

Greening Enterprise Eco system-**SIDBI and Shell Foundation collaborate to pilot Risk Sharing Facility to compliment National EV Mission 30@30****Strategic product to uptake access to finance**

New Delhi, October 2023: Small Industries Development Bank of India (SIDBI), the country's principal financial institution for MSMEs and Shell Foundation, the UK foundation that catalyses clean energy innovation in Africa and India, today announced the launch of a Risk Sharing Facility (RSF) to compliment EV Mission 30@30 through SIDBI Mission 50K-EV4ECO (enable eco system to foster 50000 EVs). This will improve access to finance and ramp-up the adoption of electric two- and three-wheelers across India.

The \$6m (\$3m SIDBI + \$3m Shell Foundation) will provide partial credit guarantee to electric vehicle (EV) eco-system players who support EVs for commercial use. The agreed cap is 7.5% of second loss layer, that will unlock approximately \$81m of commercial capital for EV asset financing.

It may be mentioned that SIDBI has been conceptualising EV risk sharing facility/financial products with the support of multilaterals after discussing with key stakeholders and experience gained in the sector. While EVOLVE is under consideration but in order to get going SIDBI has commenced 50KEV4ECO programme from April 2nd, 2023. SIDBI been operating two schemes – one for focussed NBFCs operating in EV space and other for EV value chain actors/players and MSMEs. To further strengthen the confidence, SIDBI in partnership with shell foundation, is introducing pilot risk sharing program.

Shri Sivasubramanian Ramann, CMD, SIDBI said “In line with national mission of EV30@30 SIDBI has adopted EV as thrust segment. By launching mission 50K- EV4ECO we are promoting the entire EV value chain. We at SIDBI, are pioneer in managing risk sharing facility. We have witnessed that RSF is an important instrument to provide initial comfort to the lenders operating in emerging and unserved or underserved segments. Two development institutions, SIDBI and Shell Foundation, have come together to be the first mover and change maker for commercial EV market. Development remains our partnership essence. We expect that the Risk sharing facility for EV will address the lack of access and affordability of commercial financing due to actual and perceived risks associated with EV lending.

This Risk sharing facility shall be followed by scaling up support to eco system from multilaterals support under EVOLVE programme.

Shri Sudhendu J. Sinha, Adviser (Infra & e-mobility), NITI Aayog said “It is heartening to see another differentiator initiative taken by SIDBI along with shell foundation to de-risk the EV financing. This pilot RSF initiative will further strengthen our resolve to move the EV ecosystem upward. It will also enable picking up of learning threads and weave the scaling up EV RSF version under bigger and broader multilateral institutional support. As we know that electric vehicle financing is predominantly being done by small/ unrated NBFCs. These NBFCs have deep and extensive knowledge of the EV sector. It is expected that commercial banks and NBFCs will speed up financing EV assets for commercial use. This would address the challenges of access to affordable finance.

Mr. Jonathan Berman, CEO of Shell Foundation said “This partnership with SIDBI is directly aligned with our mission to empower five million urban transporters to earn a living income by transitioning to electric mobility by 2032. The creation and launch of RSF facility will stimulate the EV Financing sector for 2W & 3W which are used as income generating assets. This will scale access to two- and three-wheeler electric vehicles for 50,000 urban transporters and empower them to increase their incomes by up to 70%.”

About SIDBI:

SIDBI is the principal financial institution set up under an Act of Parliament for promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector and for coordination of functions of institutions engaged in similar activities. Over the years, SIDBI has been instrumental in taking up various initiatives for the development of the MSME sector through credit and more importantly, credit plus activities.

For more details, kindly contact nearest SIDBI office or write to us at gcfv@sidbi.in.

About NITI Aayog:

The National Institution for Transforming India (NITI Aayog) was formed via a resolution of the Union Cabinet on 1 January 2015. NITI Aayog is the premier policy ‘Think Tank’ of the Government of India, providing both directional and policy inputs. The Government of India, in keeping with its reform agenda, constituted the NITI Aayog to replace the Planning Commission instituted in 1950. This was done to better serve the needs and aspirations of the people of India. An important evolutionary change from the past, NITI Aayog acts as the quintessential platform of the Government of India to bring States to act together in national interest, and thereby fostering Cooperative Federalism. NITI Aayog also houses ‘National Mission for Transformative Mobility & Battery Storage’ that is driving the E-Mobility all over the country.

About Shell Foundation:

Shell Foundation is an endowed, UK-registered charity that catalyses clean energy innovation and unlocks inclusive investments in Africa and India, empowering millions of underserved customers – of which half are women – to earn a living income.
