



Mains Practice Question

Q. Examine the impact of India's huge dependence on imports to meet its energy and oil needs. Also, suggest measures to attain self-sufficiency in this regard. (250 words)

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India is largely dependent on fossil fuel imports to meet its energy demands. As per World Bank, India's dependence on energy imports is expected to exceed 53% of the country's total energy consumption by 2030 from 34.3% in 2014.

Impacts of India's dependence on imports of oil and energy needs

Economic impacts

- **Impacts Current Account Deficit (CAD):** High import bill has an adverse impact on our exchange rate via large outgo of foreign exchange on energy imports thereby raising CAD.
- **Direct impact on inflation:** Any fluctuation in international crude oil prices directly impacts domestic markets raising transportation costs thereby increasing prices of basic goods and services.

Strategic impacts

- **Impacts foreign policy decisions:** India's overreliance on oil exporting countries provides leverage to major powers for diplomatic bargaining with India.
 - For ex: India had to succumb to the USA's sanctions to discontinue its import of cheap Iranian oil.
 - Similarly, Pakistan's strategic location creates significant hindrances to TAPI gas pipeline.
- **Securing sea lines:** India had to constantly keep vigil on global threats like piracy, terrorism, oil spills, etc to secure its sea lines of communication particularly in the Arabian Sea.

Measures to attain self-sufficiency in energy needs of India

- **Raising domestic production:** The Hydrocarbon Exploration and Licensing Policy (HELP) would boost the exploration, licensing and production of fossil fuel based hydrocarbons. Expanding production in existing oil and gas fields of K-G basin, Cambay basin and Indian Ocean while simultaneously exploiting potential sites in North Eastern Region (Arunachal Pradesh), etc.
- **Renewable energy:** Renewable energy sources like solar, wind, hydropower, etc are the most suitable options to eliminate import dependence. India has set a target of generating 175GW of renewable energy (100GW by solar + 60GW wind) by 2022.
- **Alternative sources:** Domestic production of alternative sources of energy like **biofuels** (bioethanol, bio-CNG, etc) should be increased. **The National Policy on Biofuels 2018** suggests providing viability gap funding scheme for 2G ethanol Bio refineries, which is a step in the right direction.
- **Diversifying imports:** India should look beyond middle-eastern countries or OPEC members for oil imports. Newer emerging alternatives like US' shale gas production, opportunities in Russia's far eastern region should be exploited.

- **Strategic Petroleum Reserves:** Building petroleum reserves like underground tank storage is needed to manage any disruption in oil demand and supply. India should expand its SPR network from already existing storage networks at Mangalore, Visakhapatnam and Padur.

Conclusion

With a target of above 8% sustained annual growth rate in GDP, India's energy imports may rise rapidly and impair our energy security. As suggested by our Prime Minister, India needs to bring down its oil import dependence from 77% in 2013-14 to 67% by 2022 when India will celebrate its 75th year of independence.

It is also to be noted that energy sufficiency is directly linked to energy conservation. Rapid utilization of energy should be done in tandem with efforts to reduce its misuse and wastage for sustainable growth.

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