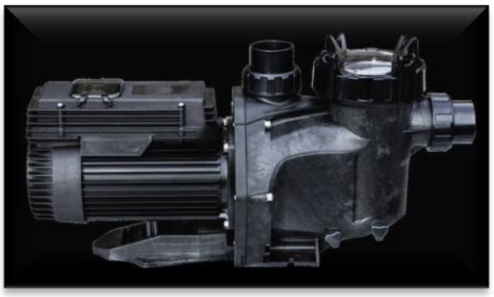
August 2018

DETAILED PROJECT REPORT ON ENERGY EFFICIENT PUMP

M/s Gangtok Dairy Plant – Sikkim Dairy Cluster



Submitted to
(Prepared under GEF-UNIDO-BEE Project)

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Table of Contents

List of Tables **2**

List of Figures **2**

List of Abbreviations **3**

ACKNOWLEDGEMENT **4**

1. EXECUTIVE SUMMARY **5**

1.1 Brief Unit Profile 5

1.2 Proposed EE Measure 5

1.3 Means of Finance 6

2. INTRODUCTION ABOUT GANGTOK DAIRY PLANT **7**

2.1 Unit Profile 7

2.2 Production Details 7

2.3 Typical Dairy Process Flow Diagram 8

2.3 Energy Profile 10

3. PROPOSED EE MEASURE – EE CHILLED WATER PUMP **12**

3.1 Present System 12

3.2 Recommendation 13

3.3 Supplier Details 14

3.4 Savings 14

4. FINANCIAL ANALYSIS **16**

4.1 Project Cost 16

4.2 Assumptions for Financial Analysis 16

4.3 Cash Flow Analysis 16

4.3 Sensitivity Analysis 17

5. ENERGY EFFICIENCY FINANCING IN MSMEs **19**

5.1 FI Schemes in Sikkim 19

6. ENVIRONMENTAL AND SOCIAL BENEFIT **22**

6.1 Environmental Benefit 22

6.2 Social Benefit 22

8. ANNEXURE **26**

8.1 Financial Quotation 26

List of Tables

Table 1: Unit Details 5
Table 2: Proposed EE Measure 6
Table 3; Project Finance 6
Table 4: Unit Profile 7
Table 5: Production Capacity 9
Table 6: Type of fuel used 10
Table 7: Fuel Consumption Details 10
Table 8: Pump Performance 12
Table 10: Supplier Detail 14
Table 11: Savings Calculation 15
Table 12: Project Cost 16
Table 13: Cash flow of the project 16
Table 14: Capital Structure 17
Table 15: NPV Calculation 17
Table 16: Sensitivity analysis: based on energy savings 17
Table 17: Sensitivity analysis: change in operating hrs 17
Table 18: Sensitivity analysis: change in interest rate 18
Table 19: FI schemes in Sikkim 19
Table 20: Proposed EE Measure 24
Table 21: Financial Analysis 24

List of Figures

Figure 1: Milk Processed 7
Figure 2: Typical process flow of Milk manufacturing 8
Figure 3: Share of fuel cost 10
Figure 4: Fuel Cost Electrical vs Thermal 11
Figure 5: Old Chilled Water Pumps 12
Figure 6: Head vs Flow 13
Figure 8: Power vs Flow 14
Figure 7: NPSH vs Flow 14

List of Abbreviations

BEE	Bureau of Energy Efficiency
CS	Capital Structure
°C	°Celsius
CO_2	Carbon dioxide
DPR	Detailed Project Report
EE	Energy Efficiency
FI	Financial Institution
GEF	Global Environmental Facility
HSD	High Speed Diesel
IBT	Ice Bank Tank
IRR	Internal Rate of Return
kW	Kilo Watt
LSP	Local Service Provider
MSME	Micro and Medium Scale Industries
NPV	Net Present Value
OEM	Original Equipment Manufacturer
RE	Renewable Energy
SBI	State Bank of India
SIDBI	Small Industrial Development Bank of India
TOE	Tonnes of Oil Equivalent
UNIDO	United Nations Industrial Development Organisation
WACC	Weighted Average Cost of Capital

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CII would like to give special gratitude to Sikkim Cooperative Milk Producers Union Ltd for supporting CII for carrying out this project at Sikkim Dairy Cluster and for their constant support and coordination throughout the activity. CII team is also grateful to the M/s Gangtok Dairy Plant especially Mr. Ragul K, Managing Director, Mr. Vishal Tewari, DGM and Mr. Saurav Sharma, Jr. Technical Officer for showing keen interest in the this implementation of this technology and providing their wholehearted support and cooperation for the preparation of this Detailed Project Report.

We also take this opportunity to express our appreciation to the Original Equipment Suppliers and Local Service Providers for their support in giving valuable inputs and ideas for the completion of the Detailed Project Report.

We would also like to mention that the valuable efforts being taken and the enthusiasm displayed towards energy conservation by the Sikkim Dairy Cluster is appreciable and admirable.

1. EXECUTIVE SUMMARY

Bureau of Energy Efficiency (BEE), a statutory body under Ministry of Power, Government of India, in collaboration with United Nations Industrial Development Organization (UNIDO) is executing a Global Environment Facility (GEF) funded national project "Promoting energy efficiency and renewable energy in selected MSME clusters in India".

The overall aim of the project is to develop and promote a market environment for introducing energy efficiency and enhanced use of renewable energy technologies in process applications in 12 selected energy-intensive MSME clusters across 5 sectors in India (with expansion to more clusters later). This will enable improvement in the productivity and competitiveness of units, as well as reduce overall carbon emissions and improve the local environment.

Key activities involved in the project are shown below

- **LSP MAPPING:** Detailed Mapping of LSPs in the cluster.
- **TECHNOLOGY FEASIBILITY STUDIES:** Preparation of 10 bankable DPRs.
- **TRAINING MATERIALS:** Development of 5 customized training material based on mapping
- **TRAINING PROGRAM:** Conduct 4 training programs in the cluster for the capacity building of local service providers.
- **LSP's AS LOCAL DISTRIBUTORS:** Mapping of LSPs and OEMs so that LSPs can be local dealers for major OEMs.

1.1 Brief Unit Profile

Table 1: Unit Details

Particulars	Details
Name of Plant	Gangtok Dairy Plant
Name(s) of the Plant Head	Mr. Vishal Tewari, DGM
Contact person	Mr. Saurav Sharma, Jr. Technical Officer
Constitution	Cooperative Society
MSME Classification	Medium Scale
Address:	Sikkim Co-operative Milk Producers Union Ltd, 5th Mile Tadong, Gangtok, Sikkim
Industry-sector	Dairy

1.2 Proposed EE Measure

After the discussion with the plant team, it has been decided to install energy efficient chilled water pump. The details of the proposed EE measure is given in below table:-

Table 2: Proposed EE Measure

Sl No	EE Measure	Annual Energy Savings		Monetary Savings (Rs. Lakhs)	Investment (Rs. Lakhs)	Payback (Months)	Annual TCO_2 reduction
		kWh	TOE				
1	Installation of EE chilled water pump	4,380	0.38	0.18	0.98[1]	67	3.59

1.3 Means of Finance

The details of means of finance for the proposed EE measure is as under:

Table 3; Project Finance

Sl. No.	Particulars	Unit	Value
i	Total Investment (Incl of Tax)	Rs. Lakh	**0.98**
ii	Means of Finance	Self / Bank Finance	**Self**
Iii	IRR	%	**27.33**
Iv	NPV at 70 % Debt	Rs. Lakh	**0.44**

[1] Investment as per the SL No 1 in the quotation

2. INTRODUCTION ABOUT GANGTOK DAIRY PLANT

2.1 Unit Profile

Sikkim is among the lowest milk producing states in India, with a total production of 0.067 Million Tonnes of milk in 2015-16. There are mainly 2 dairies in Sikkim which are located in southern and eastern part of Sikkim. Gangtok Main Dairy Plant is located in Tadong, Gangtok with daily milk processing of 30,000 to 35,000 litres per day.

Table 4: Unit Profile

Particulars	Details
Name of Plant	Gangtok Dairy Plant
Name(s) of the Plant Head	Mr. Vishal Tewari, DGM
Contact person	Mr. Saurav Sharma, Jr. Technical Officer
Contact Mail Id	milkgangtok@gmail.com
Contact No	+91 7679418591
Constitution	Cooperative Society
MSME Classification	Medium Scale
No. of years in operation	38
No of operating hrs/day	8
No of operating days/year	365
Address:	Sikkim Co-operative Milk Producers Union Ltd, 5th Mile Tadong, Gangtok, Sikkim
Industry-sector	Dairy
Type of Products manufactured	Milk ,Ghee, Dahi, Butter milk, Powder

2.2 Production Details

The various products manufactured in Gangtok Dairy Plant are liquid milk, butter, curd, paneer, churpi and ice cream. The graph below shows the milk processed during last one year:-

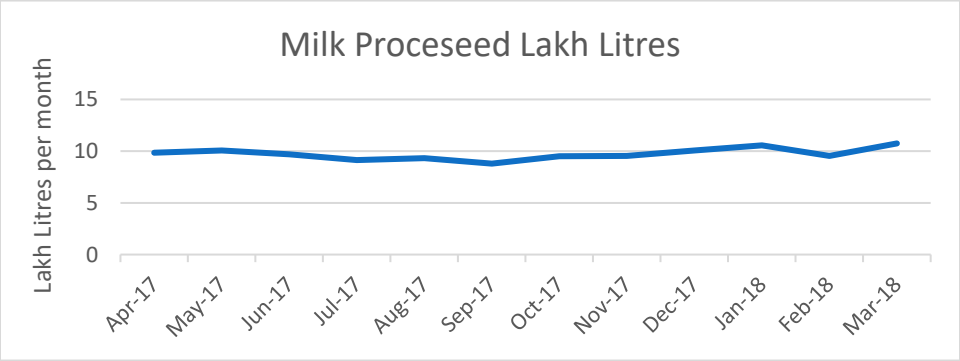


Figure 1: Milk Processed

2.3 Typical Dairy Process Flow Diagram

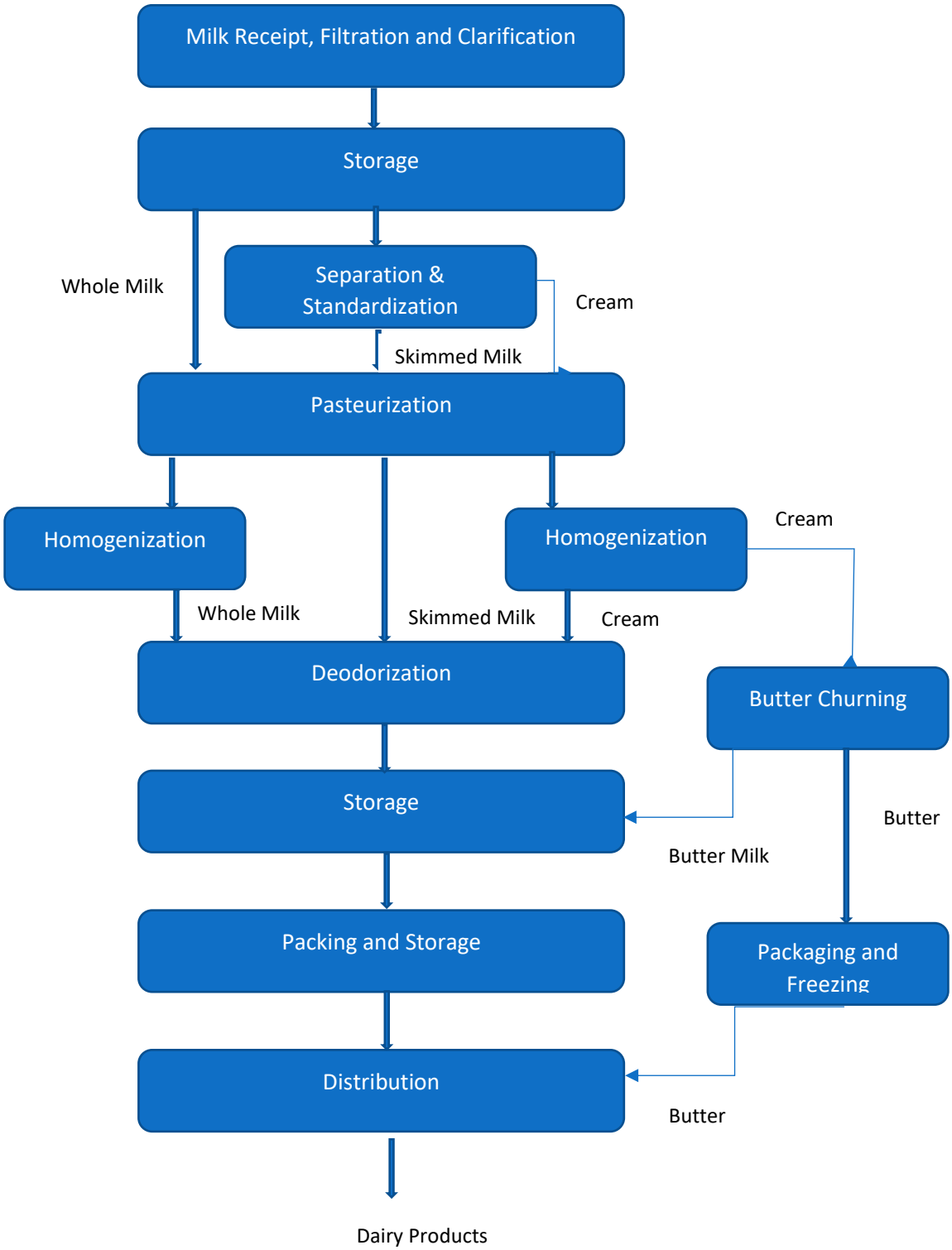


Figure 2: Typical process flow of Milk manufacturing

The processes taking place at a typical milk plant after receiving and filtration of milk from the chilling units includes:

Separation: After being held in storage tanks at the processing site, raw milk is heated to separation temperature in the regeneration zone of the pasteurizer. The milk (now hot) is standardized and homogenized by sending it to a centrifugal separator where the cream fraction is removed. The skim is then usually blended back together with the cream at predefined ratios so that the end product has the desired fat content. Surplus hot cream is cooled and usually processed in a separate pasteurizer ready for bulk storage and transportation to a cream packing plant.

Pasteurization is a process of heating milk to 72°C for 16 seconds then quickly cooling it to 4°. This process slows spoilage caused by microbial growth in the food. Unlike sterilization, pasteurization is not intended to kill all micro-organisms in the food. Instead, it aims to reduce the number of viable pathogens so they are unlikely to cause disease.

Homogenization (if required): Milk must then be homogenized. Without homogenization, the milk fat would separate from the milk and rise to the top. Milk fat is what gives milk its rich and creamy taste. Homogenization makes sure that the fat is spread out evenly in the milk so that every sip of milk has the same delicious flavor and creamy texture. Milk is transferred to a piece of equipment called a homogenizer. In this machine the milk fat is forced, under high pressure, through tiny holes that break the fat cells up in to tiny particles, 1/8 their original size. Protein, contained in the milk, quickly forms around each particle and this prevents the fat from rejoining.

Packaging and storage: Milk is pumped through automatic filling machines direct into bags, cartons and jugs. The machines are carefully sanitized and packages are filled and sealed without human hands. This keeps outside bacteria out of the milk which helps keep the milk stay fresh. During the entire time that milk is at the dairy, it is kept at 1°-2°C. This prevents the development of extra bacteria and keeps the milk fresh.

The table below shows the production capacity of various section in plant daily

Table 5: Production Capacity

Sl No	Product	UOM	Quantity
1	Milk Processing	Lakh Litres per Day	0.32
2	Milk Packaging in Poly Pouches	Lakh Litres per Day	0.32
3	Curd Manufacturing	Kg/day	972
4	Butter Manufacturing	Kg/day	16
5	Ice Cream Manufacturing[2]	Kg/day	16
6	Paneer Manufacturing[3]	Kg/day	3.19
7	Churpi Manufacturing	Kg/day	24

[2] Seasonal Product – manufactured only in summers
[3] Based on demand from market

2.3 Energy Profile

Both electricity and thermal energy are used for carrying out various dairy processing activities. The following fuels are used in the plant:

Table 6: Type of fuel used

Sl. No.	Type of fuel/Energy used	Unit	Tariff	GCV (kCal/kg)
1	Electricity	Rs./kWh	4.00	-
2	High Speed Diesel	Rs/L	67	10800

The table below shows the monthly consumption of various fuel used in the plant during the last one year

Table 7: Fuel Consumption Details

Month	Electricity Consumption (kWh)	Fuel Consumption – HSD (L)
Apr-17	7000	5926
May-17	18,000	5739
Jun-17	21,000	5561
Jul-17	21,000	5601
Aug-17	20,000	5688
Sep-17	25,000	6136
Oct-17	10,000	5767
Nov-17	19,000	5286
Dec-17	8000	5484
Jan-18	8000	5834
Feb-18	6000	5527
Mar-18	16,000	6563
Total	**1,79,000**	**69,111**

The major form of energy used in the plant is electricity which is from Energy and Power Department Govt. of Sikkim. For thermal energy, plant is using HSD as the main fuel. The percentage share of fuel cost is shown below:-

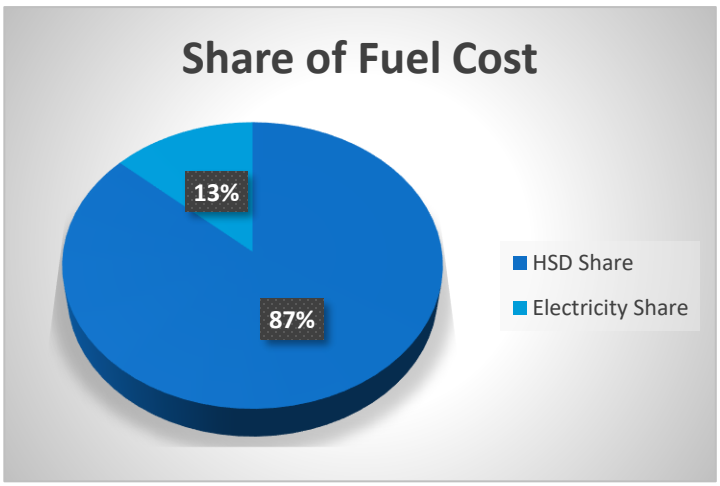


Figure 3: Share of fuel cost

Based on the data collected from the plant, the graph above shows the variation of fuel cost over the last one year. Average electricity cost is Rs 0.60 Lakhs/month whereas the average thermal energy cost is Rs 3.85 lakhs/month.

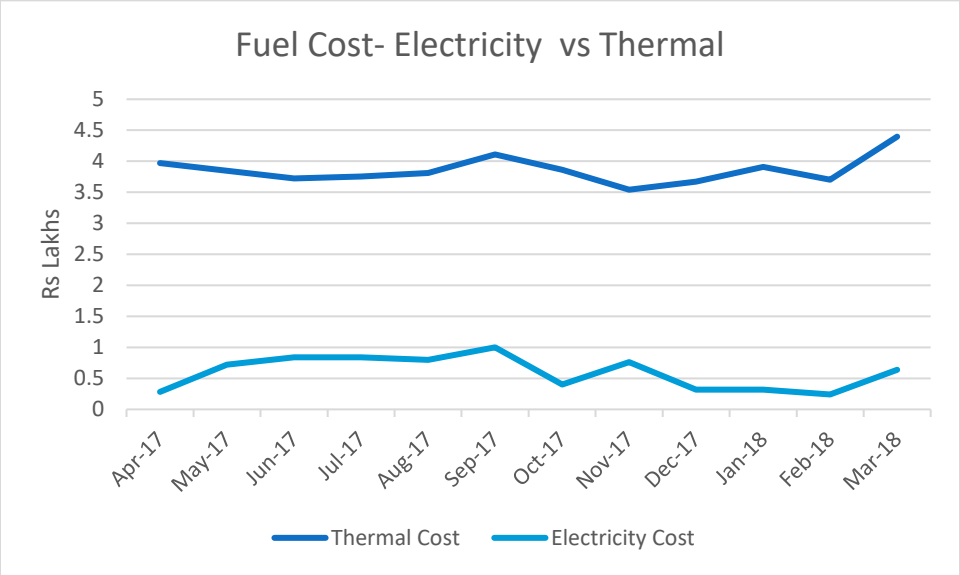
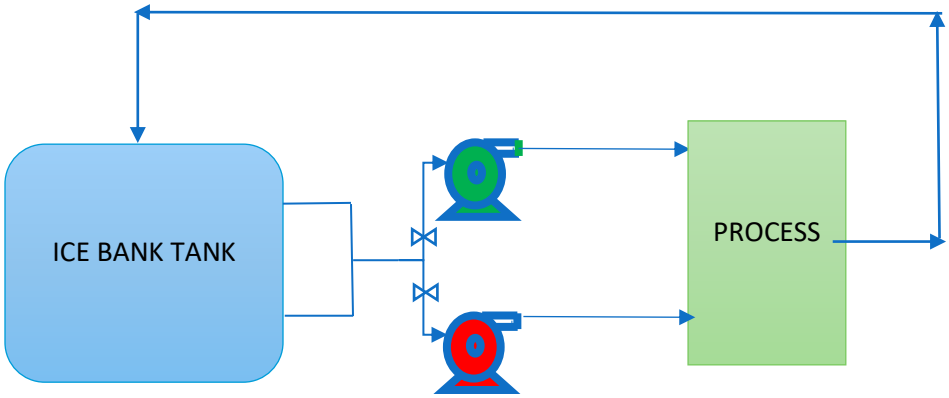


Figure 4: Fuel Cost Electrical vs Thermal

3. PROPOSED EE MEASURE – EE CHILLED WATER PUMP

3.1 Present System

Gangtok Dairy Plant has installed two chilled water pumps for pumping chilled water from IBT to process in which one is running and second one is standby. The chilled water is mainly used in pasteurization process and pre chiller where the milk is cooled to 4°C. The figure below shows the schematic of chilled water system in the plant.



Ice bank tank contains chilled water and small quantity of ice almost all time of day, the temperature of IBT is maintained close to zero degree all time with the help of refrigeration compressor. The chilled water required for the various processes are pumped using two pumps of 5.5 kW capacity. Chilled water is mainly used in the pre chiller – cool the incoming milk received from Bulk Milk Coolers by tankers to 4°C to 5°C before going to pasteurization process and also in pasteurization process to cool the milk to 4°C. After the process the return water is coming at 6°C to 8°C The table below shows the details of chilled water pumps performance installed in the plant.

Figure 5: Old Chilled Water Pumps

Table 8: Pump Performance

Parameters	UOM	Design	Measured
Power Consumption	kW	5.5	6
Flow	m^3/hr	19.44	15.5
Head	m	45	40
Efficiency	%	39	31

The design efficiency of the pump is 39% which is very low. During the study pump performance test was carried out to determine the efficiency of the pumps. The flow of the pump was measured using ultra sonic flow meter and head was determined to calculate the efficiency. The measured efficiency of the pump is 31% which is lesser than the design efficiency. The reasons for low efficiency of pump is

- Poor operational practices
- Pump is very old and undergone frequent maintenance
- Poor selection of pump

3.2 Recommendation

It is recommended to replace the old chilled water pump with energy efficient pump. The high efficient pump will consume less power than low efficiency pumps which will lead to energy saving. When a pump is installed in a system the effect can be illustrated graphically by superimposing pump and system curves. The operating point will always be where two curves intersect. Each centrifugal pump has a Best Efficiency Point (BEP) at which its operating efficiency is highest and its radial bearing loads are lowest. At or near its BEP, a pump operates most cost effectively in terms of both energy efficiency and maintenance. In practical applications, operating a pump continuously at its BEP is not likely, because pumping systems usually have changing flow rate and system head requirements and demands. Selecting a pump with a BEP that is close to the system's normal operating range can result in significant operating cost savings.

The parameters of proposed pump is given in the below table:-

Parameters	UOM	Present	Proposed Operating Condition
Power Consumption	kW	6	4.5
Flow	m^3/hr	15.5	16
Head	m	40	45
Efficiency	%	31	51

Pump Curves for the new pump

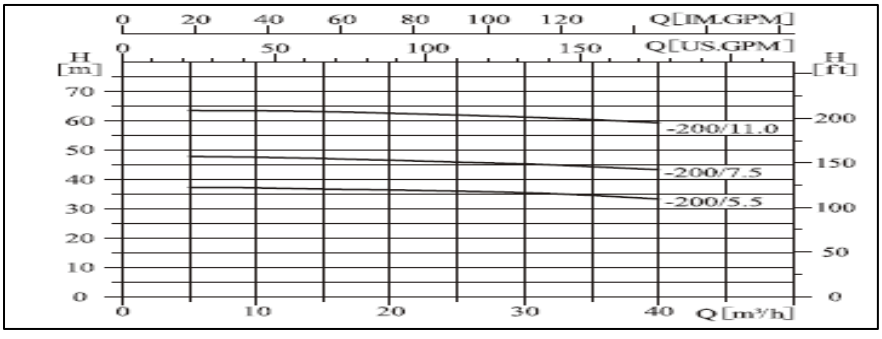


Figure 6: Head vs Flow

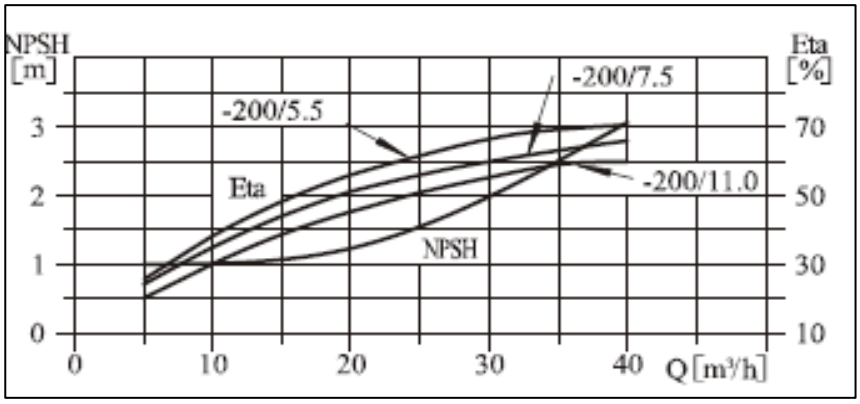


Figure 8: NPSH vs Flow

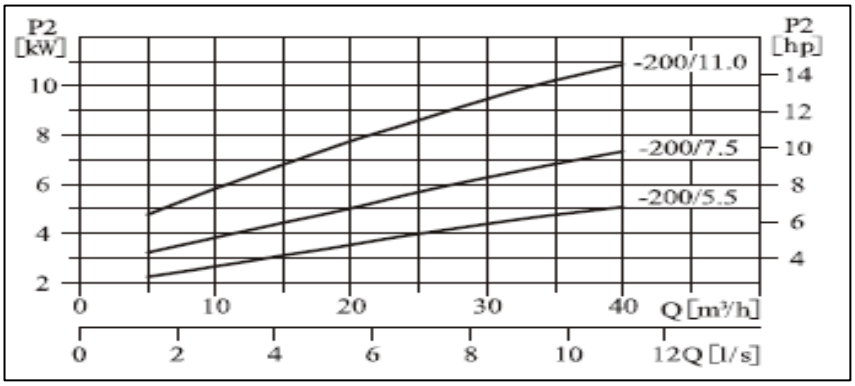


Figure 7: Power vs Flow

3.3 Supplier Details

Table 9: Supplier Detail

Equipment Detail	Energy Efficient Pump
Supplier Name[4]	CNP Pumps India Pvt Ltd
Address	Plot No. B-5, 502, Sambhav IT Park Behind Aplab Company, Wagle Indl Estate MIDC, Thane-400604.
Contact Person	Ms. Rashmi
Mail Id	rashmi.n@cnpindia.com
Phone No	+91 9167920593

3.4 Savings

The expected electricity savings by installation of energy efficient chilled water pump is 17,250 units annually. The annual monetary saving for this project is ***Rs 0.18 Lakhs with an investment of Rs 0.98 lakhs and payback for the project is 67 months.***

[4]Quotation received from only supplier for Gangtok

Detailed savings calculations is given in below table

Table 10: Savings Calculation

Parameters	UOM	Present	Proposed Operating Condition[5]
Power Consumption	kW	6	4.5
Flow	m3/hr	15.5	16
Head	m	40	45
Efficiency	%	35	51
Power Savings	kW	1.5	
Electricity Cost	Rs/kWh	4	
Operating hrs	hrs/day	8.00	
Operating days	Days/year	365	
Energy Savings	kWh	4320	
Cost Savings	Rs Lakhs	0.17	
Investment	Rs Lakhs	0.98	
Pay Back	Months	67	

[5] The proposed parameter is as per the Sl No 1 proposal in the quotation where the design parameters are 20 m3/hr flow with 46.6 m head and 7.5 kW motor. But as per the operating condition for a flow of 16.6 m3/hr the motor power consumption is 4.5 kw and operating head is 45 m from operating curve of Power vs Flow shown in figure 8 and Head vs Flow in figure 6.

4. FINANCIAL ANALYSIS

4.1 Project Cost

Table 11: Project Cost

Parameter	Amount in Rs Lakhs
EE Chilled Water Pump	0.856[6]
Packing and Insurance	0.017
GST Charges @ 12%	0.12
Total Project Cost	**0.98**

4.2 Assumptions for Financial Analysis

- Interest rate taken as 12 %
- Yearly increase in electricity cost by 2% for cash flow analysis
- Life cycle of the project is taken as 7 years
- Three different Capital Structure considered
    - CS1 – 70:30 Debt Equity Ratio
    - CS2 – 50:50 Debt Equity Ratio
    - CS3 – 100 % Equity
- Return on equity is taken as 15 %
- Depreciation – 40%
- Operation and Maintenance Cost taken as 5% of Initial investment
- For calculating weighted average cost of capital, tax rate is assumed as 30 %

4.3 Cash Flow Analysis

Table 12: Cash flow of the project

Cash flow for the project		1	2	3	4	5	6	7
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Required Investment	0.98							
Energy Savings		0.18	0.18	0.18	0.19	0.19	0.19	0.20
O&M Cost		-0.05	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05
Depreciation		0.4	0.2	0.14	0.1	0.1	0.0	0.0
Net Cash Flow	-0.98	0.52	0.36	0.27	0.22	0.19	0.17	0.17

[6] Investment taken as per SL No 1 in the quotation

The table below shows the various capital structure assumed for the project finance.

Table 13: Capital Structure

Capital Structure			
Particulars	CS 1	CS 2	CS 3
Debt	70	50	0
Cost of Debt	0.12	0.12	0.12
Equity	30	50	100
Cost of Equity	0.15	0.15	0.15
WACC	10.38	11.7	15

Table 14: NPV Calculation

NPV Calculation	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	NPV
NPV at CS 1 (70:30)	-0.98	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.4
NPV at CS 2 (50:50)	-0.98	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.4
NPV at CS 3 (100% Equity)	-0.98	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.3

4.3 Sensitivity Analysis

A sensitivity analysis has been carried out to ascertain how the project financials would behave In different situations such as

- Change in energy savings
- Change in operating hours
- Change in interest rate

A good sensitivity analysis will help to estimate the behavioral nature thereby helping to understand the financial viability over a long period of time.

Table 15: Sensitivity analysis: based on energy savings

Based on Savings	at 100% Savings	at 75% Savings	at 50% Savings
NPV at CS 1 (D70:E30)	0.4	0.2	0.0
NPV at CS2 (D50:E50)	0.4	0.1	-0.1
NPV at CS3 (D0:E100)	0.3	0.1	-0.1
IRR	27%	19%	10%

Table 16: Sensitivity analysis: change in operating hrs

Based on Operating Hours	at 100% operating hours	at 90% Operating hours	at 80% Operating hours
NPV at CS 1 (D70:E30)	0.4	0.4	0.3
NPV at CS2 (D50:E50)	0.4	0.3	0.2
NPV at CS3 (D0:E100)	0.3	0.2	0.1
IRR	27%	24%	21%

Table 17: Sensitivity analysis: change in interest rate

Based on Interest Rate	at 9.5% interest rate	at 10.05% interest rate	at 11% interest rate	at 12% Interest Rate	at 12.5% Interest Rate	at 13% Interest Rate
NPV (70:30)	0.5	0.5	0.5	0.44	0.43	0.42

5. ENERGY EFFICIENCY FINANCING IN MSMEs

Financing plays a key role in facilitating procurement and implementation of energy efficient technologies and products in any industry. Government has given EE financing in MSMEs top priority since the sector contributes significantly towards India's economic growth. However, existing financing options are not sufficient to meet the financing requirement in the sector due to the large size of the sector. MSMEs using various financing schemes for technological up-gradation are still very less, as most of them use their own capital fund rather than making use of external financing models. Although financing models were very successful in some clusters, the scale-up of such activities is rather slow. This slow pace in implementation of energy efficiency financing in MSMEs is due to the various sector specific challenges in the sector.

Some of the key barriers to finance EE projects in the sector are:-

- Lack of available capital for investment as EE interventions being small may not get financed through FIs as they do not qualify as term loans
- Lack of clarity on financing schemes- repayment mechanism and complex procedural requirements
- Lack of availability of financing model that cater to the particular requirement of the MSME
- Lack of awareness among MSMEs with respect to benefits of implementing EE technologies
- FIs consider MSMEs as a high risk category due to low credit flow to this sector. This is due to several factors such as poor book-keeping practices, weak balance sheets, poor credit history and smaller sizes of MSME loans.
- Collateral based lending, advocated by FIs, restricts MSMEs from availing loans
- No formal M&V procedure available to estimate the savings achieved by implementing EE measure
- Risks associated with repayment of loans which include technical, commercial and performance risks

5.1 FI Schemes in Sikkim

Table 18: FI schemes in Sikkim

Sl.No	Name of Scheme	Purpose	Financial Details	Contact Address
1	SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)	• The focus of the scheme is on technology upgradation which helps in reducing the impacts from process and operations as the reduction in resource consumption and productivity improvements are major outcome of technology upgradation • The program aims to bridge the gap by providing financial support to the companies.	• Rate of interest is according to credit rating • Interest rates for soft loans are from (8.90 % to 8.95 % pa) and term loans are in the range of (9.45% to 9.60% pa) • Min loan amount: Rs 25 Lakhs • Term Loan: 75% of the project cost as debt	Small Industries Development Bank of India (SIDBI) Branch Manager, Deorali School Road, Gangtok
2	4E scheme (End to End Energy Efficiency Financing scheme)	• The 4E scheme promoted by SIDBI aims to assist the industries in implementation of energy efficiency and renewable energy projects. • The scheme addresses all aspects of energy efficiency in a company from assessment and identification of energy efficiency interventions to facilitating implementation by providing technical and financial support	• Interest rate - 2.5% below market interest rate • Min loan amount: Rs 10 Lakhs • Max loan amount: Rs 150 Lakhs • 90% of the project cost as debt	Small Industries Development Bank of India (SIDBI) Branch Manager, Deorali School Road, Gangtok
3	Partial Risk Sharing Facility for Energy Efficiency project (PRSF)	• The partial risk sharing facility aims at transforming the energy efficiency market in India and promotion of Energy Service Contracting Model for the Energy Efficiency. • The scheme address barrier related to the financing aspects for energy efficiency	• Term Loan: 12%-15% • Min loan amount: Rs 10 Lakhs • Max loan amount: Rs 15 Cr • Total Project funding of – USD 43 million • Risk Sharing facility component of USD 37 million to be managed by SIDBI • Technical assistance component of USD 6 billion to be managed by SIDBI and EESL	Small Industries Development Bank of India (SIDBI) Branch Manager, Deorali School Road, Gangtok

4	Bank of Baroda's Scheme for Financing Energy Efficiency Projects	All these Schemes from various banks (SBI, Bank of Baroda, and Canara Bank) have their focus towards technology upgradation. Technology upgradation can lead to improvement in energy, productivity, and lower emission from the MSME company. As technology upgradation could be capital intensive most of the schemes from banking institutions aim at bridging the gaps for access to finance for MSME sector	• Loans of up to 75% of the total project cost, subject to maximum of Rs. 1 crore, will be provided. (Minimum amount of loan Rs. 5 Lakhs • Collateral will be required for all loans. An interest rate of bank base rate + 4% will be applicable, to be paid back over a period of 5 years.	Bank of Baroda MG Marg Gangtok, Sikkim Ph No : 03592 203216 Mail Id : gangto@bankofbaroda.com
5	Canara Bank's Loan scheme for Energy Savings for SMEs		• The scheme covers up to 90% of project costs of up to INR 1 million (EUR 13,000). • Max. loan: INR 10 million (EUR 130,000) • Security: collateral free up to INR 5 million (EUR 65,000), beyond INR 5 million collateral required as determined by the bank • Margin: 10% of project costs	Punam Chand Building, M G Marg Gangtok, Sikkim Email Id : cb2337@canarabank.com
6	SBI's Project Uptake for Energy Efficiency		• SBI identifies industrial clusters with potential for quick technology upgradation and a supporting environment. Based on studies in interested units, technology upgradation is undertaken if the same in viable. • With a ceiling of INR 1 lakh, an amount equal to that invested by the unit is provided under this loan. There is a start-up period of 3 years, with a repayment period of 5-7 years, at zero interest.	SBI National Highway 31 A Gangtok, Sikkim Ph No : (3592) 206091 Email Id : sbi.00232@sbi.co.in
7	Solar Roof Top Financing Scheme IREDA	The loan scheme is applicable to grid interactive, rooftop solar PV plants for industries, institutions and commercial establishments. Financing can be accessed for single or aggregated investments.	• Interest rate: 9.9% - 10.75% • Max. repayment time: 9 years • Minimum promoter's contribution: 30% • The applicant's minimum capacity needs to be 1MW	Sikkim Renewable Energy Development Agency, Government of Sikkim D.P.H. Road (Near Janta Bhawan) , Gangtok Ph No : 03592- 22659 Email Id : slg sreda@sancharnet.in

8	SBI - World Bank: Grid Connected Rooftop Solar PV Program	Loans for financing grid connected rooftop solar photovoltaic (GS- RSPV)	• Loan amount is 75% of the project cost • Fixed Asset coverage ratio: >1.25 • Moratorium period: upto 12 months from date of commencement of commercial operations • Guarantee: in case of sole proprietorship/partnership firm/personal guarantee of partners	SBI National Highway 31 A Gangtok, Sikkim Ph No : (3592) 206091 Email Id : sbi.00232@sbi.co.in sbi.co.in

6. ENVIRONMENTAL AND SOCIAL BENEFIT

6.1 Environmental Benefit

A resource-efficient business demonstrates a responsibility towards the environment. Energy and the environment are so closely linked, that, in addition to saving energy and reducing utility expenses, there are additional and often unreported benefits from conserving energy, saving natural resources being an important benefit.

Energy efficiency plays a major role, even where company output is increased, energy efficiency improvements can contribute significantly in most cases to reducing the negative impact of energy consumption per unit of output. Any increase in pollutant emissions will thus be minimized. Significant environmental benefits gained by adopting energy efficient technologies and processes may include lowering the demand for natural resources, reducing the emission of air pollutants, improving water quality, reducing the accumulation of solid waste and also reducing climate change impacts. Improving energy conservation at the facility can improve the facility's overall efficiency, which leads to a cleaner environment.

Reduction in Pollution Parameters

The proposed EE measure of installing energy efficient pump would result in annual electricity savings of 4,380 units which is equivalent to 0.38 TOE per annum. The proposed EE measure will result in decrease of CO_2 emissions by 3.59 TCO_2 annually, thus resulting in reduced GHG effect.

6.2 Social Benefit

Work Environment

The Factories Act, 1948 covers various aspects relating to working environment maintenance and improvement. The good maintenance practices, technology up gradation, efficient use of energy and resource conservation not only contribute to energy and pollutant reduction but also contributes in ensuring safe and clean working environment to the employees of the organization. Many units have also been doing review of safety process and have provided access to safe working environment to the workers. Basic facilities such as first aid kit, PPE gears and many others have been made available

Skill Improvement

Implementing energy efficiency measures requires mix of people and skills. It involves up skilling workers at all levels from the shop floor to the board room to understand how companies manage their energy use—and to identify, evaluate and implement opportunities to improve energy performance. As the project involved identifying energy saving projects, implementing and verifying the savings, the unit have understood how to estimate energy savings with respect to energy saving proposals and also energy wastage have been identified. The activity has been successful in bringing the awareness among workers on energy wastage reduction, technology up gradation possible, etc.

Each new technology implemented in a dairy plant will create an impact on the entire Sikkim Dairy cluster as each dairy units can replicate the new technology and promote the concept of energy efficiency in entire Sikkim Dairy Cluster and thus reduce the overall energy consumption of the cluster as a whole.

Technical skills of persons will be definitely improved. As the training provided by the OEMS' on latest technology will create awareness among the employees on new trends happening in market. The training also helps in improving the operational and maintenance skills of manpower required for efficient operation of the equipment.

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7. CONCLUSION

Energy efficiency is an instrument to address the issue of energy crisis and also be employed as a cost effective means to attain sustainability and business. Cost of energy is considered as a vital component for industries and warrant judicious use of energy. Amid spiraling power cost energy efficiency assumes at most importance for the sector to remain competitive.

The GEF, UNIDO and BEE project through its various engagements is able to demonstrate energy efficiency potential in Sikkim Dairy cluster. The project is able to promote the concept of energy efficiency and renewable energy in dairy cluster through various capacity building programs for local service providers, technology feasibility studies in dairy units, training programs on EE/RE technologies and also helped in penetrating new /latest technologies into the cluster.

The DPR for installation of EE chilled water pump has been prepared after the discussion with the OEM. The implementation of this measure significantly will result in an annual electricity savings of 4,380 units with 3.59 TCO_2 reduction. The following table gives the overall summary of the savings achieved:-

Table 19: Proposed EE Measure

Sl No	EE Measure	Annual Energy Savings		Monetary Savings (Rs. Lakhs)	Investment (Rs. Lakhs)	Payback (Months)	AnnualTCO_2 reduction
		kWh	TOE				
1	Installation of EE chilled water pump	4,380	0.38	0.18	0.98	67	3.59

The summary of financial analysis given in the below table indicates that the NPV is on lower side. This is mainly due to low operating hours of the chilled water pumps and low electricity cost. But considering the low design efficiency of the pump and age it is recommended to replace the existing old pump with new energy efficient pump.

Table 20: Financial Analysis

Sl. No.	Particulars	Unit	Value
i	Total Investment (Incl of Tax)	Rs. Lakh	**0.98**
ii	Means of Finance	Self / Bank Finance	**Self**
Iii	IRR	%	**27.33**
Iv	NPV at 70 % Debt	Rs. Lakh	**0.44**

7.1 Replication Potential

Replacement of old pumps with energy efficient pump has good potential in Sikkim Dairy Cluster. Effective, regular pump maintenance keeps pumps operating efficiently and allows for early detection of problems in time to schedule repairs and to avoid early pump failures. Regular maintenance avoids losses in efficiency and capacity, which can occur long before a pump fails. Also in the implementation of this project will inspire other units in Sikkim mainly pharma units to take up similar energy efficiency initiatives which eventually will lower the bottom line and increase the top line therefore the margin increases. Secondly, the very clear specifications on vendor and the cost base is already available which makes it easy for other units in the Sikkim Dairy cluster to access the technology and gives them a very good idea about the cost and benefits associated with the projects. Overall, the holistic approach adopted by the project will be extremely useful in achieving the goal of improving EE in the cluster.

8. ANNEXURE

8.1 Financial Quotation

CNP

CNP Pumps India Pvt Ltd.

Plot No. B-5, 502, Sambhav IT Park
Behind Aplab Company, Wagle Indl Estate
MIDC, Thane-400604.
E-Mail sales@cnpindia.com
Phone No 91-22-25818400
Website www.cnpindia.com

QUOTATION- Standard Division

Date : 7-Jul-2018	Ref No. : HO/1819/QUT/ 210
GSTIN No.	: 27AACCN1453D1ZU
Your Ref no.	: Email
To,	
Confederation of Indian Industry (CII)	
CII-Sohrabji Godrej Green Business Centre, Hyderabad (GBC)	
Tel :	Cell : +91 9100959676
Email : vishnu.prabhakaran@cii.in	

Kind Attn: Vishnu P

Sub: Quotation For Industrial Pump

Dear Sir,
This refers to your enquiry regarding the requirement of Pump . The following product are quoted by us.Enjoy our complete support and after sales services.

No.	Particulars	Description
1	Required Capacity Make Pump Model Pump Type. Pump MOC Drive Special Discounted Price. Delivery	19.44 m3/hr @ 45 M head 20 m3/hr @ 46.6 M head CNP INDIA ZS 65-40-200/7.5 Horizontal Single stage Centrifugal Pump Complete SS 304 7.5 KW / 10 HP / 2900 RPM / 50 HZ / 415 V / Three Phase Rs. 85,670.00 Each 5-6 Weeks
2	Required Capacity Make Pump Model Pump Type. Pump MOC Drive Special Discounted Price. Delivery	16 m3/hr @ 40 Head 15 m3/hr @ 40.7 M Head CNP INDIA ZS 50-32-200/4 Horizontal Single stage Centrifugal Pump Complete SS 304 4 KW / 5.5 HP / 2900 RPM / 50 HZ / 415 V / Three Phase Rs. 65,340.00 Each Ex-Stock

Terms and Conditions :

Price	: Our best discounted prices.
Packing and Insurance	: 2% Extra
Octroi/LBT	: Not Applicable
Taxes & Duties	: IGST - 12%
Excise Duty	:
Delivery	: As mentioned (Ex-Bhiwandi warehouse)
Freight	: To pay basis
Payment	: 100% advance against Proforma Invoice
Offer Validity	: 1 month
Order cancellation charges	: It should be 20% of the order value & goods one sold can not be taken back

We hope the above quotation matches your requirement & look forward to your valued order.

For CNP Pumps India Pvt Ltd.

rashmi
Authorised Signatory