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# CLIMATE-TECH IN INDIA: HUGE OPPORTUNITIES FOR INVESTORS

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The world's second most populous country, as well as one of the most significant emitters of greenhouse gases, is attempting to meet net zero targets, and this is demonstrated by the recent Energy Conservation Amendment Bill 2022, which promotes non-fossil energy sources while simultaneously introducing and encouraging the market of carbon credits. There have been numerous fervent investment and charitable interests lately. For instance, Yvon Chouinard, the founder of Patagonia, pledged that any revenues from the company, up to \$100 million a year, would be used to fight climate change. Microsoft founder Bill Gates recently gave \$20 billion to efforts to address social and environmental issues worldwide. Keep an eye on India's Climate Tech Sector if you are a global venture capitalist looking for a place to invest your money.

**Climate change is a present-day reality.**

Consider the Madhya Pradesh fires or the Bangalore floods as examples of how disruptive weather events of this kind make the climate crisis more relatable.

Due to the urgency, today's climate tech entrepreneurs are motivated by a desire to innovate, disrupt, and address long-standing concerns related to climate change. These elements increase anticipation of a different outcome from cleantech. India is 7 in the worldwide climate risk index, and by 2050, climate change could cause at least 40% of India's population to experience water scarcity. India is also 9 in the global climate tech venture capital investment. Venture capitalists invested US \$1 billion in climate-tech firms in India between 2016 and 2021.

Similar to how the digital revolution was heralded as the next big thing, **sustainability is now seen as a substantial and tempting opportunity to invest in green technologies**. When we speak of climate technology, it encompasses more than just fuels and renewable energy sources for power generation. It also includes a plethora of methods for reducing carbon dioxide emissions from the atmosphere, particularly those involving transportation, real estate, agriculture, waste management, water conservation, sustainable FMCG items, circular economies and likewise.

According to Bloomberg (2022), over the past two years, US \$ 1.8 billion have been invested in start-ups in India that are relevant to *electric vehicles*. More than US \$2 billion is being invested in *renewable energy* projects in India by *Brookfield Asset Management Inc.*, one of the biggest alternative investment management firms in the world.

It is noteworthy that India's climate tech finance scene is still at a nascent stage, with about 2.5K agreements completed at the post-IPO stage. Although early-stage investment in climate technology is gaining steam, venture funding is still scarce for the latter phases.

**Is India a good choice for climate-tech investment? Yes, definitely.**

India is in a fantastic position to lead the fight against climate change thanks to its

- abundant natural resources
- government efforts to impose regulations (such as single-use plastic ban, national hydrogen mission, renewable power obligation, EV mandates)
- increasing public awareness of the problem
- technological advancements made by companies and start-ups that emphasise using more sustainable and renewable solutions
- a thriving habitat for innovation.

There are a few points that need to be considered for sustainable products to be adopted by mass customers in an economy as price-sensitive and supply chain-driven as India. These measures include:

- decreased production costs
- greater knowledge of climate change challenges
- smaller companies must see the importance of non-petroleum-based goods like plastic, polyester, and acrylic if India is to achieve its goal of having net-zero emissions by 2070
- international venture capitalists need to adapt, especially with regard to gestation periods and exit timing, even though investment in climate technology is similar to investing in conventional technology.

Sustainability is the new digitization. Global investors should utilise this opportunity to invest in climate-tech in India and put their gun powder to work rather than holding off till later.

If you are interested in this topic, please contact our Indian Desk [RLVT@RLVT.IT](mailto:RLVT@RLVT.IT)

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