

Indian RE developers raise over INR 26,300 crore through green bonds in first half of 2021: CEEW-CEF

Since 2014, Indian developers have raised more than INR 78,200 crore through green bonds in global markets.

New Delhi, 18 August 2021: Indian renewable energy (RE) developers have issued green bonds worth INR 26,300 crore (USD 3.6 billion) in the first half of 2021 alone, beating even previous one-year records, according to an independent [study](#) released today by the CEEW Centre for Energy Finance (CEEW-CEF). The study, supported by Bloomberg Philanthropies, also found that Indian developers have raised more than INR 78,200 crore (USD 11 billion) since 2014 through green bonds issued in international markets. Two of them, Greenko and ReNew Power, account for nearly 70 per cent of all issuances by value. The findings highlight the potential of green bond markets to support India's ambitious push to achieve energy-independence by 2047, a target recently announced by Prime Minister Narendra Modi.

Proceeds from the INR 78,200 crore of capital raised have directly refinanced debt for over 10 GW's worth of Indian RE projects. Wind and solar power account for 42 per cent each of this refinanced portfolio and represent a combined 8.4 GW. Hydropower makes up the balance. This implies that 8.4 per cent per cent of India's non-hydro RE capacity, totalling 100 GW, has been debt-financed with overseas capital.

Gagan Sidhu, Director, CEEW-CEF, and co-author of the study, said, "India's non-hydro RE portfolio recently crossed the 100 GW mark, but we need to significantly ramp up capital mobilisation to get to 450 GW by 2030. Additional routes of capital such as green bonds will be essential for this transition, which requires investments of more than INR 15 lakh crore in power generation capacity alone. For perspective, the outstanding exposure of Indian institutional lenders to the entire power sector stood at approximately INR 13 lakh crore as of March 2020."

The CEEW-CEF study highlighted that green bonds issued by Indian developers have generated high market interest, with average oversubscription at 360 per cent. Asian investors have shown the greatest appetite by picking up nearly 50 per cent of the bonds. However, the market remains nascent. Only eight Indian developers have accessed international bond markets as of June 2021.

Shreyas Garg, Consultant, CEEW-CEF, and lead author of the study, said, "So far, international green bonds have been primarily raised by India's established utility-scale developers. Going forward, we hope to see more developers leveraging their strong financial credentials to unlock much-needed capital through this route. Smaller players without gigawatt-scale capacities should also seriously evaluate green bonds. Further, it is interesting to note that projects with state utilities make up over 60 per cent of bond portfolios, with developers mitigating payment delay risks by diversifying their portfolios. Other firms planning bond raises should similarly structure projects into portfolios that can diversify risk and attract investor interest."

The CEEW-CEF study recommends increased participation by developers of all sizes in international bond markets. Also, industrial units looking to set up RE plants for captive consumption can leverage their strong credit profiles to obtain favourable pricing. RE manufacturers can also leverage their inherently 'green' businesses to raise green bonds and diversify capital.

The study "Financing India's Energy Transition Through International Bond Markets" can be accessed [here](#).

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About CEEW-CEF

The CEEW Centre for Energy Finance ([CEEW-CEF](#)) is an initiative of the Council on Energy, Environment and Water ([CEEW](#)), one of Asia's leading think tanks. CEEW-CEF acts as a non-partisan market observer and driver that monitors, develops, tests, and deploys financial solutions to advance the energy transition. It aims to help deepen markets, increase transparency, and attract capital in clean energy sectors in emerging economies. It achieves this by comprehensively tracking, interpreting, and responding to developments in the energy markets while also bridging gaps between governments, industry, and financiers.