

India's Strategic Petroleum Reserves

Source: PIB

Why in News?

Recently, the Ministry of Petroleum & Natural Gas provided valuable insights into the **Strategic Petroleum Reserve Programme** during a written reply in the Lok Sabha.

What are Strategic Petroleum Reserves?

- About:
 - Strategic petroleum reserves (SPRs) are stockpiles of <u>crude oil</u> maintained by countries ensuring a stable supply of crude oil even during times of geopolitical uncertainty or supply disruptions.
 - These underground storage facilities play a crucial role in maintaining a steady flow of energy resources for the nation's growth and development.

Note:

- As per the terms of the International Energy Programme (I.E.P.) agreement, every nation belonging to the International Energy Agency (IEA) is required to maintain emergency reserves of oil amounting to a minimum of 90 days' worth of their net oil imports.
- In case of a severe oil supply disruption, IEA members may decide to release these stocks to the market as part of a collective action.
- In 2017, India attained the status of an associate member within the International Energy Agency.
- Current SPR Infrastructure and Capacity in India:
 - Indian Strategic Petroleum Reserves Ltd. (ISPRL) was created by the Government of India as a <u>Special Purpose Vehicle</u> under the Ministry of Petroleum & Natural Gas in 2004.
 - India's existing underground SPR facilities have a combined capacity of 5.33 Million Metric Tonnes (MMT) of crude oil. These storage sites are strategically positioned across two states:
 - Visakhapatnam, Andhra Pradesh 1.33 MMT capacity
 - Mangaluru, Karnataka 1.5 MMT capacity
 - Padur, Karnataka 2.5 MMT capacity
- Filling Strategy:
 - Leveraging the opportunity presented by low crude oil prices in April/May 2020, India successfully filled its existing SPR facilities to full capacity.
 - This tactical move resulted in **substantial notional savings**, **estimated at around INR 5000 crore**.
- Expansion Plans and Commercial-Cum-Strategic Facilities
 - In July 2021, the Indian Government granted approval for the establishment of two additional commercial-cum-strategic SPR facilities.
 - · Chandikhol, Odisha 4 MMT capacity

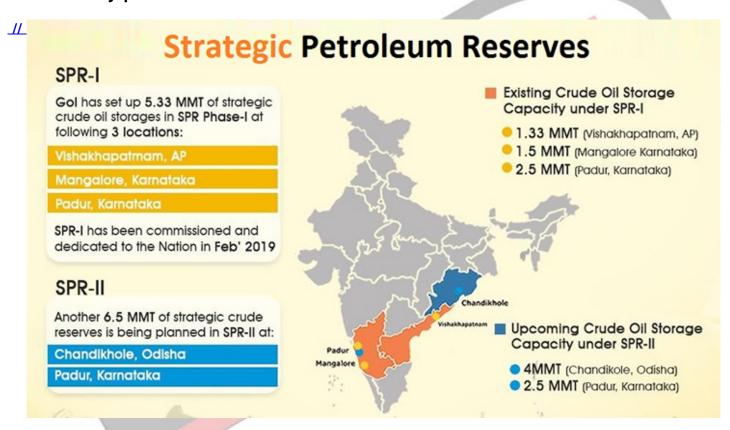
- Padur, Karnataka 2.5 MMT capacity (expansion)
- These facilities, totaling a storage capacity of 6.5 MMT, will operate under a <u>Public</u> <u>Private Partnership (PPP)</u> **mode.**

Transfer and Timeline:

 At the conclusion of the 60-year Concession Period, the concessionaire will transfer the SPR, along with associated infrastructure such as **Single Mooring Points (SPMs) and onshore/offshore pipelines,** back to the Government of India.

History of Reserve:

- In 1990, during the **Gulf War in West Asia**, India was grappling with a significant energy crisis, with its **existing oil reserves deemed sufficient for only a mere three days.**
 - Although India successfully averted the crisis at that time, the persistent risk of energy disruptions remains a tangible and ongoing concern.
- In an effort to tackle this energy insecurity, the administration led by Atal Bihari
 Vajpayee put forward the idea of establishing strategic petroleum reserves in 1998.
 - In the present day, as India's consumption of energy continues to rise, the rationale for developing such reserves becomes increasingly compelling.
- Biggest Global Strategic Petroleum Reserves in the World:
 - United States- 714 million barrels
 - China- 475 million barrels
 - Japan- 324 million barrels



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