

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
RAJYA SABHA
UNSTARRED QUESTION NO. 2862
ANSWERED ON 25.03.2025

**RENEWABLE FINANCE OBLIGATIONS FOR BANKS AND ALTERNATE
FINANCING MECHANISMS**

2862. SHRI MANOJ KUMAR JHA

Will the minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) whether Government plans to implement the Standing Committee's recommendation on renewable finance obligations for banks and alternate financing mechanisms such as infrastructure investment funds;
- (b) whether Government has taken steps to bridge the investment gap in renewable energy, considering the required annual investment of ₹ 1.5-2 lakh crore against the actual ₹ 75,000 crore, if so, the details thereof; and
- (c) the details of measures taken to mitigate urban climate challenges, including heatwaves and air pollution, through green infrastructure and emission reduction strategies?

ANSWER

THE MINISTER OF STATE FOR NEW & RENEWABLE ENERGY AND POWER

(SHRI SHRIPAD YESSO NAIK)

(a) Ministry of New and Renewable Energy remains committed to enhancing financial mechanisms to support the rapid growth of the renewable energy sector. The recommendations of the Standing Committee regarding Renewable Finance Obligations (RFO) for banks and the promotion of alternative financing mechanisms such as Infrastructure Investment Trusts (InvITs) have been examined. The Ministry has taken up the matter with Department of Financial Services (DFS).

The government has already taken steps to strengthen renewable energy financing, including granting Priority Sector Lending (PSL) status to renewable energy projects to facilitate increased bank lending. The introduction of sovereign green bonds has provided an alternative funding avenue while promoting investor confidence in the sector.

(b) Recognizing the need to scale-up investments in renewable energy to meet the national target of 500 GW of non-fossil fuel capacity by 2030, Government has undertaken various initiatives to attract both domestic and international capital.

Through policy and regulatory interventions (mentioned below) targeted towards improving risk mitigation frameworks and enhancing public-private partnerships, efforts have been made to enhance the investor confidence and create more conducive investment environment, thereby bridging the investment gap.

- Notification of trajectory for RE power bids of 50 GW/annum to be issued by Renewable Energy Implementation Agencies from FY 2023-24 to FY 2027-28.
- Foreign Direct Investment (FDI) has been permitted up to 100 percent under the automatic route.
- Inter State Transmission System (ISTS) charges have been waived for inter-state sale of solar and wind power for projects to be commissioned by 30th June 2025, for Green Hydrogen Projects till December 2030 and for offshore wind projects till December 2032.
- Renewable Purchase Obligation (RPO) trajectory has been notified till 2029-30, including separate RPO for Decentralized Renewable Energy.
- Project Development Cell (PDC) for attracting and facilitating investments has been set up.
- Schemes such as Pradhan Mantri Kisan Urja Suraksha evamUtthaan Mahabhiyan (PM-KUSUM), PM Surya Ghar Muft Bijli Yojana, National Programme on High Efficiency Solar PV Modules, National Green Hydrogen Mission, have been launched.
- Scheme for setting up of Ultra Mega Renewable Energy Parks is being implemented to provide land and transmission to RE developers for installation of RE projects at large scale.
- Laying of new transmission lines and creating new sub-station capacity has been funded under the Green Energy Corridor Scheme for evacuation of renewable power.
- “National Repowering and Life Extension Policy for Wind Power Projects, 2023” has been issued.
- “Strategy for Establishments of Offshore Wind Energy Projects” has been issued indicating a bidding trajectory of 37 GW by 2030 and various business models for project development.
- Green Energy Open Access Rules 2022 have been notified for promoting renewable energy.
- Green Term Ahead Market (GTAM) and Green Day Ahead Market (GDAM) has been launched to facilitate sale of Renewable Energy Power through exchanges.
- Government has issued orders that power shall be dispatched against Letter of Credit (LC) or advance payment to ensure timely payment by distribution licensees to RE generators.
- Included Sovereign Green Bonds (SGrBs) in its overall market borrowings with the aim of mobilising resources for green infrastructure. The proceeds are deployed in public sector projects which help in reducing the carbon intensity of the economy. The government has issued various tranches of SGrBs of varying maturities of 5, 10 and 30 years. On the whole, SGrBs worth ₹16,000 crore were issued in FY23 and ₹20,000 crore in FY24.
- Infused ₹ 1,500 Crore as equity in IREDA in 2022, which has helped in enhanced lending to RE Sector. Further, recently IREDA has also successfully raised ₹2,150.21 crores through its IPO. The IPO proceeds

towards fresh issue of ₹1290.13 Crores is envisaged for enhanced lending by IREDA.

- Announcement for introduction of Green Taxonomy for climate finance in Union Budget 2024-25 for enhancing the availability of capital for climate adaptation and mitigation. This is expected to support achievement of the country's climate commitments and green transition.
- Establishing Indian Renewable Energy Development Agency (IREDA) office in Gujarat's GIFT City Office to finance renewable energy projects in foreign currency.
- Renewable Energy has been identified as one of the eight categories under priority sector lending under which bank loans up to ₹30 crore are eligible for priority sector classification. For individual households, the loan limit is ₹10 lakh per borrower.

(c) As a part of emission reduction strategies, MNRE has taken several initiatives like launching of Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM-KUSUM), National Green Hydrogen Mission, PM Surya Ghar: Muft Bijli Yojana, Waste to Energy programs, etc. which are envisaged to reduce the impact of climate change through reduction in carbon emissions.
