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UP-based Nav Durga Metal Industries provides an eco-friendly alternative to conventional household fuels

Biswarup Gooptu, ET Bureau | May 10, 2013, 06.09AM IST

Tags: World Bank | Uttar Pradesh | Touch | spread | Saurabh Jaiswal | Punjab | Pravan Malhotra | Nav Durga | metric | liquefied petroleum gas | journey | International Finance Corp | finance | Bihar | Assam | Arvind Jaiswal

Less than 12% of India's rural population have access to liquefied petroleum gas, stymied by a combination of government red tape, poor distribution channels and price manipulation by ubiquitous middlemen. However, Nav Durga Metal Industries is creating cooking solutions for the country's base-of-the-pyramid population, and unearthing rural entrepreneurs at the same time, as it looks to provide cheap and affordable biomass fuel for the disenfranchised. "Access to LPG and affordability has become quite prohibitive for large sections of India's rural poor. Therefore, we decided to find a cost effective solution," said Saurabh Jaiswal, co-founder and chief executive of Nav Durga.



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The three-year-old startup based at Faizabad in Uttar Pradesh has created rice husk-powered, smokeless biomass cooking stoves that significantly reduce the cost of household spending on conventional fuel sources such as LPG, electricity, kerosene, wood and wood charcoal. "Rice husks can give about 3,000 kilo calorie of energy, compared with wood that gives between 3,800 and 4,000. These stoves reduce carbon emissions, and cooking costs significantly," said Jaiswal, 31. Nav Durga's first product, aptly named Janta Chulha Smokeless Stove, was launched in 2009 and priced at Rs 500. It has now launched a range under the brand name, Agni, which caters to both domestic and industrial customers. "We currently manufacture up to domestic 10,000 cook stoves and about 50 commercial stoves a month. We want to ramp that up to 20,000 domestic and up to 1,000 commercial stoves soon," Jaiswal said.

According to recent industry data, about 67% of Indian households, adding up to about 166 million households, continue to use solid fuels as their primary source of cooking fuel. While conversion to modern fuels has accelerated in urban areas, rural areas have been slow. Saurabh and the firm's co-founder Arvind Jaiswal, 56, have set up their own distribution and supply chain system. The startup currently has about 50 distributors spread across Uttar Pradesh, Bihar, Assam and Punjab. The company employs about 50, spread across two facilities in Faizabad and Faridabad, in Haryana. "The manufacturing is done by local talent alone," Jaiswal said.

The company has made it its mandate to create rural entrepreneurs and bring them into the country's organised sector. The main source of the fuel, rice husks, is sourced from paddy mills that dot the country's agricultural landscape. Farmers too are tapped. "India is the world's second-largest rice producer, with almost 1 lakh metric tonne grown every year. Rice husks are 22% of that produce. We train our distributors to collect, pack and distribute them in their respective regions," he said. The co-founders have also had to get their product certified from the Indian Institute of Technology, Delhi and Bangalore's Indian Institute of Science. But the journey has not been very smooth. "We have had to get permissions from the government to manufacture and sell our cook stove. Also, subsidies offered by the government have been quite low," Jaiswal said.

Historically, rural and semi-urban-focused enterprises have not always been the most attractive picks for private capital, given the low margins and high volumes they work with. "We have looked at a number of these ventures and there are various impediments to achieving their required scale, including establishing distribution channels, customer acquisition costs and sourcing of bio mass. This causes a concern on how investors would eventually exit," said Pravan Malhotra, senior investment officer at International Finance Corp, the private investment arm of the World Bank, and the largest risk capital investor in India.

Given that it reported revenue of Rs 2.64 crore, and profit of Rs 16.4 lakh for the financial year ended 2013, the promoters of Nav Durga are confident of achieving double-digit growth. "We are aiming to touch revenue of about Rs 6 crore and profit of between Rs 35-40 lakh for the current fiscal. It is about visibility, and we expect that as we enter more states, we should reach our projections," Jaiswal said.

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pallavi (Columbus,USA)
10 May, 2013 06:19 PM

These days while many renewable energy projects are large-scale, its good to see NDMI is using renewable technologies are also suited to rural and remote areas, where energy is often crucial in human development.

Abhishek Tiwari (Gurgaon)
10 May, 2013 05:55 PM

Saurabh ..wishing you good luck ..you guys are making ayodhya faizabad proud :)

Mayank Jaiswal (Mumbai)
10 May, 2013 03:27 PM

Good to see that such industry like NDMI, helps our nation to grow economically as well as support over resource conservation. We really appreciate your efforts & creativity. Great NDMI.

Saurabh Sagar (Faizabad, Uttar Pradesh)
10 May, 2013 01:22 PM

The tech. will surely benefit at least 20 crore population of india in next 5 years. Saurabh Sagar Jaiswal CEO NDMI (Bharat)