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India's Pre-Budget Expectations 2024 for Renewable Energy and Sustainability

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India is on the brink of a noteworthy transformation in its energy landscape, with the upcoming Union Budget 2024 poised to play a decisive role in shaping the country's renewable energy and sustainability sector.

Projections from the Ministry of Power indicate a substantial 83% surge in investments in renewable energy projects, reaching approximately \$16.5 billion in 2024. This surge underscores India's commitment to a cleaner and more sustainable energy future, aligning with global efforts to mitigate climate change.

The main issues of the budget expectations reflect the opinions of many stakeholders in the industry. The need for long-term planning and a stable policy framework is emphasised, highlighting the necessity of further advancement in solar manufacturing. Important areas of focus include backward integration, building an ecosystem that is resilient, and establishing India as a world leader in solar technology.

Mr. Vineet Mittal, Chairperson of Avaada Group stated his expectations, "We expect that a quota should be mandated for the use of green hydrogen, ammonia and methanol in sectors like fertilizers, chemicals, steel, refineries, etc. Besides, the government should also consider implementing a nationwide policy mandating the use of Green M15 fuel i.e. mixing 15% green methanol with petrol, in transportation and other applicable sectors, supported by incentives for producers and consumers to adopt this fuel. It will help in demand creation and reducing production cost.

"Besides, the government should also consider extending Section 115BAB of Income Tax up to 2030 for setting up of new manufacturing units for solar modules, electrolyzer and green hydrogen production.

"To boost the sectors and achieve desired targets, GST should be kept nil, initially, on Green Hydrogen and its derivatives, whereas 5% GST should be reinstated on Solar Power Generating System and its related parts. Like renewable energy generation projects, equitable interest rate should be levied for solar module manufacturing projects as currently these projects bear an additional interest of 50 bps."

He further added, "We also expect that green hydrogen, and its derivatives should be included in the harmonised list of infrastructure sub-sectors as these sectors have the capability to transform the country into a Net Energy Exporter. Also, a mechanism should be developed to facilitate low-cost financing and provide benefits like accelerated depreciation for green hydrogen infrastructure investments.

"Customs duty should be exempted for importing green hydrogen technologies, equipment for production of renewable power (such as solar modules), manufacturing of green hydrogen (and its derivatives), such as electrolyzers, fuel cells, other imported components, etc., until adequate manufacturing capacity is established in the country.

"Last but not the least, the government should consider implementing a policy where each district with over 100,000 residents establishes a 50 MW solar plant. It ensures localized energy generation, reducing transmission losses and boosting energy security."

India's clean energy transition depends on putting a strong emphasis on the development and use of renewable energy capacity as well as providing incentives for reliable energy storage technologies.

Dr. Malini Saba, Environmentalist and founder & chairman, Ananke Foundation says, "As we eagerly await Budget 2024, my expectations center around a robust commitment to green initiatives. While the ₹19,744-crore for the Green Hydrogen Mission in 2023 is commendable, concerns linger about meeting global demand. The budget must strengthen its focus on broader renewable energy projects, aligning with the ambitious goal of achieving 500 GW capacity by 2030. Innovation in green technologies, especially in battery storage and grid integration, is paramount for India's global leadership.

The Green Credit Programme needs clarity on thresholds to incentivize sustainable practices, tapping into the anticipated \$500 billion green finance market by 2025. Emphasizing a circular economy through budgetary support can yield a potential \$624 billion annual benefit and a 44% reduction in emissions by 2050.

Budget 2024 holds the promise of catalyzing India's transition to sustainable growth. Addressing these expectations will lay the foundation for a future where economic progress and environmental well-being coexist harmoniously. As a fervent advocate for positive change, I hope to see substantial allocations towards green energy solutions, creating a domino effect for both the economy and the environment. Let this budget be a beacon of hope for a sustainable future, contributing to a legacy of prosperity and well-being for generations to come."

Electric Vehicles

Anticipations about the domain of electric vehicles (EVs) encompass streamlining Production-Linked Incentive (PLI) programs, expanding the purview of current programs, and modifying the Goods and Services Tax (GST) to enhance cost-competitiveness, specifically in the lithium-ion battery industry. The budget is seen as a pivotal opportunity to lay the foundation for a sustainable, technology-driven future in Indian mobility.

"As the electric vehicle (EV) industry gears up for substantial growth in the coming years, it is imperative for the government to foster a supportive ecosystem. To stimulate investment opportunities, there should be encouragement for potential investors, coupled with essential reductions in GST rates for electric vehicles and charging stations. Additionally, easing the burden on the industry can be achieved through a decrease in import duties on electronic components.

To sum up, the Union Budget that will be presented soon would be crucial in helping India reach its goal of a USD 5 trillion GDP. The demands from many industries in the sustainability and renewable energy space highlight the necessity of a comprehensive and all-encompassing strategy.

The nation's dedication to a cleaner, brighter future is reflected in the common thread of balancing economic progress with environmental stewardship. The budget's role in catalyzing innovation, indigenous manufacturing, and sustainable practices will be crucial in propelling India towards its ambitious energy and economic goals.

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