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India said to plan \$2 bn incentive for green hydrogen industry

'Govt. bid to cut emissions and become a major export player in the field'

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REUTERS

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India is planning a \$2 billion incentive programme for the green hydrogen industry, three sources told Reuters, in a bid to cut emissions and become a major export player in the field.

The ₹180-billion (\$2.2 billion) incentive aims to reduce the production cost of green hydrogen by a fifth over the next five years, said a senior government official and an industry manager working in renewable energy. It would do this in part by increasing the scale of the industry, they said.

The current cost in India is ₹300 to ₹400 per kg, said the manager. The United States and the European Union have already approved incentives worth billions of dollars for green hydrogen projects.

Hydrogen can be used as a fuel. It is made by splitting water with an electrical process, electrolysis. If the devices that do that - electrolyzers - are powered by renewable energy, the product is called green hydrogen, a fuel free of greenhouse emissions.

The Indian aid could be announced in the February 1 Budget for the fiscal year beginning April 1, said the government official. All sources declined to be named discussing a Budget proposal.

The Ministries of renewable energy and finance did not respond to queries sent by Reuters.

Indian companies such as Reliance Industries, Indian Oil, NTPC, Adani Enterprises, JSW Energy and Acme Solar have big plans on green hydrogen.

Adani, led by the world's third-richest person, Gautam Adani, had said in June that it and France's TotalEnergies would jointly create the "world's largest green hydrogen ecosystem".

Green ammonia, too

The Indian government expects industry to invest ₹8 trillion in green hydrogen and its derivative green ammonia by 2030, said the industry manager and another government official. Green ammonia is made by combining nitrogen with hydrogen using renewable energy sources; it can be used by the fertilizer industry or as a fuel or convenient means of transporting hydrogen.

The green hydrogen proposal is likely to be called "Strategic Intervention for Green Hydrogen Transition (SIGHT)" and will be split into ₹45 billion for electrolyser manufacturing for five years and the ₹135 billion for green hydrogen and green ammonia production for three years, the manager and second official said.

The incentive for making green hydrogen is likely to be ₹50 per kg for three years, they said.

India aims to sell 70% of the production to countries such as South Korea, Japan and in the European Union, an industry official said, adding that derivatives, including green ammonia, had an equally strong demand.

The government is estimating global demand for green hydrogen will exceed 100 million tonnes by 2030, from just under 75 million tonnes now, according to other industry sources.

In February, the government announced plans for India to make 5 million tonnes of green hydrogen annually by 2030, a figure that the first government official said could be doubled, depending on international demand.

The government also plans for the country to achieve electrolyser manufacturing capacity of 15 gigawatts in phases by 2030. That would be almost 10 times the current global capacity.

U.S.-based Ohmium International has commissioned India's first green-hydrogen factory in Bengaluru. Reliance Industries, Larsen & Toubro, Greenko and H2e Power last year announced plans to build gigawatt-scale factories.

Indian oil refineries and fertilizer and steel plants annually use 5 million tonnes of hydrogen made from natural gas, called grey hydrogen. The process produces carbon dioxide.

Higher gas prices have pushed the Indian grey hydrogen price to about ₹200 per kg from ₹130 a year ago.



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