**PRESS RELEASE**

**India's renewable energy sector sees eightfold surge in FDI since FY21, hits record USD 3.4 billion in FY25**

*🔹Renewables led 89% of India's installed power capacity addition in FY25
🔹Renewables and hydro now account for 21% of average daily power generation*

*🔹Over 1.9 million EVs were sold in FY25—a 17% increase over FY24*

 **New Delhi, 06 May 2025:** The share of renewable energy (RE) in India’s total foreign direct investment (FDI) inflows rose from ~1 per cent in FY21 to ~8 per cent in FY 2024-25, according to the latest annual edition of the Market Handbook released today by the Council on Energy, Environment and Water’s Green Finance Centre (CEEW-GFC). Further, the RE sector attracted USD 3.4 billion in FDI in the first three quarters of FY25, nearly matching the total FDI inflows for the whole of FY24 (USD 3.7 billion). This growth in investment reflects the sector’s rising appeal to global investors.

CEEW-GFC’s *Handbook* tracks key developments in India’s electricity, mobility, and green finance sectors and their role in the country’s broader energy transition. According to it, India added ~33 GW of power generation capacity in FY25, of which a record ~89 per cent (29.5 GW) came from RE sources, up from ~71 per cent in FY24. India’s RE installed capacity at the end of FY25 now stands at ~220 GW of a total 475 GW. Consequently, the share of coal and lignite in India’s total installed power capacity declined from 49 per cent (218 GW) in FY24 to 47 per cent (~222 GW) in FY25, underlining the continued shift towards cleaner energy sources amidst global uncertainty.

**Gagan Sidhu, Director, CEEW-GFC, said,** “India’s energy transition is at a crossroads. RE has clearly emerged as the dominant source of capacity addition, along with ~42 GW of RE auctioned in FY25. Notably, 59 per cent of this capacity was auctioned under innovative formats like firm and dispatchable renewables (FDRE) and hybrids, helping address grid resilience concerns amid rising RE penetration. All of this has been supported by strong overseas interest in India’s RE sector. FDI inflows in the first three quarters of FY25 nearly matched the total for all of FY24. While FY25 witnessed a decline in tenders issued by Renewable Energy Implementing Agencies (REIA)—down to ~33 GW in FY25 from 47.5 GW in FY24–state-level tender activity was strong. Most of the drop in capacity tendered by REIA’s can be traced to insufficient tendering for wind.”

In FY25, tenders with energy storage components accounted for 24 per cent of the total RE auctions completed, highlighting the continued innovation in RE auction formats. These developments were further complemented by sovereign green bond auctions by the Reserve Bank of India, which totalled USD 3.8 billion across six issuances.

**Shalu Agrawal, Director of Programmes, CEEW, said, “**To power a growing economy through clean and affordable energy, India’s power sector is rapidly tapping the country’s renewable energy potential through diversified financing sources, innovation in tender design and embracing new technology options for energy storage. One of the most promising trends of FY25 has been the discovery of very attractive prices for energy storage, which will enable cost-effective grid integration of renewables. We look forward to an inflexion point on storage soon, just like it happened for solar technology a decade ago.**”**

The *Handbook* highlighted strong momentum in energy storage, a key enabler for the clean energy transition. Seven standalone battery energy storage system (BESS) tenders were concluded in FY25, with the lowest discovered tariff falling to INR 1.84 per unit, with viability gap funding (VGF) support—a 54 per cent drop from FY24. This has accelerated BESS tendering by both central and state agencies. A total of 16 standalone ESS tenders were announced during the year, with VGF support approved for 4,000 MWh of capacity by 2030–31.

The CEEW-GFC *Handbook* also noted a continuing rise in electricity demand. India’s peak power demand hit a record 250 GW in Q1 FY25 and remained above 220 GW in every quarter, driven by increasing summer temperatures and sustained economic growth. Total electricity generation in FY25 rose by ~5 per cent over FY24. Renewables (including large hydro) now account for ~21 per cent of average daily power generation—cementing their role in India’s energy landscape.

On the mobility front, CEEW-GFC’s *Handbook* reported that over 1.9 million electric vehicles (EVs) were sold in FY25—a 17 per cent increase over the previous year. October 2024 and March 2025 were milestone months, each registering more than 2 lakh EV sales. The financial year closed with India having achieved ~95 per cent of its EV sales target for FY25 under the *PM E-DRIVE* scheme, reinforcing the scheme’s importance in scaling up clean mobility adoption.

The ***CEEW-GFC Market Handbook for FY25*** can be accessed [**here**](https://www.ceew.in/gfc/markets_and_trends/market-handbook).

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**About CEEW-GFC**

The CEEW Green Finance Centre (CEEW-GFC) is a special initiative of the Council on Energy, Environment and Water (CEEW), one of Asia’s leading think tanks. CEEW-GFC acts as a non-partisan observer and catalyst that aims to bridge green financing gaps by addressing financing bottlenecks and enhancing the integration of green considerations in financial decision-making. Its approach is multi-pronged: tracking market trends, publishing research and analysis, developing financial solutions, offering technical assistance, and fostering coherence between policymakers, regulators, financial institutions, and industry. www.ceew.in/gfc