

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA
UNSTARRED QUESTION NO. 2905
ANSWERED ON 17.12.2025

GAP IN INVESTMENT IN RENEWABLE ENERGY

2905. SHRI P V MIDHUN REDDY

Will the minister of new and renewable energy be pleased to state:

- (a) Whether it is a fact that there is a huge gap between the required and actual investment for Renewable Energy capacity addition in the country and if so, the details thereof;
- (b) The details of the required annual investment and the actual annual investment in the sector during the last five years;
- (c) The steps taken by the Government to find alternative financing mechanisms;
- (d) Whether the Government has considered the possibility of prescribing banks and financial institutions to invest a certain percentage of their investments in renewable energy through a Renewable Finance Obligation (RFO); and
- (e) If so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE FOR NEW & RENEWABLE ENERGY AND POWER

(SHRI SHRIPAD YESSO NAIK)

(a) & (b) Over the last five financial years, a cumulative amount of about Rs. 7.16 lakh crore has been deployed in the Renewable Energy (RE) sector by Public Sector Banks, IREDA, PFC, REC, SIDBI, IIFCL and NaBFID. Break-up of *year-on-year* capital deployed by these institutions is placed at **Annexure-1**.

The investment in the RE sector has increased considerably from Rs.0.66 Lakh crores in 2020-21 to Rs.2.68 lakh crores in 2024-25 although higher mobilisation of RE finance to meet national targets, particularly in emerging segments such as energy storage, green hydrogen, offshore wind, and transmission infrastructure is required.

As per IREDA's report titled "Investment and Financing in RE and Associated Infrastructure," India requires an estimated Rs. 30.5 lakh crore from FY 24 till FY 30 to achieve 500 GW of non-fossil fuel-based power capacity.

(c) to (e) Government has taken various steps to increase deployment of investment in Renewable Energy sector including allowing 100% Foreign Direct Investment (FDI) in the sector under automatic route and raising, and allocating funds using Sovereign Green Bonds.

Further, Reserve Bank of India (RBI) has recently enhanced the eligibility limit of priority sector classification for bank loans up to Rs. 35 crore to borrowers for renewable energy-based power.

No proposal on Renewable Energy Finance Obligation (RFO) has yet been finalized by the Government.

**Annexure referred to in part (a) & (b) of Lok Sabha Unstarred Parliament
Question No. 2905 for 17.12.2025**

ANNEXURE - 1

<i>Amt. in Rs. Cr.</i>						
Institution/s	2020-21	2021-22	2022-23	2023-24	2024-25	Total
PFC	5489	7022	15112	18941	31695	78259
REC	3263	3404	11209	15822	25608	59306
IREDA	8814	15957	21301	24496	29882	100450
Public Sector Banks+IIFCL+SID BI+NaBFID	42583	38113	54750	92559	147417	375422
FDI	5916	11927	20089	31162	33567	102661
Total	66065	76423	122461	182980	268169	716098