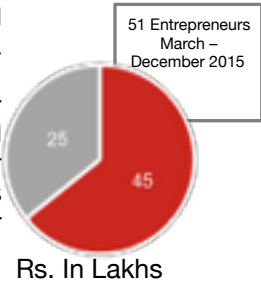


Entrepreneur Fund: Case Studies From the Field

The Entrepreneur Fund is a one year grant provided by Good Energies Foundation to enable micro energy entrepreneurs in the states of Bihar, Orissa and North Karnataka. In these areas, there are high poverty rates and unreliable energy access.

The grant of 100,000 Euros (Rs. 70 Lakhs) was to be extended as loans to underserved entrepreneurs who were starting a renewable energy enabled businesses. By creating a debt instrument and an associated due diligence process, the Fund set out to ensure that business models and individuals were vetted, but also understood that these endeavors should be financially sustainable.

Of the Rs. 70 Lakhs, Rs. 45 Lakhs was allocated for seed finance or working capital loans and the balance of Rs. 25 Lakhs was allocated for the operations of the fund including Entrepreneur Identification, Awareness Programs, Channel Partner building, travel Etc.



The main focus of the Fund, was to develop entrepreneurs who have not been reached by formal education or institutions. In order to achieve success, the Fund intentionally created an processes that became an ecosystem of support for these micro entrepreneurs. Men and women in our target demographic are motivated and capable, but would grow exponentially if they were provided services such as business modeling, low cost financing, technical solutions, training, and ongoing follow up. In the following diagram, we show that EF built processes and toolkits that can be replicated or absorbed



by other institutions so that we can expand our impact and change the lives of more entrepreneurs across India.

In addition to replicating these processes, the Fund

is strategizing on how to build this ecosystem capacity within governmental programs that already exist to support this demographic, as well as to influence banking policies to support micro entrepreneurs.

These case studies, of Entrepreneur Fund entrepreneurs, showcase the history, intervention, impact, and future of the individuals that are supported through the program while highlighting some of the processes leveraged to execute the program.

Below is the numerical representation of the program from March - December 2015.

Category	Number of Projects	Amount (Rs. Lakhs)
Target	10 - adjusted to 43	Rs. 45.5 Lakh
Sanctioned/To be sanctioned	51	Rs. 48 to 50 Lakh
High Probability Pipeline	20-40	Rs. 20 to 25 Lakh (includes loan targets)
Region Wise Projects	Karnataka: 24, Orissa: 11, Bihar: 8	Rs. 13.5 Lakh/ 24, Rs. 5.9 Lakh/ 11, Rs. 11.3 Lakh/ 8
Leveraged Capital through Financial Mechanisms	15	EF Contribution: Rs. 6.2 lakhs, Bank Contribution: Rs. 15.2 lakhs, Project Costs: Rs. 19.4 lakhs



SOLAR FRIDGE: SHANKRAPPA GOROBAL

Shankarappa Siddappa Gorobal, age 60 years, lives in the Hooli village of Belgaum district. He owns an individual business of a small hotel on the village main road, serving people tea and food over the last 15 years. He belongs to the lower-middle class income strata of society with a monthly income of Rs.10,000-15,000. He is said to be quite hard working and has a high standing in his village. His son, despite disability, helps Shankarappa Gorobal in running the business. He possess strong communication skills to convince customers. He decided to expand the existing business by adding a solar powered fridge because of regular electricity cuts in the village, which made it difficult to store perishables. He was identified by the local branch executives on one of their field visits to distribute solar-lightning. They came across his hotel and sparked a conversation with him about his business. They found out that he did not have grid connection but he would like to sell milk. Seeing his long experience and passion of running his business they decided to explore the options of helping him get a DC Solar Fridge and promote social entrepreneurship.

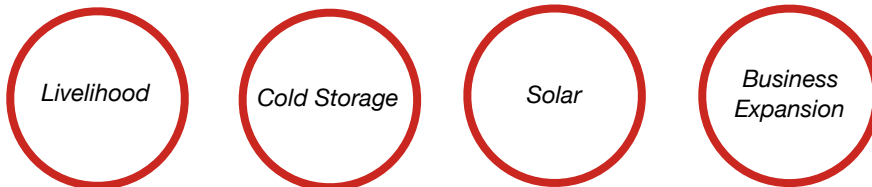


BUSINESS OVERVIEW

Name	Veerabhadreshwara Hotel and Cold Drinks
Product/Service	Solar powered DC Fridge for Hotel
Year	2015
Market Segment	B2C Business (Local village household customers including farmers and laborers)
Impact Areas	Hooli, Belgaum (District - Dharwad), Karnataka, India



KEY ELEMENTS



Shankarappa Gorobal standing outside his hotel. Panels installed on the roof.

THE TECHNOLOGY

Solar Panel

Manufacturer	SELCO India
Panel Capacity	300 WP
Battery	110AH*2

Fridge

Manufacturer	Phocos, Pondicherry
Voltage	12/24 V DC
Power Input	40/80 W
Ambient Temp	-10 to 43 degree celsius

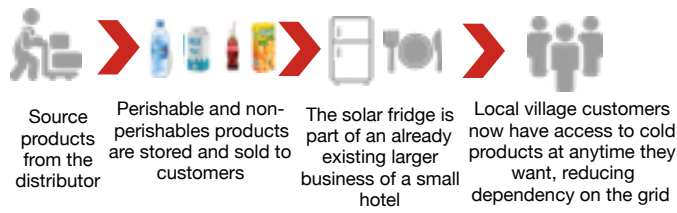
IMPACT OF THE PRODUCT

Since Shankarappa's village does not have a regular supply of electricity, it is difficult to store perishables. Village households did not have easier and consistent access to cold items as per their need and demand, or would use a lot of ice to preserve products. Shankarappa, with his solar powered fridge, is able to remedy this gap.

There is a potential customer base of 1000 people, of which 200 customers have purchased something from the fridge. Post the intervention, the community has access to items like Milk, Cold Drink, Butter-milk, Lassi suiting their time and need of product.



BUSINESS MODEL



FINANCIALS

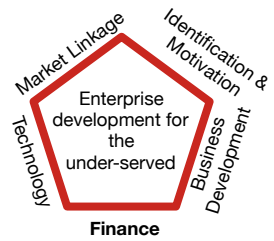
The breakdown of revenue, expenses and profit mentioned has been the cash-flow per month since fridge became operational. The Phocos fridge is 240 liters. It proves feasible when compared to non-solar fridge costing between Rs. 40,000-50,000 because the solar fridge enables reliable cold storage of daily-use products which could be sold on a daily basis.

	(Rs / month)
Revenues	17,000
Expenses	13,000
Profit	4,000

	(Rs.)
Project Cost	1,15,000
Margin Money	22,000
EF Interest Subsidy (8% int)	21,125
Bank Loan (12% int)	90,000
Tenure	60 months
Total Interest Rate	12.5%
EMI	2,025

FINANCE MECHANISM OF FRIDGE

Financing new types of renewable energy enabled products is generally a foreign concept to financial institutions in the Indian context. The Entrepreneur Fund's set out to integrate underserved entrepreneurs seamlessly into rural banking networks so that the individual can build credit as they take and pay off a loan successfully. Plus, these efforts help bankers learn and build confidence about solar products and associated business models. One of the mediums through which EF supports entrepreneurs in engaging with financial institutions is through an interest subsidy scheme, which comes into play as a financial support if the entrepreneur is taking a bank loan and the business model isn't robust or proven out till date. Mechanically, EF will deposit the proposed subsidy amount upfront in the bank account from which the bank should credit a fixed amount at monthly rests.



Karnataka Grameen Vikas Bank, Hooli

Shankarappa purchased a solar fridge at Rs. 1,15,000. After contributing Rs. 22,000 in margin money, he took a loan of Rs 90,000 from Karnataka Vikas Grameen Bank on an interest rate of 12.5%, of which 8% interest subsidy was covered by the entrepreneur.

ENTREPRENEUR ADVICE

“Always keep the shop open and keep thinking of innovative ways to expand the business. Never over-stock.”

FUTURE PLANS

Since he had been provided with the support of the Entrepreneur Fund, Shankrappa has seen growth in his business and is very satisfied to serve the local community with their needs and demands. Plus, he is planning on shifting his business to a permanent location, which he owns. Observing the positive impact of solar fridge, he is now willing to expand the business by:

Procuring the milk directly from supplier to reduce the supply chain

Add ice-cream, almond milk and candy to the fridge

Install a solar soda vending machine

Add one more fridge



HAWKER LIGHTS: HAJARATALI BIJAPUR

Hajarat Ali, aged 24 years, lives in the Dharwad district in the north of Karnataka. His entrepreneurial journey is an inspirational story to draw takeaways from. He, along with his family members (brothers and father) owns an individual business of a small hotel in the main market area of Dharwad, rents out videography equipment, and seasonally sells mangos. He belongs to the lower-middle class income strata of society with a monthly income of Rs.5000 – 6000, mainly from hotel. His family constantly works together to run their existing businesses. As a young, enthusiastic entrepreneur, he is excited to run this business in his locale, and possesses the skills to work with customers. In the evenings, he spends time with his customers and is working to expand his reach. As a Hawker entrepreneur, Hajarat Ali has been renting out 16 lights to local vegetable and fruit vendors who are able to use a solar powered 3.6 watt LED bulb (with a holder) for 4-5 hours in the evening.



Hajarat Ali at his charging area

BUSINESS OVERVIEW

Name	MAB Marketing
Product/Service	Renting Solar Charged Hawker Lights
Year	2015
Market Segment	B2B Business (Local small vegetables & fruits vendors and tea hotels)
Impact Areas	Dharwad, Karnataka, India



KEY ELEMENTS



THE TECHNOLOGY

Solar Module	40 Wp/12V
Module Mounting Structure	300 WP
Diode Box	110 AH*2
Solar Battery	15 Ah/12V
LED Bulb with Holders	3.6 W/12V
Cable Connectors	
Distribution Box	
Cables and Consumables	As required

IMPACT OF THE PRODUCT

Street vendors selling vegetables, fruits and the small cabin hotels selling tea and snacks are mobile and do not have grid supplied electricity, which leads them to shut the shop early in evening. Post the intervention, they were able to keep the shop operational for longer hours, resulting in increased sales and ultimately business. Vendors articulate that their evening transactions are transformed as their own customers can see the product as well.



Fruit vendor with her hawker light tied onto a bamboo

BUSINESS MODEL



The hawker lighting model is an innovative project where the battery charging station that is powered by solar is in a centralized location, either in the entrepreneur's home or shop. The entrepreneur then delivers to the street vendors the battery that can be connected to their lights. This service not only benefits one but spurs the growth of several entrepreneurs.

FINANCIALS

The breakdown of revenue, cost and profit mentioned has been the cash-flow per month since the rental service became operational. Hajaratali's customers pay him on a daily basis because there isn't surety of vendors turning up next day.

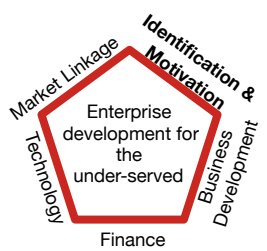
	(Rs / month)
Revenues	8,000
Expenses	5,450
Profit	2,550
	(Rs.)
Project Cost	55,000
Margin Money	5,000
EF Interest Subsidy (8.5%)	7,000
Bank Loan	50,000
Tenure	36 months
Total Interest (for 3 years)	11,958
EMI?	2,450

IDENTIFICATION AND MOTIVATION

EF begins its process of developing entrepreneurs by first identifying them. The fund has an internal team that scouts for motivated individuals who are eager to grow and we also reach individuals through channel partners, which are other NGOs that have strong operations in the areas we operate in. Nevertheless, this case is special because entrepreneur himself walked up to us and showed interest in taking up the business of renting out hawker lights to street vendors in his locality. He had previously seen this type of model and was interested in pursuing it on his own.

Since Hajaratali has been provided with the support of the Entrepreneur Fund, he has observed consistency in his business is pleased to serve the local community helping his own customers increase their business. Observing the positive impact of solar-powered hawker lights, he is now willing to expand the business by adding 10 more lights. EF is connecting Hajratali to a bank to a get a loan for this expansion.

Of the 51 projects that EF has sanctioned to date, 25 entrepreneurs have been identified through channel partners.



Two-wheeler specially purchased for the purpose of delivering lights



Hajaratali's father helps distributes lights to local vendors

ENTREPRENEUR ADVICE

"If one wants to earn in the most smooth manner possible and have regular cash-flows, there cannot be any other better business than this to run for our community."

END USERS

The research by local branch identified 10-15 customers and more than 50 are expected. The customer profile mainly includes street fruits and vegetable vendors and small hotel cabins selling tea and snacks. Each customer pays Rs. 30 per day as the rent. The consumption of light is for about 4-5 hours. In the night, the lights are collected back to charge for next day.



SEWING MACHINE: JYOTHI SRINIVAS

Jyothi Srinivas, aged 43 years, lives in the Sindhanur village of the Raichur district. In partnership with her husband, she owns a tailoring business. Together they run the operations. They belong to the lower-middle class income strata of society with a monthly income of Rs.12,000. Jyothi's husband has been into the tailoring business for years now and is experienced. Together, they have built goodwill in the market and have established strong customer relationships.



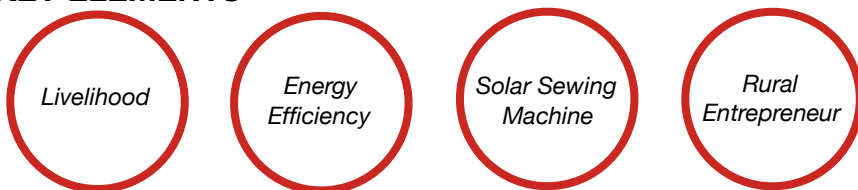
A local branch sales executive had travelled around the village approached Jyothi and Srinivas's tailoring business. After a conversation with them, the executive realized that the couple could be supported through the Entrepreneur Fund. While they were deciding on whether or not to take a loan, EF invited the pair to participate in a training session for entrepreneurs. After meeting other motivated individuals like themselves, who are running renewable energy enabled businesses, they were inspired to take the opportunity.

BUSINESS OVERVIEW

Name	Kumar Teja Tailors
Product/Service	Tailoring (Solar Sewing Machine)
Year	2015
Market Segment	B2C Business (Local village household customers including farmers and laborers)
Impact Areas	Sindhanur, Karnataka, India



KEY ELEMENTS



Motor that runs on solar attached to a sewing machine

THE TECHNOLOGY

The inefficient universal motor was replaced by SELCO India with a more energy efficient DC motor. The system is designed to run for 8 hours a day and the battery provides backup of 8 hours/day. Had the motor been not replaced, solar panels of 100Wp have to be used, increasing the system's cost. Thus replacing the motor made system more efficient.

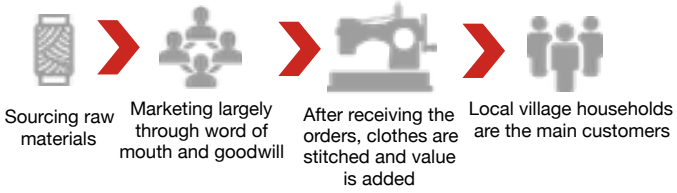
Solar Panel	60 Wp
Battery	30 Ah
Regulator	110AH*2
Motor	60 W

IMPACT OF THE PRODUCT

Previously, the limited power supply conditions restricted Jyothi and Srinivas's working hours to approximately 10 hours per day. Post the installation of the solar powered motor, they are able to work for 12-13 hours per day. This has increased their production from 25 pieces per week to 35 pieces per week. Not only has their productivity been positively impacted, but they are also able to save on their electricity bill.



BUSINESS MODEL



FINANCIALS

To empower the sustainable energy entrepreneur, EF supported through the mechanism of Interest Subsidy. Interest subsidy scheme is to support any income generating activity of the entrepreneur, considering the financial/social status of the entrepreneur. EF will deposit the proposed subsidy amount upfront in the bank account from which the bank should credit a fixed amount at monthly rests. The amount is to be appropriated as interest subsidy towards the loan account of the entrepreneur.

	(Rs.)
Project Cost	26,800
Margin Money	6,800
EF Interest Subsidy (9.5%)	3,000
Bank Loan	20,000
Tenure	36 months
Total Interest Rate	13%
EMI	674

BUSINESS DEVELOPMENT

Sriniwas and Jyothi mainly cater to the local village population. The village has 200 households and most of the people are involved in rice paddy cultivation. 40% are wage laborers and rest are farmers.

The entrepreneurs' tailoring shop is located near the bus stand, so they invite those standing at the bus stand to sit and rest outside the shop. This small action gives the shop large presence in the community and strengthens its relationships with customers.

Sriniwas has maintained goodwill in the market through his quality work and years of experience, so customers easily rely on him.

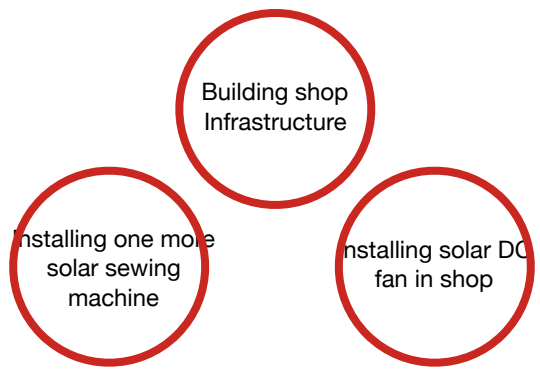
Sriniwas and Jyothi are connected to various people in community so through word-of-mouth by various mutual connection they are able to acquire more local customers. In addition, they make an effort to increase sales by marketing their services in the village.

As EF continues to interact with Sriniwas and Jyothi, ideating on how the couple can grow their business and develop their skills will be the focus of the team's efforts.



FUTURE PLANS

Since Jyothi was been provided with the support of the Entrepreneur Fund, she has seen growth in her business. After observing her increased productivity due to solar powered sewing machine, she is now willing to expand the business by:



Shop with solar light

