

ANNEXURE – 7.58

Norms for Energy Marts

1 Objectives

The Energy Mart shall be an enterprise of unemployed skilled youth at the Block, Municipality or Corporation level marketing Renewable Energy and Demand Side Management products and services (NRE in short). A list of the NRE products and services likely to be covered are annexed. The Energy Marts shall be a joint initiative of local governments and the Agency for Non- Conventional Energy and Rural Technology (ANERT) and the Total Energy Security Mission (TESM). Efforts would be made to channelise products and services required by local governments and the local community through these marts. Subsidy schemes of MNRE, TESSM and Local governments would be also channelised.

2 Norms for Enterprises

I. Type

- Individual or Group Enterprise
- Group Enterprise shall have a maximum of five persons
- Existing enterprises like petrol pumps, electric shops, outlets handling building materials except cement stockiest shall be considered, subject to their experience in retailing products to end consumers and construction intermediaries and provided that the NRE products and services shall be prominently showcased in and identifiable measures in marketing and promoting such products are undertaken.
- Norms for Akshaya Urja Shops of the Ministry of New and Renewable Energy shall be adhered to for all the above categories.
- Women entrepreneurs and entrepreneurs from socially and economically backward categories would be preferred all other factors being equal.

II. Qualification and Skills

- Minimum Education qualifications shall be pre-degree or equivalent.

III. Registration of probable Entrepreneurs

- It shall be incumbent on the Block Panchayats to identify suitable entrepreneurs from whom final selection shall be made. For this the Block panchayats shall give wide publicity of the opportunity and open a special registration counter under the direct supervision of the Block Panchayat Secretary. All the registered applicants shall be called for a briefing session and the role and responsibility of the Entrepreneur shall be explained in detail. A short list of five times the number of enterprises proposed in the Block (five to start with) shall be forwarded by the Block Panchayats. The number of enterprises shall be as follows.

- o 2009-10:38 enterprises on first come first serve basis in Blocks, Municipalities and Corporations.
- o 2010-11: 76 enterprises in Blocks, Municipalities and Corporations
- o 2011-12 : in all remaining locations one in each one of the Blocks, Municipalities and Corporations

IV. Selection of Entrepreneurs

- Entrepreneur selection shall be done by a committee constituted by the Government headed by the District Plan Committee Chairperson and involving the representatives of the lead bank, General Manager, District Industries Centre, Assistant Development Commissioner and the District Planning Officer. Detailed norms for selection of entrepreneurs shall be submitted separately. While selecting the entrepreneur for a particular local government the concerned Block Panchayat president, Municipal Chairperson and Mayor of the Corporation shall be co-opted as an invited member of the selection Committee.

V. Capacity building

- It will be mandatory for the selected entrepreneurs to undergo a three day capacity building workshop will be separately organised by ANERT-TESM. The Capacity building shall cover general orientation on NRE products and services as well as aspects of business development.

VI. Planning of activities

- The identified enterprise would need an institutional arrangement with one or more Kudumbasree labour bank units who will be identified by the District Mission Co-ordinator, Kudumbasree in consultation with the Block Panchayat president, Municipal Chairperson and Mayor. The members of the labour bank positioned in units of five based on a demand assessment, referred to as Green Energy Corps (GEC) shall have basic masonry skills, which shall be upgraded to handle installation and repair of improved chulhas, and biogas plants to start with.

VII. Technology Support

- Technology support shall be provided by ANERT-TESM at two levels, the Kudumbasree units identified as above shall be provided with detailed training of 10 days in their area of operation. At the second level, technical personnel with experience and aptitude in the repair and maintenance of renewable energy installations shall be given specialised training by ANERT-TESM.
- Making available products on a regular basis, keeping lead times very low shall be a very important back end support provided. This shall be done through the Electronic Market place programme of ANERT-TESM.
- Design and customisation support shall be provided through a need base back end consultancy service offered by ANERT initially on a complementary basis and later on a paid basis.

VIII. Marketing Support

- Popularisation of the scheme and extensive coverage shall be the responsibility of the Block panchayat concerned. For this the machinery available with the block Panchayat including the Integrated Child Development Scheme Anganawadi network and National Savings Certificate Agents etc would be imaginatively leveraged. Block Panchayat Presidents shall identify the above personnel roughly equaling the number of Panchayats in their jurisdiction and the Identified Marketing Agents (IMA) shall be given a marketing orientation by ANERT-TESM. The IMA shall be entitled to a marketing incentive of 5-10% of the value of orders canvassed depending on the type of products.
- Schemes shall be worked out under TESH, jointly with the Ministry of New and Renewable Energy and independently through banks, targeting consumer groups through a bouquet of loan-linked schemes for commissioning NRE devices.
- Continuous orientation of the marketing team shall be organised through electronic means.

3 Investment Pattern

A space of minimum 400 Sq.ft in a commercial area provided with a standard branded display facio and showcase, computer, telephone, broadband internet connection and a trained person to handle the front office would be required. The operational expenses would be around Rs.20000-40000 per month. The working capital requirement would be approximately Rs 150000-Rs 200000 assuming a turnover of minimum of Rs 50000-Rs 75000 per month.

4 Scope of Activity

The enterprise shall undertake the following activities:

- I. Installation of chulhas through GEC.
- II. Installation of biogas plants through GEC.
- III. Commissioning of NRE products.
- IV. Undertaking NRE services.
- V. Sale of the off the shelf products.
- VI. Repair and maintenance of existing installations.

5 Loan

A soft loan of Rs 2,00,000 to Rs 5,00,000 would be required for the enterprise. A seed money of around Rs 250000 would be provided under the scheme as support for preparing Detailed Project Report, Vendor linkages, Electronic Market Place, Training, Institutional linkages, Marketing incentive, technology Support and Insurance Cover. The vendor's contribution could be Rs 100000 to Rs 200000.

6 Insurance Cover

Insurance cover would be provided for the entire stock of products against fire, theft and performance guarantee etc.

7 Security Norms

Collateral value of five times the value of the loan, would be required for mobilising the loan.

NRE Products and Services to be handled by Akshaya Urja Suraksha Mart

- 1 Solar photovoltaic installations including home lighting systems, solar lantern, solar power pack, solar street lights etc.
- 2 Solar thermal systems including solar cooker, solar drier, steam cooker, solar water heater etc
- 3 Biomass systems like community chulha, fixed chulha, portable chulha, biogas plants both fixed and portable, gasifier etc.
- 4 Biofuel based systems and waste conversion systems
- 5 Small wind aero generators and hybrid systems
- 6 Efficient lighting systems including lighting controls, LED, CFL, Induction lamps etc.
- 7 Energy efficiency gadgets like hotbox, electronic ballasts, On –Off controls etc.
- 8 Repair and maintenance of devices and systems
- 9 Installation of all the devices and systems listed above.

Viability Statement of Energy Mart

An analysis of commercial viability by breakeven point

The following assumptions are made;

1. Basic stock to be maintained for one month's sale (approximately 50% of items as shown in annexure)
Tentative valuables – 3, 45,000/-
2. Fixed Expenses
Assumed that entire fixed capital will be utilized for setting up shop , display and other related aspects – Rs. 2,50,000/-
3. An overall profit of 15% on cost is assumed
Material cost – Rs. 3,45,000/-
Add 15 % anticipated profit - Rs. 51,750/-
Sales value per month Rs. 3,96,750/-
4. Operational cost (approximate) inclusive of salaries / electricity/ insurance and interest for borrowed capital (Rs. 2,00,000/- @ 10%) – Rs. 30,000/-
5. Break even is calculated as

$$\text{BEP} = \text{fixed cost}/\text{Sales} - \text{Variable cost}$$

BEP is worked out as follows:

Fixed cost – Rs. 2.5 Lakhs

Annual sales (Rs.3,96,750/- x 12) - Rs. 47.61 Lakhs

Variable cost = Materials cost (for one year) + operational cost

$$= (3.45 \times 12) 41.40 + 0.30 = 41.70$$

$$\text{BEP} = \text{fixed cost}/\text{Sales} - \text{Variable cost}$$

$$= 2.50/47.61-41.70 = 250/5.91 = 42 \%$$

ie. In order to achieve a NO LOSS NO PROFIT point 42 % of yearly sales to be achieved

$$47.61 \times 42 / 100 = \text{Rs. } 19,99,620/-$$

Per month sales $19.99/12 = \text{Rs. } 1.66$ lakhs

Each unit may have to achieve a sale of 1.66 lakhs per month or must be able to sell off 50% of stock to attain a no loss no profit point.

It must also be noted that a sale of 2.45 lakhs per month would ensure a profit of Rs. 36,000/- to Rs. 40,000/- which would be adequate enough to pay off interest and loan and meet operational expenses.

The profit in reality would be still higher as the margins of certain items are capable of giving a higher profit margin.

The stock of materials needs a reworking considering the probable off take. This may need demand estimation.

Annexure

Sl. No.	List of Items	Numbers	Numbers
1	Solar Lantern (LED based – 5 W)	10	10
2	Study Light	100	30
3	Solar Street Lights – 9W with panel and battery	1	1
4	Solar Street Lights – 18W with panel and battery	1	1
5	Solar Home Lighting System – Handling 1W, 2W and 3W lamps together	10	10
6	Solar Water Heater – 100 Litres	10	1 ETC and 1 FPC
7	Solar Water Heater – 100 Litres	5	1 ETC and 1 FPC
8	LED main lamps	100	50
9	CFL high power factor – 18 W	50	100
10	Improved chulha - Portable		
11	Ordinary finish	50	
12	Medium finish	50	
13	Luxury finish	10	
14	Hot Box	100	

Note:-The contribution of ANERT from the scheme of 2.50 lakhs for display facio and for meeting the direct marketing expenses not included in the break even calculation.