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# WHY IS 2025 POISED FOR **INVESTMENT** IN RENEWABLE ENERGY?





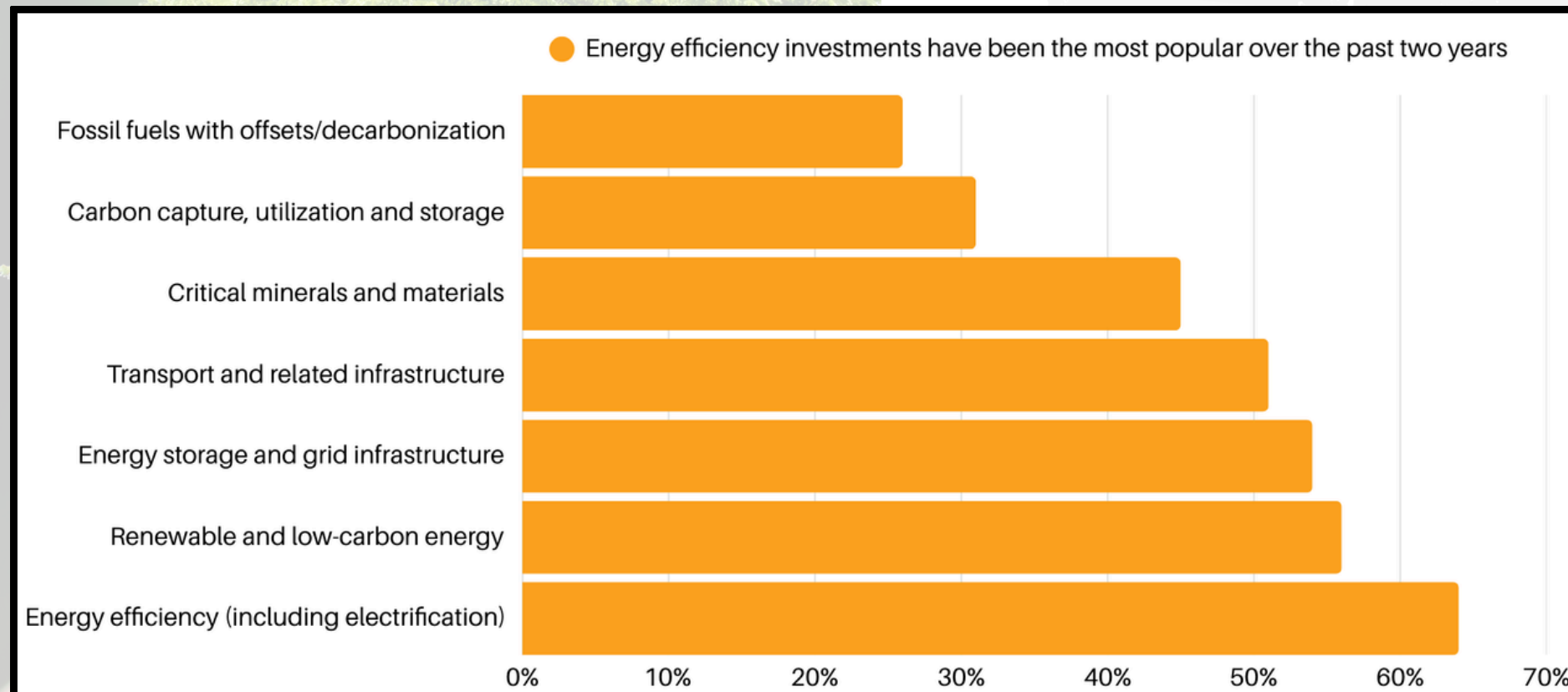
# Continuing Investment Momentum



Global investment in low-carbon energy transition (electrified transport, renewable energy, power grids, and energy storage)



**\$2.1 trillion in 2024**  
(↑ 11% YoY).



Source: World Energy Investment 2024, IEA



India's renewable energy investment projected to double at \$32 billion in 2025.



RE share in India's total FDI reflecting growing global investor interest.

FY21

1%



FY25

8%


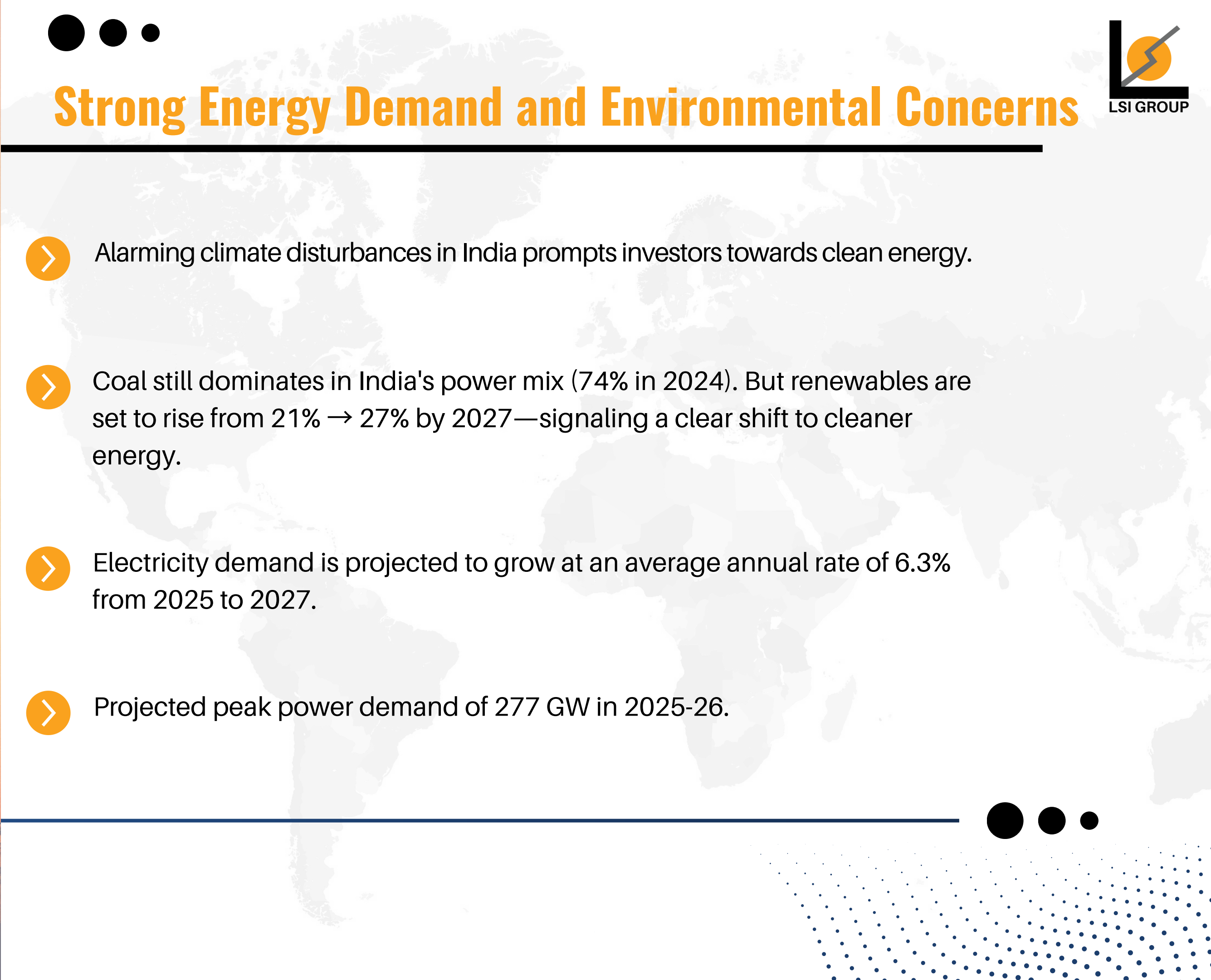






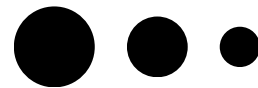
# Strong Energy Demand and Environmental Concerns

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- Alarming climate disturbances in India prompts investors towards clean energy.
  - Coal still dominates in India's power mix (74% in 2024). But renewables are set to rise from 21% → 27% by 2027—signaling a clear shift to cleaner energy.
  - Electricity demand is projected to grow at an average annual rate of 6.3% from 2025 to 2027.
  - Projected peak power demand of 277 GW in 2025-26.







# Rapid Capacity Growth and Ambitious Targets



RE capacity 585GW added in 2024 worldwide (annual growth rate of 15.1%).



As of March 2025, India's total installed renewable energy capacity reached 220.10 GW, up from 198.75 GW the previous year, marking a record annual addition of 29.52 GW.



Solar energy leads the expansion, with 23.83 GW added in FY 2024-25 alone, bringing total solar capacity to 105.65 GW. Wind energy also surpassed 50.04 GW with 4.15 GW added.



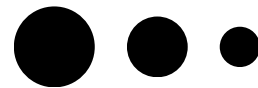
India is on track to meet its ambitious goal of 500 GW of non-fossil fuel-based capacity and 50% of electricity requirements through non-fossil fuel sources by 2030.



The government also envisions scaling renewable capacity to 1 TW by 2035, reflecting a long-term commitment to a clean energy future.







# Government Budgetary (2025-26) Support



**MNRE budget** increased by 39% to ₹25,649 crore compared to the previous year's estimate.



Rooftop solar received a substantial boost with ₹20,000 crore allocated to the **PM Surya Ghar program**-an 80% jump from the revised estimate of the previous year.



The National Green Hydrogen Mission's budget doubled to ₹600 crore.



For grid integration, ₹600 crore has been allocated for **Green Energy Corridors** to facilitate the evacuation of renewable power to the national grid.



The **PM-KUSUM scheme** to solarise agricultural pumps & small solar plants has been allocated Rs. 2,600 cr.







## Policy Support

- MNRE launched **Green Hydrogen Certification Scheme** of India in 2025, to promote the production and use of green hydrogen generated from renewable energy sources.
- **Financial incentives** totaling ₹17,490 crore up to 2029-30 have been proposed for electrolyser manufacturing and green hydrogen production.
- **The government's Production Linked Incentive (PLI) scheme** has boosted domestic solar manufacturing capacity, which nearly doubled from 38 GW in March 2024 to 74 GW in March 2025, with solar PV cell capacity tripling from 9 GW to 25 GW.
- Also, a 18,100 crore PLI scheme for domestic advanced chemistry cell (ACC) battery manufacturers.
- **MNRE maintains ALMM**, eligible lists of solar PV module and cell manufacturers approved for government-supported projects.
- **VGF scheme for BESS** (covering 40% of the capital cost).
- In 2025, **India's RPO trajectory mandates** up to 33.01% non-solar and solar renewable energy share, creating a predictable and growing demand pipeline.



# Technology Driver and Economic Viability of Projects

Over the past decade, **the cost of solar PV modules has fallen by ~90%.**

**Utility-scale solar tariffs have reduced** from Rs. 10.95/kWh in 2010 to Rs. 2.5/kWh in 2023, making them cheaper than coal in many regions.

Boost in domestic manufacturing prevents against supply chain disruptions. Subsidies to manufacturers reduces the upfront cost.



# SEBI Mandates & ESG Pressures

➤ ESG Reporting via SEBI's BRSR Core is now mandatory for top 1000 companies — including green supply chain disclosures by FY27.



➤ Investing in renewable assets helps corporates comply with sustainability regulations, avoid greenwashing risk, and attract ESG capital.

➤ According to KPMG's Energy transition investment outlook: 2025 & beyond, 72% of CEOs from energy, chemicals, and natural resources sector use ESG factors to add value in their businesses.



## Rise of Sustainable Financing

- Government plans to issue **Rs. 10,000 cr. of Sovereign Green Bonds** in H1 2025-26.
- India's draft climate finance taxonomy aims to **unlock \$2.5 trillion in green investments**, enhancing investor confidence in renewable energy.





# Cost Lock-in

- **PPAs** allow companies to lock renewable electricity rates **for 15-25 years**, shielding from fossil price volatility.
- Long-term PPAs improve the creditworthiness of renewable projects, making it easier to secure lower-cost financing.
- Locked-in electricity prices allow for clearer financial modeling and better long-term strategic planning.



## Conclusion

**2025 is an optimal time to invest in India's renewable energy sector due to:**

- India is seeing record RE capacity additions.
- Robust government support through increased budgets, ambitious targets, and focused missions like the National Green Hydrogen Mission.
- Falling costs of solar PV modules via technology advancement ensures better project viability.
- Emerging opportunities in green hydrogen production and storage technologies.
- Stable PPAs, ESG mandates, green bonds, and automatic 100% FDI ensure low-risk, high-potential investments.
- Backed by climate commitments and sustainability goals, India is emerging as a renewable investment hotspot.



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