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Global solar investment to hit \$500 billion in 2024: What this means for India's green energy goals

ET CONTRIBUTORS

Last Updated: Nov 11, 2024, 05:50:00 PM IST

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Synopsis

India's renewable energy sector, particularly solar power, is experiencing remarkable growth. The country aims to reach 500 GW of installed renewable energy capacity by 2030. This ambition positions India as an attractive market for global investors seeking opportunities in the expanding solar energy sector. Financial support from domestic and international institutions is expected to facilitate this growth.



By Sharat Goyal
CEO Impact Infracap

Indian renewable energy sector has turned into one of the most remarkable success stories over the past decade. The sector's success can be seen in the exponential growth of capacity over the past decade where India has added

nearly 115GW across onshore Wind and Solar PV. We recently hit the milestone of 200GW capacity based on renewable sources (including hydro). Solar power leads the way with nearly 90 GW1 installed capacity.

India has set an ambitious target of reaching 500 GW of installed capacity by 2030. This would entail installation of nearly 50GW every year. As a comparison, we added 18GW in FY24 and are likely to add 30-35GW in FY254. Therefore, it appears that we do have the physical capacity to ramp up the capacity addition. However, financing would be a key factor to watch out, especially as almost all economies around the world have started significant investments in solar power.

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The first factor to consider is the relative size of India's solar market. China installed 2531 GW solar PV capacity in 2023 clearly beating the 194 GW added by rest of the world during the year. USA was another significant player adding 32 GW in 2023. India constituted only 3% of the capacity addition during the year taking the fifth place after China, US, Brazil and Germany. However, with the renewed focus on expanding solar capacity addition, India will likely take the number 2 position after China. On a gross basis, India has 6% of the world's solar PV capacity (1624 GW) taking the fourth spot.

It is estimated that the installed global solar PV capacity by 2030 will expand to 11,000 GW – an addition of nearly 10,000 GW at an estimated cost of US\$4-5 tn. Investments in solar PV have already hit US\$500bn in 2024. We are looking at nearly US\$1tn being invested every year until 2030.

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How is India going to be impacted by this surge in solar PV capacity expansion and investments. The one thing that global investors most value is scale. India is adding c. 50 GW every year, with an estimated investment of US\$17-18bn per annum, making it a significant opportunity for global investors. It may be noted, this is just the investment in generation facilities and additional investments may be required to create manufacturing facilities for solar PV modules and cells. So clearly, large global investors cannot afford to skip India.

A vast majority of investment in this sector in India (70-75%) is by way of debt from domestic banks and financial institutions (including international)

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while the equity component has been met by private capital (both domestic and international). Robust growth in bank credit to renewables (>10% per annum) and easy availability of credit from Developmental Financial Institutions and other international banks will continue to support solar projects.

Equity investments in the renewable industry in India are dominated by private equity led platforms which have done a phenomenal job of channeling global capital into the sector. Cumulative FDI in renewables upto FY24 exceeded US\$17 bn3. This growth has been facilitated by a steady growth in infrastructure allocations by Global investors like pension funds and insurance companies. They have increased their allocations to infrastructure (of which renewables are large part) significantly over the last few years. As an example, the allocation of public pension funds to infrastructure has increased from 4.4% (in 2020) to 6.57% in 20242. The top 75 pension/insurance/endowment funds in the world now have nearly US\$725bn2 allocated to infrastructure.

India has done well to align its green energy goals with the global targets and our ambitious plans have clearly caught the attention of the global investor community. Thus, the one thing that the Indian solar PV industry may not have to worry about is access to capital.

Nominations for ET MSME Awards are now open. The last day to apply is November 30, 2024. [Click here to submit](#) your entry for any one or more of the 22 categories and stand a chance to win a prestigious award.

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(Disclaimer: The opinions expressed in this column are that of the writer. The facts and opinions expressed here do not reflect the views of www.economictimes.com.)

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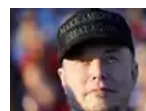
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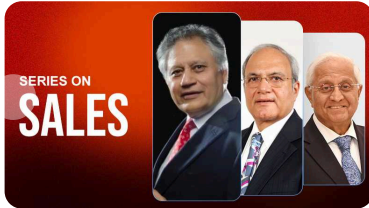
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NEXT STORY

From exports to tourism, ET Make in India SME Regional Summit in Jaipur to showcase Rajasthan's strengths

By Garima Bora, ET Special Last Updated: Nov 11, 2024, 12:00:00 PM IST



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Synopsis

With the aim to gather, connect and engage with the thriving small businesses community of Jaipur, the ET Make in India SME Regional Summit is ready for its next destination.



The SME Summit will also serve as a platform providing networking opportunities to local small businesses and industry leaders. They can engage, connect, and have an open dialogue.

The ET Make in India SME Regional Summit will host its next session in Jaipur on November 13. The pink city has established itself as a hub for both traditional and modern businesses and the summit theme of '[Rajasthan Rising: From tourism to industry](#),' will look to explore the opportunities and challenges for the state.

From its thriving tourism industry to skilled artisans and handicraft-based small businesses, Jaipur has an enabling ecosystem for the MSMEs of the state. As per the Udyam portal, the city has 4,20,078 registered MSMEs. Out of these, 4,07,765 are micro enterprises, 11,156 are small and 1,157 medium enterprises. The district of Jaipur has the highest number of MSMEs in the state.

The [ET Make in India SME Regional Summit](#) is a series of on-ground events held across India to bring together local MSMEs, policymakers, enablers and industry stakeholders. These summits aim to unravel opportunities, tackle challenges, and foster knowledge-sharing and networking to propel the next phase of growth for Indian MSMEs.

The Jaipur summit will start with a keynote address on the topic- [Driving forward: How the Government can be a catalyst for growth](#).

This will be followed by a fireside chat with Rakesh Singh, MD & CEO, ABFL (Aditya Birla Finance Limited) where he will talk about ABFL's vision and support to empower MSMEs. The topic of this chat will be '[Empowering MSMEs and Driving Financial Inclusion: ABFL's Vision for India's Growth](#).'

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There will be a panel discussion discussing the economic diversity of the state. The topic- Economic diversity: How Rajasthan can change its fortunes. Present at the crux of the discussion will be Kuldeep Singh Chandela, President of Federation of Hospitality and Tourism of Rajasthan (FHTR); Raghushree Poddar, Chairperson, FICCI FLO; P. R. Sharma, Joint Director, Industries & Commerce, Govt. of Rajasthan & CEO, Rajasthan Export Promotion Council; Arvind Gupta, President, Sitapura Gem and Jewellery Industry Association (SGJIA) and K. L. Jain, Rajasthan Chamber of Commerce and Industry.

The renowned carpet brand based in the city, Jaipur Rugs, will have its Director- Yogesh Chaudhary present at the event to speak on the topic- 'Art of weaving: Is carpet-making dying or thriving in Jaipur?'

Following this, a small panel discussion discussing the funding challenge for small businesses will be held where participating members include Pradeep Mehta, Secretary General, CUTS International and Neeta Boochra, Designer, Social Entrepreneur, Motivational Speaker and Celebrity Columnist.

The event will end with a discussion focussing on the one of foremost challenges of small businesses- funding.

The SME Summit will also serve as a platform providing networking opportunities to local small businesses and industry leaders. They can engage, connect, and have an open dialogue.

This endeavour will be conducted under the theme of "[Empowering MSMEs: Driving India's Century of Sustainable Growth](#)," to champion, acknowledge and fortify the Indian MSME sector. It will be conducted by Economictimes.com with Aditya Birla Finance Limited (ABFL) as the presenting partner. Each summit will comprise a diverse array of discussions and sessions, including panel discussions, masterclasses, and showcases of MSME solutions.

This is the second annual edition of the ET Make in India Regional Summit series. In the inaugural year, the programme covered Ahmedabad, Chennai and Hyderabad. The events saw a stellar turnout. The previous edition's theme was to enable the rise of future-ready MSMEs that can power the nation's

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(Originally published on Nov 07, 2024)



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