

## Enabling policies could create an annual market worth INR 12000 crore for energy-efficient fans: CEEW

- Only 3% of Indian homes currently use energy-efficient fans
- Demand aggregation, bulk procurement and reduction in GST could help improve adoption

**New Delhi, 15 February 2022:** Potential market for energy-efficient fans in India could be as much as INR 12,000 crore, per annum, according to an independent study released today by the Council on Energy, Environment and Water (CEEW). Overall, the total addressable market for such fans in the residential sector is estimated to be around INR 1.42 lakh crore (USD 20 billion). At present, super-efficient fans comprise only 3% of the total fans used in the residential sector.

The study '*Business Models for Scaling Up Super-Efficient Appliances*' highlighted that replacing conventional ceiling fans with energy-efficient ones could also help India reduce its annual emissions by 33 million tons of CO<sub>2</sub> equivalent and save on energy costs. In Uttar Pradesh alone, the state government and power distribution companies could save around Rs 1,500 crore and Rs 250 crore, respectively, over five years, if all subsidised consumers were to switch to efficient fans. Further, an average residential consumer too could save ~INR 500 per year per fan by adopting super-efficient fans. This would be adequate to recover the average retail cost of such fans in 6 years, which is significantly lower than the fan's technical life of around 10-15 years.

Dr Arunabha Ghosh, CEO, CEEW said: "India's journey to energy efficiency starts at home. As families look to buy fans, we need to ensure that super-efficient fans are more affordable and accessible. To allow for that, GST rates must reduce. At the same time, residential consumers must be made aware of the cost savings of super-efficient appliances. Finally, last-mile distribution and servicing networks could improve access."

The study further highlighted that higher prices, low consumer awareness and lack of availability across the country are the primary reasons behind limited adoption of super-efficient fans. Also, due to higher prices, usage of such appliances is restricted to higher-income households.

"India has already demonstrated its leadership on energy efficiency through a supportive policy ecosystem. Business models that leverage demand aggregation, bulk procurement and robust distribution channels could effectively address the demand and supply-side barriers to adoption of energy-efficient appliances. From June 2022, the star labelling programme would become mandatory for ceiling fans. So, this is the perfect time for accelerated action for scaling up energy-efficient ceiling fans, which have so far been on the margins of the efficiency discourse," said Shalu Agrawal, Senior Programme Lead, CEEW.

The CEEW study also recommended that policymakers should promote business models and strategies to improve the affordability and the availability of energy-efficient fans in India. It further recommended that financial institutions such as non-banking financial companies (NBFCs) and microfinance institutions should be mandated to extend credit and help low-income consumers access efficient technologies.



The CEEW study was supported by the United States Department of State's Bureau of Energy Resources, as part of the US-India Clean Energy Finance Task Force.

The findings assume significance since enhanced adoption of energy-efficient appliances is central to Indian government's aim of reducing the energy intensity of the economy by 45% by 2030, over 2005 levels. Under the UJALA scheme, the central and state governments have already distributed around 370 million LED bulbs across the country.

The study '*Business Models for Scaling Up Super-Efficient Appliances*' can be accessed [here](#).

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### **About CEEW**

The Council on Energy, Environment and Water (CEEW) is one of Asia's leading not-for-profit policy research institutions. The Council uses data, integrated analysis, and strategic outreach to explain – and change – the use, reuse, and misuse of resources. It prides itself on the independence of its high-quality research, develops partnerships with public and private institutions, and engages with wider public. In 2021, CEEW once again featured extensively across ten categories in the 2020 Global Go To Think Tank Index Report. The Council has also been consistently ranked among the world's top climate change think tanks. Follow us on Twitter [@CEEWIndia](#) for the latest updates.