



Cabinet Approves Funds for IREDA

Why in News

Recently, the Union Cabinet approved the infusion of Rs 1,500 crore in the **Indian Renewable Energy Development Agency (IREDA)**.

- This will **enable IREDA to lend Rs 12,000 crore to the renewable energy sector**.
- Earlier, the IREDA had launched a '[whistle-blower Portal](#)', as a part of 'Vigilance Awareness Week 2021'.

Key Points

▪ Significance of the Funds:

- This equity infusion will **help in employment generation** of approximately 10200 jobs-year and **CO₂ equivalent emission reduction of approximately 7.49 Million Tonnes CO₂/year**.
- Additional equity infusion of Rs.1500 crore by Government of India will enable IREDA:
 - To lend Rs.12000 crore approximately to the **Renewable Energy (RE)** sector, thus facilitating the debt requirement of RE of additional capacity of approximately 3500-4000 MW.
 - To enhance its network which will help it in additional RE financing, thus contributing better to the Government of India targets for RE.
 - To improve the **Capital-to-Risk weighted Assets Ratio (CRAR)** to facilitate its lending and borrowing operations.
 - CRAR, **also known as CAR (Capital Adequacy Ratio)** is critical to ensure that financial organisations have enough cushion to absorb a reasonable amount of losses before they become insolvent.

▪ IREDA:

- IREDA is a **mini ratna company** under the Ministry of New and Renewable Energy (MNRE).
- It was set up in 1987 as a specialized **non-banking finance agency** for the renewable energy sector.
- IREDA **plays a key role in the renewable energy project financing** which gives confidence to the financial institutions/banks to lend in the sector.

Source: PIB