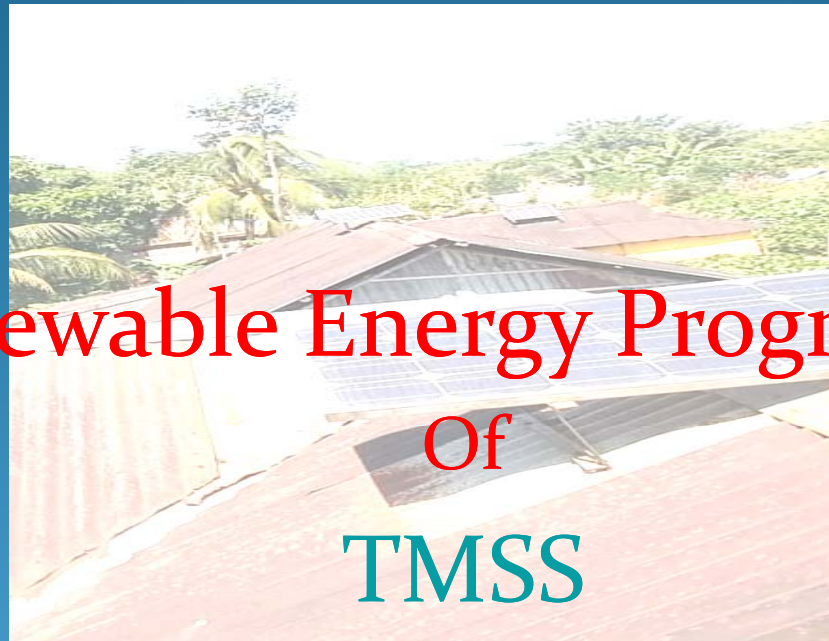


# INAFI Bangladesh Workshop On Exploring Renewable Energy Sector in Bangladesh: Opportunities and Challenges for Microfinance

## Renewable Energy Programme Of TMSS



# Brief Information about the MFI

- **Name of the MFI-** TMSS
- **Year of establishment-** 1964.
- **Ongoing programmes-** TMSS has **54** Nos Ongoing programmes.

## **A. Climate Change, Disaster Preparedness and Environment Department:**

1. TMSS Renewable Energy Program (TREP)
2. Bandhu Chula
3. Social Forestry Programme (Road side tree plantation)
4. Tree Deposit Scheme (TDS)
5. TMSS Nursery Project

## **B. Microfinance Department:**

1. General Microfinance
2. Islamic Microfinance
3. Foreign Remittance Payment Programme (FRPP)
4. Post-Literacy & Continuing Education for Human Development Project (PLCEHD)-2
5. Reaching Out of School Children (ROSC)
6. Day Care Center (DCC)
7. TMSS Kinder Garten School (TKGS)
8. Khatemon Ideal Junior High School
9. TMSS PUBLIC SCHOOL AND COLLEGE (TPSC)
10. Thengamara Yeatimkhana & Hafizia Madrasha  
TMSS Cadet Madrasha (TCM)
11. TMSS Medical College (TMC)
12. TMSS Nursing College (TNC)
13. TMSS Medical Assistant Training School (TMATS)
14. TMSS Medical Technology Institute ( TMTI)
15. TMSS Medical Institute of Research & Technology (TMIRT)
16. TMSS Community Paramedic Institute (TCPI)
17. Rangpur Community Paramedic Institute (RCPI)
18. TMSS Technical institute (TTI)
19. TMSS Textile Engineering institute (TTEI)
20. TMSS Multilateral Agriculture Technology Institute (TMATI)
21. TMSS Travels & Tourism Training Institute (TTTTI)



## Ongoing programmes (Cont.)-

### **C. Health Department:**

- 22. TMSS Health Care Centre (THCC)
- 23. Rafatullh Community Hospital (RCH)
- 24. TMSS Masuda Maternity Hospital (TMMH)
- 25. Smile Train Rafatullah Community Hospital (RCH) Cleft Project
- Tuberculosis Control Programme, Round-10, GFATM
- 26. Towards Sustainable Quality Healthcare Delivery at Grassroots level through Active Participation of Civil
- 27. Urban Component of Sanitation, Hygiene Education & Water Supply (SHEAWS) Project
- 28. Infant Young Child Feeding(IYCF) Programme

### **D. Food Security & Livelihood Department:**

- 29. Women in Seed Entrepreneurship(WISE)
- 30. TMSS Barkat Seed Sector(TBSS)
- 31. TMSS Fisheries Project (TFP)
- 32. Cereal Systems Initiative for South Asia-(CSISA)
- 33. Health Education and Livelihoods Supports for the Ultra Poor(HELP-UP)
- 34. Development Support Services to VGD Women
- 35. TMSS Agriculture Project
- 36. Land and Land Development
- 37. Barrind Irrigation Project (BIP)
- 38. Labor Contracting Society (LCS)

### **E. Human Rights and Women Development Department:**

- 39. Assistance Programme on Counter Trafficking (APCT)
- 40. Human Rights and Gender (HR&G)
- 41. Law & Litigation Section

### **F. Human Resource Development Department:**

- 42. Training Department
- 43. Livelihood Skill Training (LST)
- 44. Community Development Program (CDP)

### **G. Social Enterprise Department:**

- 45. TMSS Handicraft (TH)
- 46. TMSS Women Market (TWM)
- 47. TMSS Utpadon Food (TUF)
- 48. TMSS CNG Ltd. (TCNG)
- 49. TMSS Printing Press (TPP)
- 50. TMSS Northern Recruiting Agency (TNRA) Ltd.
- 51. TMSS Travels & Tourism Ltd. (TTTL)
- 52. TMSS Saw mill and Furniture production
- 53. Building Construction Limited (BCL)
- 54. TMSS Courier Service (TCS).

# Information about Microfinance programme

Report up to May-2013

Member	7,76,795 (0.77 Million)
Borrower	6,50,913 (0.65 Million)
Savings Balance	282,40,28,665 (2,824 Million)
Loan Portfolio	775,91,21,111 (7,759 Million)
Recovery Rate	99.59 %
FSS	139 %

## Loan & Savings Products

Principal Loan Products	Savings Products
Rural Micro Credit (RMC)	<ul style="list-style-type: none"> <li>▪ General Savings</li> <li>▪ Special Savings</li> <li>▪ Monthly Savings</li> </ul>
Urban Micro Credit (UMC )	
Micro Credit for the Hard Core Poor	
Micro Enterprise & SME Program	
Agriculture Development Program	
Agribusiness Development Program	
Livestock Development Program	
Seasonal Loan Program	
Disaster Management Loan Program	

# TMSS Renewable Energy programme Information

Up to May-2013

- Year of starting programme- 2003
- Number of clients covered- 25786
- Renewable energy products -

TMSS provides two types of Renewable energy products -

- i) Solar Home System and
- ii) Solar Irrigation Pump



## Renewable energy products -

i) **Solar Home System-** To make the renewable energy popular and available, TMSS delivers watt pick based packages. TMSS offers the following facilities to the buyers-

- a) **Cash purchase**
- b) **Credit purchase**
- c) **Credit purchase without Service Charge.**

a) **Cash purchase :-**

- Customer can purchase in cash price and get discount facility. The warranty products are ensured services upto their warranty periods as well.

b) **Credit purchase:-**

- SHS packages are sold in installments to the Customers in credit.
- Large packages (30wp-125wp) have 15% down payment facilities.
- Low income people can purchase 20wp SHS with 10% Down payment.
- If any customer wants fewer accessories, then the price of that item is deducted from the package price.

Generally the repayment period ranges from 90 days to 36 months and the installments are paid monthly basis.

c) **Credit purchase without Service Charge-** If any customer plans to repay within three (03) months then service charge is exempted.



## ii) Solar Irrigation System:

TMSS provides financial and technical support to Solar Irrigation system. Here, two types of services are provided-

### a) Solar Irrigation System provide-

- Anybody individual/ group of farmers can purchase the Solar Irrigation system in installments with 30% down payment.
- Maximum repayment period is upto 5 years.
- Installments are monthly or contractual (season base).
- Interest rate 8%.

### b) Water supply-

Farmers can purchase water from Solar irrigation system established by TMSS at very small amount of charges.

# Renewable Energy financing mechanism

- The SHSs are installed in customer's houses at free of charges.
- The service Charge is 8%. The service charge is applicable only for the repayment period.
- The monthly installments are collected from customers houses/ business places.
- TMSS provides SHSs ranging from 11,900/= (20 wattpick package) to 67,300/= (135 wattpick).
- In credit sales, Loan amount is measured after deducting the Down payment.
- Educational Institute, Religious places e.g Mosques/Temples/Church get 01 year service charge free repayment period.
- The warranty periods are i) Panel= 20 years, ii) Charge Controller= 3 years, iii) Batteries= 5 years and iv) LED light= 2 years.
- According to agreement between TMSS and the customer, If any problem occurs in SHS within the warranty period, TMSS maintenance them at free of cost.
- After the agreement time, a renewal for maintenance & service with a minimal cost is conducted.
- TMSS staff regularly visits the customer households and provide necessary maintenances.
- If any customer gets Gridline connection and decides to discontinue the service, the SHS is returned by "Buy Back" system. In Buy Back system, a depreciation and the service charge of the usage period is considered in valuation of the SHS set.



## Renewable Energy financing mechanism (cont.)

- TMSS provide wattpick based packages considering the potential customer's income level and capacity to pay the installments. That means, Solar Home System does not generate any Income directly. Rather sometimes it contributes to increase the income,
- Solar Home System helps to in Home lighting, Education, Entertainment and sometimes in income generating activities. It also helps in reducing health hazards,
- Loan repayment period is determined as per customers desire. This can be upto 5 years. Payment schedule is Monthly,
- If any customer wants to complete the payment earlier than then the limit time, then the service charge is applicable only on that period.

# The source of fund for TMSS Renewable Energy

- Own fund and
- Loan from IDCOL



# How Renewable Energy programme fits with Microfinance?

The Microfinance has a huge impact on Renewable Energy program management. The Solar Home System with Credit facility in Bangladesh is World famous now as well as Microfinance .

**We know, normally the activity processes of Micro finance is-**

- Assessment of the potential customers investment / utilization planning with the Loan
- Loan Sanction
- The customer invest the amount, generate income and then
- Repayment of the loan.

**And In Renewable Energy programme-**

- Primary area selection
- Awareness raising
- Asses the customer's demand
- Assessing the present financial condition of the customer to pay the loan
- Setup the SHS at the customers house
- Training to customer and his family member about the operating and regular maintenance of system
- Service & Maintenance on call
- Regular visit and
- Collect monthly installments.

## How Renewable Energy programme fits with Microfinance? (cont.)

Considering all these factors, it can be said that-

- Microfinance and Renewable Energy have many differences except collecting installments.
- Microfinance is a very sensitive issue. The staffs and officials of the MF programme always concentrate on the installment collection i.e loan recovery.
- It is very much difficult for them to concentrate on Technical aspects, Marketing, service & Maintenance of Renewable Energy systems.

☞ To put it in a nutshell, if Renewable Energy Programme is operated independently, then Marketing, Sales, Technical Service & Maintenance, Microcredit all are bind in same string. From the experience from Microfinance & Renewable Energy programme, it can be said that, Renewable Energy programme can be more successful if operated independently with the help of Microfinance management.

# SWOT Analysis of Renewable Energy programme

- **Strength:**

- ❖ TMSS gets refinance from IDCOL sufficiently and regular basis. Besides, TMSS can manage own fund to continue the programme uninterruptedly.

- ❖ TMSS is operating the programme in remote areas and have already established a large network of itself.

- ❖ TMSS has also developed a large Human resource who are skilled and experienced in Renewable energy sector.

- ❖ TMSS collects quality products/ accessories from local and international suppliers and sale to the customers. And also provide declared warranty service.

## ● **Strength (cont.):**

- ❖ TMSS has skilled manpower and large network for Selection of potential areas, publicity, publication, motivation, selection of potential customers, communicating with them, arranging special meeting for smooth operation of the programme,
- ❖ TMSS is competing with the other competitor by Quality product installation and proper & timely service provide.
- ❖ As a result of right selection of customers and providing better services, the rate of recovery for TMSS is appreciable.

## ● **Weakness:-**

Renewable Energy Programme is related to physical labor. Moreover, it is operated in very remote places. As a result, the Drop out rate of staffs are higher than other programme.

## • **Opportunity:-**

- **The Government is yet to provide Gridline connection in large number of areas. Moreover, the electricity production is not sufficient for the demand which is responsible for Load-shedding. At this circumstances, demand for Solar Electrification is increasing day by day which is a good opportunity for Renewable Energy programme,**
- **TMSS has already established good network and understanding with the accessories and materials manufacturers & suppliers as per demand,**
- **The Government and many Autonomous bodies are interested to promote the RE programme,**
- **Different Donors and organizations are interested to work for RE programme,**
- **TMSS Microfinance network promote/ discuss Solar Home System in the regular Group meeting & assist to identify potential clients.**



## **Threat:-**

- **Some Politicians electoral declaration for providing Gridline electricity make people uninterested to get SHS,**
- **Natural Disasters damages the SHS sets of customers.**
- **The Government gives subsidy on Gridline electricity make it less expensive than SHS,**
- **Solar Panels are Tax Vat Exempted, however other materials like Batteries, LED light, Cables are not which causes high price of Solar Home System.**
- **IDCOL has stopped Grant on Large SHS (30wp+), the costing of these sets are increased;**
- **TMSS makes Packages as per IDCOL approved design where quality products are ensured. As example, high quality Batteries with three (03) days backup are used. Whereas, many organizations other than POs provide very low price package using batteries with one (01) day backup and cheap accessories. As a result, customers get confused.**





THANK YOU  
From  
TMSS