

Renewable Energy: To Light the Future

In a recent report, India Ratings and Research has suggested that the transition to clean energy sources has led to subdued participation in the recently concluded first round of commercial coal mine auction. Global players did not participate at all in the first round of auction, despite the government of India allowing 100 per cent FDI in commercial coal mining. Large global lending institutions have pledged to reduce their exposure to fossil-fuel lending by 2030.

While India is still heavily dependent on fossil fuels to fulfill its energy requirements, it is also transitioning towards cleaner forms of energy. The government is giving thrust to renewable energy and has ambitious capacity expansion plans to achieve 175GW by 2022 and 500GW by 2030.

The government has recently approved a Production-Linked Incentive scheme for ten key sectors, which includes Rs 4,500 crore for high efficiency solar PV modules. The scheme aims to make Indian manufacturers globally competitive, attract investment in the areas of core competency and cutting-edge technology, ensure efficiencies, create economies of scale, enhance exports and make India an integral part of the global supply chain.

According to the think tank, Observer Research Foundation, India was one of the largest exporters of the best-in-class modules until 2011. But this has been impacted by the lack of consistent government policy and financial support to match the scale, quality, and low price of Chinese imports have undercut the growth of India's solar technology and manufacturing.

While reforms are being undertaken to make India a manufacturing hub and transitioning towards green energy, there may be temporary glitches like rise in the price of solar modules in the near future, as we resort to import substitution. However, increased foreign investment and economies of scale in areas such as solar PV module manufacturing can make India a clean energy champion in the times to come.

Notifications

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Economy is facing a reset exercise

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Govt Working to Make India an Automobile Manufacturing Hub

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