

GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 739**  
ANSWERED ON 07/12/2023

**FUNDS FOR WIND & SOLAR CAPACITY INSTALLATIONS**

739. SHRI NATARAJAN P.R.

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

- (a) Whether it is a fact that 223 billion dollars of investment would be required to meet the goal of wind and solar capacity installations by 2030, as indicated in the report titled "Financing India's 2030 Renewables Ambition" by an international research company Bloomberg NEF;
- (b) if so, the manner in which Government propose to provide these investments;
- (c) if not, the details regarding the investment for the same estimated by Government; and
- (d) the steps taken by Government to deal with the challenges of rising interest rates, depreciating rupee value and high inflation for the financing of Renewable energy sector?"

**ANSWER**

**THE MINISTER OF NEW & RENEWABLE ENERGY AND POWER**

**(SHRI R.K. SINGH)**

(a) to (c) The draft National Electricity Plan (May 31, 2023) prepared by Central Electricity Authority (CEA) has estimated the fund requirement for solar and wind generation projects from FY 2022 – 2032 as Rs. 20.67 lakh crore.

The Solar & Wind power projects are developed by Independent Power Producers (IPPs). Most of the Renewable Energy projects in the country are being set-up by private sector developers selected through a transparent bidding process. Private sector developers identify locations for setting up the renewable energy projects and also arrange financing of these projects.

The sources available for Equity Funding include Private Equity Capital, Own Funds of the developers, Venture Capital etc.

The sources available for debt financing include commercial banks, FIs like IREDA, PFC, REC, external commercial borrowings and foreign currency loans from multilateral and bilateral agencies like World Bank, ADB, KfW, Exim Bank, AfD, etc

In order to encourage investment in renewable energy sector, some of the steps taken by Government are as under:

- Permitting Foreign Direct Investment (FDI) up to 100 percent under the automatic route.
- Waiver of Inter State Transmission System (ISTS) charges for inter-state sale of solar and wind power for projects to be commissioned by 30th June 2025.
- Declared plan to add 50 GW of renewable energy capacity annually for next 5 years
- Declaration of trajectory for Renewable Purchase Obligation (RPO) up to the year 2029-30.

- Standardization Bidding Guidelines for tariff based competitive bidding process.
- Implementation of Production Linked Incentive (PLI) scheme for solar PV manufacturers
- Reducing PPA counterparty risk by sourcing energy purchases through highly rated Central Public Sector Enterprises;
- Increasing overall health of the sector through various schemes as Liquidity Infusion Scheme to help Distribution Companies settle their debt and Electricity (Late Payment Surcharge & related matters) Rules, 2022 to encourage timely payment of dues, apart from the Revamped Distribution Sector Scheme;
- Facilitating support through its dedicated agencies such as National Institute of Wind Energy (NIWE) and National Institute of Solar Energy.

(d) Financial Institutions have Hedging Policy in place to mitigate the foreign currency risks and have hedged foreign currency loans for both currency and interest rate risk.

To ensure availability of low-cost funds for Renewable Energy Projects, Government of India raised Sovereign Green Bonds of Rs.16,000 crore (approximately) during FY 22-23. Out of the proceeds of Sovereign Green Bonds, Rs. 6,186 crore were dedicated for renewable energy.

IREDA had raised Green Masala Bonds of USD 300 Million in October, 2017 for financing green energy projects in India. These bonds had a tenor of 5 years and were listed on the International Securities Market segment of the London Stock Exchange, Singapore Stock Exchange and also NSE IFSC. These bonds matured in October, 2022.

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