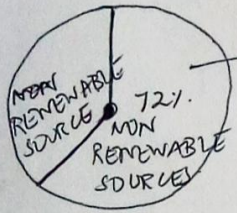


The Saudi Aramco incident is a wake up call to Indian policymakers to work on a cohesive national policy on energy security. Analyse.

Drone attacks on Saudi's Aramco facility has wiped 50% of its production capacity. Given that, it is the world's largest oil refinery, India sources 40% of ~~export~~ import capacity from Saudi Arabia. This has compounded the problem of economic slowdown, need for development, thereby pressurizing national policy on energy security.

ENERGY PROFILE OF INDIA

Energy is the major economic pillar supporting electricity, transport sector



71% Thermal Energy where
1) Coal → 64%
2) oil → 33%

Import 80%

- 1) 'World Energy Outlook 2016' by IEA has said India witnessed 4% increase in energy demand, above global 2-3%.
- 2) With this trend, by 2030, fossil fuel dependency increase by 53%.
- 3) Where total oil capacity addition will be by 35 mn tonnes

CHALLENGES TO ENERGY SECURITY

Having said that demand is set to rise, development needs of India is threatened by various factors.

1) EXTERNAL FACTORS

Since India is a net importer of oil, tensions in Gulf region reflects in India's energy needs.

- a) OPEC cartel decides upon production limits and cost factors. Any change can have ramifications on economy
- b) Sanctions by US forced India to cut down on Iran and Venezuela oil imports.
- c) Tensions flaring up in chokepoints around the world like Strait of Hormuz, Strait where Indian oil needs are met threatens security
eg: Recent seizures of Iran, UK ships, possibility of blockade
- d) Drying up of oil wells in conflict prone Libya.

2) Infrastructural Needs:-

- a) Technological backwardness in oil exploration in deep sea facilities.
- b) Policy paralysis in cases of shale gas production in India eg: HERP, NELP, OAP.
- c) Cost competitiveness, research and development.

3) Environmental challenges:-

- a) Exploration at the cost of environment disturbs land use practices
- b) Further faced with Paris climate change goals, coal based powerplants must be switched to capacity addition in renewable sources.
- c) UNCED report 2019 says that solar energy expansion eats into land resources

4) Natural disasters:-

India's Hydel power facilities have been both cause and effects of floods. Most of nuclear powerplants located nearby shores face risk of cyclone.

5) Economic challenges:-

- a) Currency fluctuations cause high import oil bills, pushing inflation.
- b) widening current account deficit, affects FOREX reserves.
- c) Disruption in oil flow affects PSU refineries, DISCOM's which are debt laden

EFFECTIVE NATIONAL POLICY

To match efficiency, accountability, sustainability, security,

- | | |
|--|--|
| 1) Diversification of oil imports. | 5) Clean coal usage policy |
| 2) Offshore exploration eg: Adani coalfield Australia, | 6) Effectualising TAPI pipeline, NE Gas Grid with Myanmar. |
| 3) Shift to renewable energy eg:- Natural gas of Russia. | 7) Bilateral agreements for successful diplomacy. |
| 4) Capacity addition of Strategic Petroleum Reserves. | |

India has embarked on massive projects of DIGITAL INDIA, VISIONAL YOJANA, FAME policies, that requires cheap, steady electricity supplies. Volatile disruptions must thus be offsetted by diversified policy approach