

“WE NEED TO RELATE SOLAR AND OTHER ALTERNATIVE SOURCES TO INCOME-GENERATING ACTIVITY”



Dr Harish Hande, Managing Director, Solar Energy Lighting Company (SELCO)-India, co-founded the company to eradicate poverty by promoting sustainable technologies in rural India. Winner of the Ashden Award for Sustainable Energy in 2005, Selco won the Outstanding Achievement Award from Ashden in 2007. In 2008, Harish Hande was chosen by *Business Today* as one of the 21 young leaders for India's 21st century. The same year, *India Today* named him one of the 50 pioneers of change in India. This year, he was one among the two Indians to receive the prestigious Ramon Magsaysay Award, also sometimes referred to as Asia's Nobel Prize. Harish Hande speaks to *Sharada Balasubramanian* about his company, his organizational philosophies, and his take on energy policies in India.

How did the Selco journey begin?

It was about 16–17 years ago when we looked at connecting poverty alleviation to sustainable energy. The company started with a for-profit motive. My experience in the Dominican Republic helped me to start off.

You had no work experience when you started Selco. What were the challenges and apprehensions you faced?

I was working on solar power as part of my Masters and Phd thesis. I did not have prior experience in the sector.

Apprehensions? No, I did not look at it that way. I was sure that I did not know answers to a lot of questions. I travelled for

months and lived in rural areas and looked at it from a solutions point of view—how do we look at solar, and how do we look at the needs of the poor? We also needed to see that if solar needs to be implemented in rural areas, what are the appropriate ecosystems that need to be created? We needed to look at policies, how we need to plug-in the loopholes in the rural system.

Why did you venture into solar power?

It was more due to my academic background. Today, we are known for solar. Solar is our expertise. At the same time, we also inform our clients if solar is not feasible for them.

What were your initial experiences in the rural areas?

I spent time in the Dominican Republic, Sri Lanka, and India. The initial experience was humbling. The challenges, solutions, thought process of the people, it was all completely new. I had to unlearn what I had learnt. After the first 3–4 years, I knew one thing—whatever solutions we were coming up in an urban context was not really correct. No amount of reading textbooks could actually help us.

What were your investments for Selco?

I did not have the money, nor do I have it now. I had ₹1,000 and added another ₹4,000–5,000 from my scholarship money. I did not look for money in the first three years. I had no knowledge about rural areas and what I could do with the money. I was faced with an ethical question—am I selling something that is needed by the people at all? The answer was not clear to me then. I tell entrepreneurs today that start without any money and you will be at your financial best in the future.

How did you go about doing market research when you started off?

I don't believe in market surveys. How do you conduct a market survey with people who have never seen solar products? I am not introducing a mere product here; I am introducing a lighting solution. Also, are we qualified to do this market survey? We have not even used these products in urban areas properly, how can we design the survey for rural areas? That is a common mistake we make. We do not understand and know the needs of the poor, which is why we come up with technology products and business models that actually don't meet their needs.

Then, how do you introduce the product?

Unless you spend time with them, you can never know what they need. In my opinion, what we need to know is this—what is the kind of lighting people require and what is this lighting required for? Is it for selling tomatoes, for making garlands or for cooking? What should be the position of the light, what should be its colour? These are the things that you need to know. What needs to be looked at is the current expenditure on kerosene and how can that be offset by giving appropriate alternative products. Today, even after being in the business for 21 years, I have less than 1% knowledge of the needs of the rural folk. If you ask me to do a market survey, I will not be able to do it.

How did you work from concept to implementation?

We started small. We established our head office after we had four service centres. These service centres started off because in the village everything revolved around services, right from the pump repair shop and the motor cycle repair shop, to the cycle repair shop. One of the common questions that people confront is—do we have after-sales service? We organically started sales centres and then started working with banks to convince them to finance our efforts.



Tell us about your organizational philosophy.

In our organization, we don't have a cubicle policy. We are very clear about one thing—if the chairman of the bank refuses to meet my technician, then I refuse to deal with the bank. I don't believe in protocols. My driver is as important as the managing director. The technicians sit with the clients on a daily basis. So, who is more important? In our country hierarchy is prevalent. We need to understand that every person has the potential. We need to give importance to every employee. As long as an employee represents Selco, it doesn't matter who he is. That for us is critical.

That would have changed the mindset of a lot of people...

Yes! We don't reveal the background of our employees. For example, one of our employees in Bengaluru joined us to clean tables and serve tea and coffee. Today, he can explain to a client about what kind of solar products are available, how do we provide them, and what are the guarantees available. We, the educated class, have unnecessary ego and pride. That is the biggest barrier.

The typical urban thought process is that we know what rural people need. Unless that arrogance is done away with, it's difficult. That is why we are looking at an alternative path. We wanted to build an organization from the bottom to the top and also empower people in many ways.

It is not only about solar. Solar is just one part of what we do. How do we create a sustainable business? A social enterprise, which gives equal respect to the technician, the middle management, and the end-user.

This is a very different way of looking at business...

This is the only way to run a sustainable business. The percentage of money a poor person spends on solar is much higher. We live



on the subsidies of the poor. By not taking the extra ₹50, the maid servant is subsidizing us. The rich in India live off the livings of the poor in many ways. We get subsidized electricity because a miner works for a mere ₹20. Actually, he is subsidizing our electricity.

What kind of products did you get into the rural market?

Initially, we started with the two light and four light systems. We continued depending on the cash flow. Then we asked people what they needed and told them that we would design the product as per their needs.

How did the pricing work?

The cost factor depends on how people are spending on kerosene, candles, and more recently, on mobile charging. The critical part was not what the absolute cost was. It was about working with the bank to create a financial product that matches their existing expenditure.

What alternative energy products need to be introduced in India at this point of time? Also, why is solar not catching up in urban India where there is a potential to install roof-top solar? Why is it not taking off?

The reason it is not taking off is because people have not seen its value. It is easy to say we can't afford it. No one realizes that we

have the wrong products. To give an example, as we go deeper into the economic strata, we need to relate solar and other alternative sources to income generating activity. If a lady tells me she wants solar power for a sewing machine, for say, just a saree and blouse, I would tell her it is not economically viable to design it. Solar then gets the blame for being expensive. Let me go one step further. The minimum power generation from solar is 100 watt. If we have a 40-watt machine with a five-year time period it would be economically viable.

How favourable do you think are the policies for investments in solar products in India?

The intentions are good, but implementation is poor. Before implementing the mission, the stakeholders, bankers, and practitioners should have been consulted. Bankers should have asked what the barriers were. Their expertise would have helped. Now, they are trying to rectify with good intentions. Think about this—would the IT policies have worked without Nandan Nilekani giving his expertise? In the case of the solar mission, no one sat with the banks and asked how they could facilitate or overcome the barriers. That is the issue with the mission. How many real practitioners were involved? None! ■