

GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.952
ANSWERED ON 27.07.2026

DOMESTIC BATTERY MANUFACTURING AND ENERGY STORAGE

952 # SMT. DARSHANA SINGH:

Will the Minister of **POWER** be pleased to state:

- (a) the steps taken by Government to promote domestic manufacturing for Battery Energy Storage Systems (BESS);
- (b) whether the provision of new financial assistance has been made to encourage private investment in energy storage projects;
- (c) the improvements that are expected in grid reliability and utilization of renewable energy as a result; and
- (d) key targets of Government for the year 2026-27?

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) : The Ministry of Heavy Industries administering the Production Linked Incentive (PLI) scheme, namely "**National Programme on Advanced Chemistry Cell (ACC) Battery Storage**," approved in May 2021 with a total outlay of ₹18,100 crore to establish 50 GWh of domestic Advanced Chemistry Cell manufacturing capacity. Out of the total targeted capacity of 50 GWh, 10 GWh capacity has been specifically earmarked for Grid Scale Stationary Storage and remaining 40 GWh is end use agnostic and may be utilized for any application including Electric Vehicle and Battery Energy Storage Systems (BESS). The Scheme aims to reduce India's dependence on imported ACCs by strengthening domestic manufacturing capabilities and incentivising domestic and international players to establish a globally competitive ACC battery-manufacturing ecosystem in the country.

Additionally, for promoting domestic manufacturing of BESS, Ministry of Power, under its existing Viability Gap Funding (VGF) Scheme supported through the Power System Development Fund (PSDF), has mandated a minimum local content of 20% of the total project cost for BESS. This minimum local content requirement includes indigenously developed Energy Management System (EMS) software.

(b) : Ministry of Power is implementing two Viability Gap Funding (VGF) Schemes for the development of 43.8 GWh of Battery Energy Storage Systems (BESS), with a total financial support of ₹9,160 crore. Under both the schemes, VGF is extended to private and public sector entities.

Further, to encourage the development of Pumped Storage Projects (PSPs), the Government is providing enabling infrastructure support of ₹1.0 crore per MW for projects up to 200 MW. For projects exceeding 200 MW, support is provided at ₹200 crore plus ₹0.75 crore per MW to private and public sector entities.

(c) : Energy Storage Systems (ESS) can play a vital role in meeting peak electricity demand and ensuring grid reliability by storing electricity during periods of low demand or high renewable energy generation and supplying it during periods of peak demand. ESS enables time-shifting of energy, enhances grid flexibility, improves the integration of renewable energy and reduces dependence on expensive peak power. Distribution licensees and grid operators can utilize ESS for peak load management, demand-supply balancing and ensuring reliable and quality power supply to consumers.

(d) : As per the National Generation Adequacy Plan issued by the Central Electricity Authority (CEA) in March 2026, the estimated requirement of energy storage system for 2026–27 is 6 GW/24GWh of BESS and 5 GW/27 GWh of PSP.
