31.03.2017		Overdue	NPA
	No. of A/C	Amount (RS)		
67	9	86063/-	Nil	Nil

Table 1 & 2 Showing details of loans sanctioned & outstanding

**Figures:**

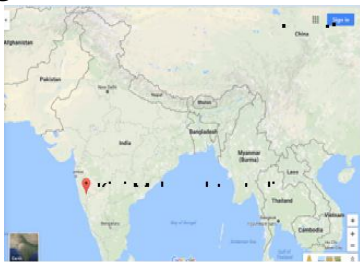


Fig. 1 – Village kini



Fig. 2 - Bird view of village Kini

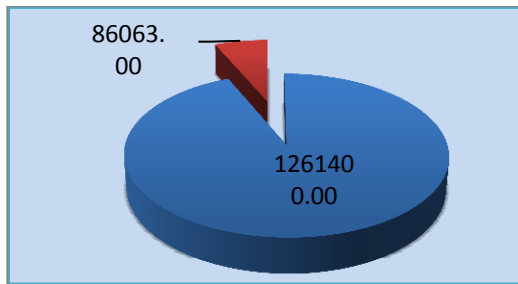


Fig. 3-Pi chart of loan recovery & outstanding of loan sanctioned for solar system



Fig. 4-Subhadra Local Area Bank Ltd. Branch Photo



Fig. 5- Photo of co-op. dairy Society



Fig.6- Photo of some of borrowers



Fig.7- Loan disbursement function at village Kini



Fig. 8- Photo of Solar system producing company

**References:**

Annual report & Loan policy of Subhadra Local Area Bank Ltd. Kolhapur.

Profile & production Pamphlets of Orb Company Ltd.

Milk bill & supply register of Balbhim co-op.Society.

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