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Budget 2023-24: Enabling India To Lead In Green Energy Transition

BY **BIKESH OGRA** FEBRUARY 06, 2023

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To achieve the country's climate targets, the Government has listed green growth as one of its key budget priorities for the year. *DepositPhotos*



When India grows, the world grows. When India reforms, the world transforms. It implies that when India progresses, the development of the world receives an impetus. This is particularly true in the domain of clean energy transition, as India is emerging as a significant contributor to the shared global aim of net-zero emissions.

While the progressive mind set and efforts of our present Central Government and industry leaders have already firmly set us on the path of the clean energy transition, the recently announced Union Budget for 2023 helps carry forward the momentum.

To achieve the country's climate targets, the Government has listed green growth as one of its key budget priorities for the year. In her Budget speech, the finance minister announced a slew of measures for green growth chiefly fuelled by an outlay of Rs 35,000 crore in the Budget to achieve energy transition and net zero objectives. The finance minister further announced multiple reforms and laid down the future outlook to create the desired push for renewable energy generation.

In the near term, the Budget will prove a shot in the arm for the green energy industry and allow it to scale further, with a slew of schemes and initiatives related to the greening of fuel, farming, mobility, buildings, equipment, etc.

The recently launched National Green Hydrogen Mission has been allocated an outlay of Rs 19,700 crore, which is expected to play a significant role in helping India achieve its annual production target of 5 MMT (million metric tonnes) of green hydrogen by 2030.

Moreover, the finance minister has also announced incentives for manufacturing vital clean energy equipment, including solar modules and electrolysers used in making green hydrogen. These incentives, when realised, might facilitate India's transition to a low-carbon economy by reducing the dependence on fossil fuel imports and making the country reach its net-zero carbon emission targets sooner than the established timeline of 2070.

Our nation is blessed with solar energy potential. About 5,000 trillion kWh (kilowatt-hours) per year of energy is incident over India's land area, with most parts receiving 4-7 kWh per sq. m per day. Harnessing it optimally, especially from installations in large conducive remote areas across the country, can enable us to reduce our carbon footprint.

The Budget has provisioned for an interstate transmission system for evacuation and grid integration of 13 Gigawatt of renewable energy to be generated in Ladakh. The project will be constructed with an investment of Rs 20,700 crore, including the Central Government's support of Rs 8,300 crore. Ladakh, with an average of 325 sunny days in the year and a solar power generation capacity of over 400 billion kWh per day, is the ideal location for the landmark project.

India is already making huge strides in producing green energy in the form of solar, hydrogen and biogas, but we need innovative battery energy storage systems to harness their maximum potential. With a clear understanding of this interplay, the finance minister announced the creation of a viability gap funding mechanism designed to provide capital support to Public Private Partnership (PPP) projects for battery energy storage systems with a capacity of 4,000 MWh.

Besides, the announcement also signalled that significant support will also be provided to aid the green growth agenda through PPPs, including support for scrapping and replacing

old vehicles, ramping up battery storage systems, setting up compressed biogas plants and promoting coastal shipping to promote cheaper modes of transport.

It is impressive to see that this year's Budget to have struck the right balance between launching schemes and allocating funds for the same. To further promote green growth, the Government plans to notify a Green Credit Programme under the Environment Protection Act, 1986. The programme is expected to incentivise environmentally sustainable and responsive actions by companies, individuals, and local bodies.

Together, the Government and industry stay firm in our collective resolve to develop the nation into a green energy hub and achieve our ambition as a nation to be a net exporter of green energy. Striking all the right chords, the Budget 2023 does place us in a pole position to race ahead and become a global frontrunner for clean energy transition, while providing the world with a replicable model.

(Bikesh Ogra, MD & CEO, Jakson Green)

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