

## Financing Energy Efficiency: Innovative Options

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**Abstract :** India, in its efforts towards economic and social development, is currently experiencing a heavy demand for energy. Due to the lack of sufficient domestic energy reserves, the country is highly dependent on energy imports which has increased rapidly at a rate of about 12 % per annum since 2005. Hence, India is currently focusing its efforts to manage this energy supply and demand gap and eventually achieve energy security. One of the most cost effective means to reduce this gap is by adopting Energy efficiency measures in the country. Initial assessments have shown that Energy efficiency measures have an energy conservation potential of about 23%. For an estimated investment potential of USD 8 Billion, the annual energy savings was estimated to be about 180 Billion Units per annum. In order to explore this huge energy conservation potential, many critical factors need to be considered to achieve practical energy savings. Financing options for these investments is one such major factor. Not only has India come out with various policy level as well as technology level drives to promote Energy efficiency but it has also developed various financing schemes to promote investment in Energy Efficiency projects. The Public sector has already come out with certain financing schemes such as the Partial Risk Guarantee Fund (PRGF), Venture Capital Fund (VCF), Partial Risk Sharing Fund (PRSF) etc., and various sectors are gradually utilizing these schemes to implement energy saving measures. However, additional financing options are required in order to explore the untouched energy conservation potential in the country. Hence, there is a need to develop some innovative financing options for India which would motivate the private sectors as well as financing institutions to invest in these energy saving measures. This paper shall review the existing financing schemes launched by the Government of India and highlight the key benefits as well as challenges with respect to these schemes. In addition to this, the paper would also review new and innovative financing schemes for India and how the same could be adopted in other parts of the globe especially in South and South East Asia. This review would provide an insight to the various Governments as well as Financial Institutions in coming out with new financing schemes for their country.

**Keywords :** energy, efficiency, financing, India

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