

Press Release

CMD Highlights IREDA's Push for Lower Borrowing Costs and Green Taxonomy at CII Financing 3.0 Summit



Mumbai, 2nd September 2024

Shri Pradip Kumar Das, Chairman & Managing Director of Indian Renewable Energy Development Agency Limited (IREDA), today underscored the company's commitment to reducing borrowing costs and enhancing the bankability of India's renewable energy sector. Speaking at the CII Financing 3.0 Summit in Mumbai, Shri Das highlighted the critical role that a Green Taxonomy plays in the

rapid development of India's green energy sector.

In his address on "Green Financing, Climate Risks and Sustainable Taxonomy: Way Forward," Shri Das emphasized that IREDA's focus extends beyond just improving its Net Interest Margin (NIM). The company is evenly dedicated to encouraging a healthy ecosystem that supports the cohesive growth of renewable energy across India. He noted that the global financial community increasingly views the green sector as a significant business opportunity, yet the lack of a Green Taxonomy remains a barrier to broader green investment.

Shri Das outlined several initiatives aimed at reducing borrowing costs, including a significant proposal for IREDA's inclusion under Section 54EC of the Income Tax Act. This inclusion would grant capital gains tax exemptions on bonds issued by IREDA, thereby facilitating access to lower-cost funds, benefiting the entire green energy sector.

He also informed the audience that IREDA had submitted a draft Green Taxonomy to the Ministry of New & Renewable Energy (MNRE) one and a half years back. As announced by the Hon'ble Finance Minister in her budget speech, Climate Taxonomy is poised to increase the availability of capital for climate adaptation and mitigation projects. Shri Das stated that the implementation of this Green Taxonomy would not only accelerate India's journey towards its Net Zero goals but also enable the nation to attract substantial global green funding by providing a clear list of activities covered under the taxonomy.

In a significant move towards promoting green investment, CMD, IREDA suggested allocating up to 5% of Assets Under Management (AUM) from domestic pension and insurance funds into Green Bonds. This strategic suggestion aims to strengthen bond markets and attract increased global and local investments in the green sector.

Shri Das also pointed out that with 27% of its workforce being women, IREDA most likely has the highest female employee participation among CPSEs, underscoring the company's commitment to inclusive growth. He also mentioned that the company is exploring the feasibility of offering financing to retail and small and medium enterprises (SMEs) in the renewable energy sector, areas that currently lack sufficient attention.

