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INTERNATIONAL RELATIONS

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BusinessLine



1. Review of India's Energy Policies

Why in News?

The **International Energy Agency (IEA)** has released the first in-depth review of India's energy policies.

- The report highlights the achievements of India's energy policies.
- It also provides recommendations to support the government's goals of promoting well-functioning energy markets and boosting deployment of renewables.

International Energy Agency

- The IEA was created in 1974 to help coordinate a collective response to major disruptions in the supply of oil.
- It is made up of 30 member countries. It also includes 8 association countries.
 - India has been an IEA-association country since March 2017.
- It is an autonomous inter-governmental organisation within the **Organisation for Economic Co-operation and Development (OECD)** framework, headed by its Executive Director.
- It is headquartered in Paris, France.
- IEA regularly conducts in-depth reviews of energy policies for its member and association countries.
 - This is the first review carried out for India.

Key Findings

- Policies Appreciated:
 - Government's achievements in extending citizens' access to electricity, affordable efficient lighting and clean cooking through historic schemes like **SAUBHAGYA, UJALA** and **UJJWALA**.
 - Energy efficiency improvements in India avoided 15% of additional energy demand, oil and gas imports, and air pollution as well as 300 million tonnes of CO₂ emissions between 2000 and 2018.
 - Government policies designed to conduct large-scale renewable energy auctions, open up coal mining to private companies, and promote access to oil and gas markets for foreign investors.
- There is strong **growth of renewables in India**, which accounts for almost **23% of the country's total installed capacity**.
- India's Demand for Energy:
 - The **country's demand for energy is set to double by 2040**, and its electricity demand may triple.

- Indian oil consumption is expected to grow faster than that of any other major economy (including China).
- India's oil demand is expected to reach 6 million barrels per day (bpd) by 2024 from 4.4 million bpd in 2017, but its **domestic production is expected to rise only marginally**, making the country more reliant on crude imports and more vulnerable to supply disruption in the Middle East.
- Recommendations:
 - NITI Aayog can play a strong role in working with the states to implement power sector reforms, advanced grid integration, improve flexibility and coordinate energy policy decisions.
 - The review encourages India to institutionalise energy policy coordination across government with a national energy policy framework.
 - India should also to expand its **Strategic Petroleum Reserves (SPR)**.

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