

# As lending to solar rooftop projects moves at a snail's pace, SBI plans to scale up awareness camps

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In May 2016, the World Bank gave the State Bank of India a "loan support" of \$625 million (₹4,125 crore at the then exchange rate), so that SBI could on-lend it to solar rooftop projects in India.

Nearly four years down the line, SBI has lent only a third of it. In an email to *BusinessLine* at the end of January, the World Bank said: "So far, SBI has disbursed \$211.42 million under the grid-connected rooftop solar programme of the World Bank." (An SBI official confirmed to *BusinessLine* that the number has not changed significantly since then.)

There are two views on the disbursement figure. SBI believes the progress to be satisfactory, though it acknowledges it could be better. Those in the solar industry are not so sanguine. Several have said that the record is bad, especially considering that the loans are avail-



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able to solar rooftop projects at an interest rates of 8-8.5 per cent.

Industry sources said SBI might feel the disbursement is satisfactory, given the constraints rooftop projects face in the market. Indeed, the bank official did say that progress would have been faster if only, apart from awareness, the various electricity distribution companies (discoms) did not keep putting spokes in rooftop solar roll out. Discoms are known to do so, because when a paying

customer goes in for his own rooftop plant, they lose that customer.

## Hazy Regulatory environment

"Rooftop solar (industry) operates in a somewhat ambiguous regulatory environment which makes it easy for discoms to put obstacles in the way of the projects," said Manu Karan, Vice President, Business Development, at CleanMax, a solar energy company. Generally, these obstacles come in the form of holding up approvals. For instance, in Gujarat, a third party cannot put up a rooftop plant; only the roof owner can.

Indeed, India's record of setting up rooftop solar plants, relative to the ambition, has been embarrassing. The government, in 2014, had set a target of 40,000 MW of rooftop capacity to be set up by 2022, but the tally now, according to the consultancy Mercom, is 4,400 MW.

Another consultancy, JMK Research, has estimated in a report

released on Thursday that a third of the target is likely to be achieved by 2022. In calendar 2019, India added 2,100 MW of rooftop capacity—which means that roughly half of all the installed capacity came up in that one year. JMK Research expects a pick-up in activity in the current calendar year — it sees 2,500-3,000 MW coming up. The uptrend is nourished by a few positive developments, such as the government incentivising discoms that promote rooftop solar, battery storage becoming cheaper, the maturing of the 'opex model', where a third party puts up the rooftop plant and sells energy to the roof owner.

## Growth in MSME adoption

Notably, it said, the MSME adoption of rooftop solar will grow, thanks to the opex model. Till now, opex players, such as CleanMax, have confined themselves to creamy customers, but that bucket is emptying out, for-

cing them to look for opportunities a level below. Opex players, JMK Research said, "will start tapping micro, small and mid-size enterprises that have a good balance sheet but not necessarily a good credit rating".

The SBI official said that if the government keeps its promise of bringing in a 'partial credit guarantee scheme' for rooftop projects, it would be of immense help. Such schemes have existed for MSME lending and the experience has been good. Social entrepreneur and Mag-saysay award winner Harish Hande has told *BusinessLine* that companies would get a bigger bang for their CSR buck if they used a part of the funds to stand guarantee for solar loans to micro enterprises.

SBI wants to spread awareness. The source said that the bank plans to scale up awareness campaigns. However, when told of this, one industry insider wondered why the bank didn't do enough of it already.