

# **IRED will continue to play the mother role of the Renewable Energy Development in the sector**



Shri Pradip Kumar Das, Chairman & Managing Director (CMD), Indian Renewable Energy Development Agency Limited (IRED) reiterated that IRED is committed to take forward the Prime Minister's vision of 'Make in India' and 'Aatmanirbhar Bharat' in Green Energy sector. Addressing a virtual plenary session on "Financing Renewables: Managing Risk" at the 3rd RE-INVEST 2020 today, he underlined that during mid-90s, IRED was probably the only financial institution that was financing RE and proved that the financing RE is bankable, today more than 80% of these projects are financed by mainstream bankers/financiers.

Underlining the leadership of Hon'ble Prime Minister of India, Shri Narendra Modi and Hon'ble Power & New and Renewable Energy Minister, Shri R K Singh, CMD said that Hon'ble Prime Minister in his address at 3rd RE-Invest set a vision for the RE sector. He further said "The Govt. of India is supporting high technology in the sector and plans to launch a National Hydrogen Energy Mission. Prime Minister in his address emphasized that there are huge renewable energy deployment plans for the next decade. These are likely to generate business prospects of the order of around Rs 1.5 lakh crore rupees or \$20 billion per year. This is a big opportunity to invest in India."

Discussing the challenges in financing Renewable Energy projects, CMD emphasized that with the pace of RE all the parameters must be relooked, and it changes from project type & size amongst the entire gamut of RE. In other words, all the parameters in the sector are ever evolving. The price of solar has now dipped to all-time low of Rs 2 per unit, these projects would only make sense on the 'viability front', if the construction finance & its costs both are going to meet needs of the project, and in time. Apart from Wind & Solar, there is now an increased impetus

towards Bio energy viz. Bio-Ethanol, Compressed Bio-Gas, which is very good for the agriculture economy.

Speaking on future plans of the company, Mr. Das informed that we are continuously working on reducing the interest rates in the sector. We have planned to launch Initial Public Offer (IPO) very soon. IREDA is also working on evolving an alternative financial market through the establishment of its own AIF (Alternative Investment Fund) & ABS (Asset Based Security) platform. IREDA in its primary role has been at the forefront in rolling out new products to cater to the market needs. IREDA has introduced several innovative financing schemes and products such as PSF, Issue of Letter of Comfort (LC)/ Guarantee Assistance, factoring for SGD (safeguard duty) & GST, Line of credit for Roof-Top Solar and Top-Up Loans etc. The innovative products designed by IREDA were well-appreciated by Hon'ble Minister of Power and New & Renewable Energy and other leaders of the industry were asked to adopt these products.

CMD informed the audience and participants that interest rates of IREDA are lesser than PFC and REC for RE projects financing. Concluding his remarks, Mr. Das reaffirmed that IREDA will continue to play the mother role of the Developing the RE sector, apart from financing of RE projects in the country.