

# Energy Security the Crude Oil Reality

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**Source:** OPEC, the Hindu Business line and Economic Times

**Manifest Pedagogy:** Crude oil dependence of India and the need for diversification of Indian oil imports and fuel mix is an important area in the sections of Resource distribution in Geography and the Indian Economy section. The recent attack on Saudi Oil fields has affected the crude prices across the world. In this context having a fair idea on the current and anticipated energy mix of India is of importance.

**In news:** Crude price hike-attack on Saudi oil fields

**Placing it in the syllabus:** Indian Economy and issues relating to planning, mobilization of resources

## Static dimensions

- **Saudi Arabia significance as an oil exporter**
- India's dependence on (statistics) Import of oil and Statistics on the regions which export oil to India
- The Indian policy of Diversification of Oil import

## Current dimensions

- Current Indian energy Mix
- The future Energy mix of India and the role of alternative fuels

## Content

### Saudi Arabia significance as an oil exporter

- Saudi Arabia possesses around 18 percent of the world's proven petroleum reserves and ranks as the largest exporter of petroleum.

- The oil and gas sector accounts for about 50 percent of gross domestic product, and about 70 percent of export earnings.
- It is the largest producer among the OPEC member countries thus Saudi Arabia influences its(OPEC) decisions

### **India's dependence on (statistics) Import of oil and Statistics on the regions which export oil to India**

- **India is the 3rd largest consumer of oil in the world followed by the USA and China(as of 2018)**
- India's dependence on oil import is 84 percent
- According to data collected by the Directorate General of Commercial Intelligence and Statistics, Iraq has become India's top crude oil supplier for the second consecutive year, meeting more than one-fifth of the country's oil needs in the 2018-19 fiscal year.
- Saudi Arabia has traditionally been India's top oil source, but it was for the first time dethroned by Iraq in the 2017-18 fiscal year.
- India provisionally imported 207.3 million tonne of crude oil in 2018-19, down from 220.4 million tonne in the previous financial year.



### **The Indian policy of Diversification of Oil import**

- With its high dependence on imports, India remains vulnerable to volatility in the global crude oil market. The country has tried to spread its risks by diversifying sources of crude oil.
- India has diversified its sources and reduced dependence on the volatile Middle East region; the stoppage of imports from Iran has helped. The country has increased shipments from the US. But this may not address all the risks; a) Falling domestic output remains a concern,

b) Oil supply not really a problem given adequate stocks in India and with other major consumers, c) Risk of the sudden spike in oil prices remains.

- The government is focusing on measures like increasing domestic production, promoting the **use of biofuel and energy conservation to reduce dependence on imported crude oil.**

## **Current Indian energy Mix**

