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IEA'S REPORT INDIAN OIL MARKET OUTLOOK TO 2030 REPORT

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "IEA'S REPORT INDIAN OIL MARKET OUTLOOK TO 2030 REPORT". THIS TOPIC IS RELEVANT IN THE "INDIAN ECONOMY" SECTION OF THE UPSC CSE EXAM.

WHY IN THE NEWS?

The International Energy Agency (IEA) recently published the Indian Oil Market Outlook to 2030 report, which examines how India's involvement in the global oil market may change between now and 2030. The report examines energy transition patterns that may affect oil demand in various industries, and how these changes may impact the country's energy security.

WHAT DOES THE REPORT SAY?

INDIA'S PREEMINENCE IN OIL DEMAND GROWTH:

Projections indicate that India will emerge as the primary contributor to global oil demand growth until 2030, **surpassing China by 2027**. The anticipated surge in India's oil demand is estimated to reach approximately 1.2 million **barrels per day (bpd)** by 2023, constituting over a third of the projected global demand growth of 3.2 million bpd by 2030. The outlook for India's total oil demand projects an increase from 5.48 million bpd in 2023 to 6.64 million bpd in 2030. This growth is attributed to robust economic expansion, population growth, and demographic factors.

INVESTMENTS IN THE REFINING SECTOR:

Indian oil companies are making substantial investments in the refining sector to meet the escalating domestic oil demand. Over the **next seven years, India is expected to add 1 million bpd of new refinery distillation capacity**, surpassing any other country globally outside of China. Additional significant projects are under consideration, potentially exceeding the anticipated 6.8 million bpd capacity.

ROLE IN GLOBAL OIL MARKETS:

India is positioned to maintain its role as a crucial exporter of transportation fuels to markets in Asia and the Atlantic Basin. **Since 2022**, India's influence as a global swing supplier has grown, particularly with the redirection of Asian diesel and jet fuel due to the loss of Russian product exports to European markets. **In 2023, India ranked as the fourth-largest exporter** of middle

distillates globally and the **sixth-largest exporter of refinery products** at 1.2 million bpd. The forecast indicates that new refining capacity will initially boost global product supplies to 1.4 million bpd through the mid-decade before slightly declining to 1.2 million bpd by 2030 due to the rise in domestic demand.

INCREASED FUEL DEMANDS:

Diesel/gasoil is identified as the predominant driver of oil demand growth in India, contributing nearly half of the nation's increase and over one-sixth of the total global oil demand growth by 2030. Jet-kerosene demand is poised to experience substantial growth at an average rate of 5.9% per year, albeit from a lower baseline compared to other countries. India's average fuel consumption is expected to increase by 0.7%, as the country's growing fleet of electrified vehicles helps to offset a larger increase in demand. The electrification trend is also expected to lead to modest growth in gasoline demand, while increased investments in production facilities are anticipated to drive LPG demand.

CRUDE OIL IMPORTS:

India's crude oil imports are predicted to rise by more than a fourth to 5.8 million barrels per day by 2030, due to sustained demand growth and falling domestic supply. Currently, India relies on imports to fulfill over 85% of its oil requirements, making it the **third-largest global consumer of crude oil after the US and China**. The nation's domestic consumption, as per oil ministry data, stands at around 5 million bpd.

BIOFUELS IN DECARBONIZATION:

Biofuels are expected to play a pivotal role in India's transport sector decarbonization. India currently stands as the **world's third-largest producer and consumer of ethanol**, with domestic production tripling over the last five years. Supported by ample feedstocks, political backing, and effective policy implementation, India's ethanol blending rate of approximately 12% ranks among the world's highest. India has expedited its timeline for doubling nationwide **ethanol blending in gasoline to 20%, aiming to achieve this by Q4 2026**. However, meeting the 20% ethanol blending target within this accelerated time frame poses several challenges, primarily related to rapidly expanding feedstock supplies.

Major Oil Refineries in India



EFFORTS IN ENERGY TRANSITION:

The increased adoption of **Electric Vehicles (EVs)** is anticipated to play a pivotal role in the transport sector's decarbonization. Projections estimate that the combined impact of new EVs and energy efficiency improvements will prevent an additional **480,000 barrels per day of oil demand in the 2023-2030 period**. Without these gains, India's oil demand would reach a significantly higher 1.68 million bpd by 2030 compared to the current forecast.

CHALLENGES:

Despite making efforts to attract foreign upstream investment, the domestic crude oil production is expected to continue declining over the medium term due to a lack of new discoveries. In 2023, India ranked as the world's second-largest crude oil net importer, **having increased imports by 36%** over the past decade to 4.6 million bpd to meet rising refinery intake. The continued expansion of refining processing is expected to further elevate crude oil imports to **5.8 million bpd by 2030**, posing significant implications for India's security of supply.

RECOMMENDATIONS:

India's current oil stock holding levels equate to 66 days of net-import cover, with **Strategic Petroleum Reserve (SPR) stocks covering seven days**. In comparison, IEA member countries maintain a stockpile equivalent to **90 days of their demand**. While India holds an associate member status and is not a full member of the agency, there is a need to enhance its capacity to respond to potential oil supply disruptions. Strengthening and implementing SPR programs and enhancing oil industry readiness are crucial steps to mitigate the impact of emergencies such as wars on energy supplies.

PRELIMS PRACTICE QUESTIONS

Q1. Consider the following statements: (UPSC Prelims-2019)

1. The coal sector was nationalised by the Government of India under Indira Gandhi.
2. Now, coal blocks are allocated on a lottery basis,
3. Till recently, India imported coal to meet the shortages of domestic supply, but now India is self-sufficient in coal production.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 and 3 only
- C. 3 only
- D. 1, 2 and 3

ANSWER: A

Q2. Which of the following is/are the characteristic/characteristics of Indian coal? (UPSC Prelims-2013)

1. High ash content
2. Low sulphur content
3. Low ash fusion temperature

Select the correct answer using the codes given below:

- A. 1 and 2 only

- B. 2 only
- C. 1 and 3 only
- D. 1, 2 and 3

ANSWER: A

MAINS PRACTICE QUESTIONS

- Q1. How is India planning to address the security implications of relying on imports for over 85% of its oil requirements, and what measures are in place to diversify and secure its sources of crude oil?**
- Q2. How does India plan to balance its growing oil demand with the need for energy security, considering the projected increase in crude oil imports and declining domestic production?**

Akhilesh kumar shrivastav

INDIAN AGRICULTURE: CURRENT PROBLEMS AND LONG TERM SOLUTIONS

SOURCE - THE HINDU AND PIB.

GENERAL STUDIES - DEVELOPMENT OF INDIAN ECONOMY, INDIAN AGRICULTURE, MINIMUM SUPPORT PRICE, NATIONAL FOOD SECURITY, DIRECT INCOME AND INVESTMENT SUPPORT, LOAN WAIVER.

WHY IN THE NEWS?



- In February 2024, thousands of farmers from Punjab gathered at three places on the Haryana border, where they had been stopped from marching to Delhi.
- The major demands of these protesting farmers include legally guaranteed MSP for crops from the central government of India, loan waiver, cancellation of international agreements affecting the agriculture sector and a minimum pension of Rs 5,000 for farmers and agricultural workers. .

Some of these demands were raised during their first protest in 2021-22, which was called off after the central government withdrew three contentious laws demanding reforms in the agriculture sector.

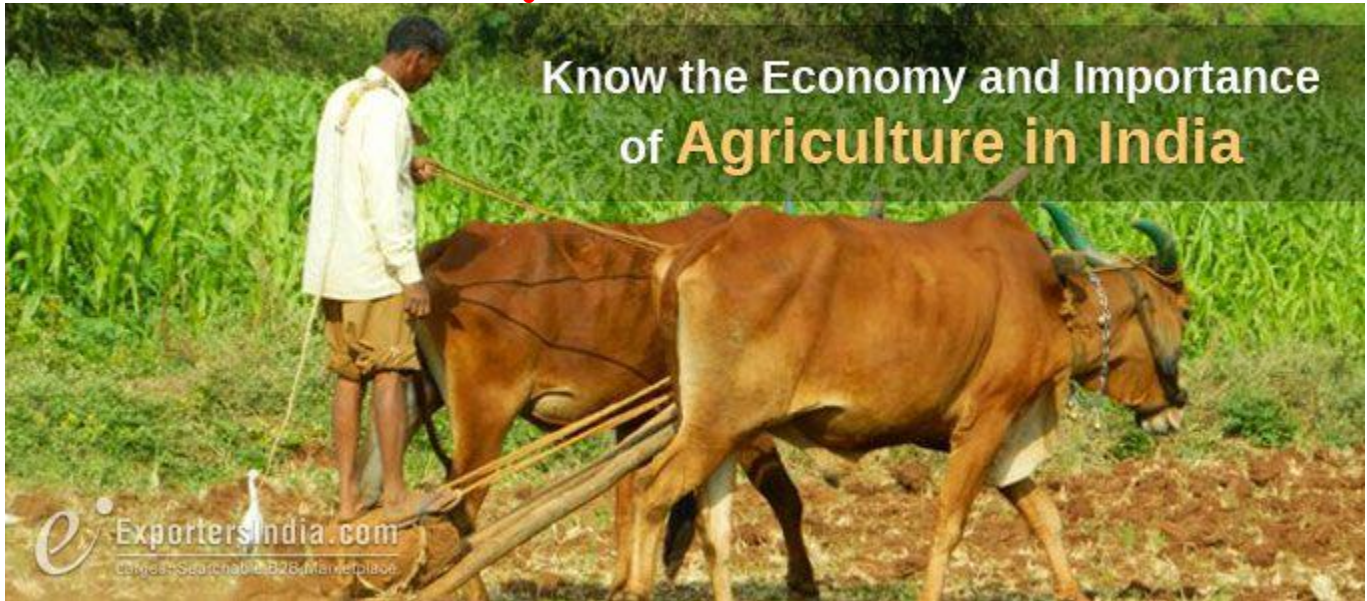
- The protest is being led by SKM (Non-Political), a breakaway group from the body that had earlier led the protest. The split marks a rift among interest groups in Haryana, Punjab and western Uttar Pradesh. And Rajasthan. At least three other types of protests are gaining momentum.
- People affected by the Kisan Jewar Airport Project and Yamuna Expressway in Western UP are also facing the government in protests.
- Farmers in Sonapat, Haryana are protesting against land acquisition for electricity cable.
- SKM and several trade unions have called for further industrial strikes at the national level on February 16 with overlapping and additional demands which include repeal of the four labor laws.
- The central government has started talks with the farmers of Punjab, but there seems to be no possibility of legal guarantee of MSP.
- The police in Haryana and Delhi have stopped the farmers more than 200 km away from Delhi as they will not allow the farmers to enter inside the limits of the national capital again in the year 2021-22 due to the farmers' protest in Delhi. An unconstitutional act was committed by anti-social elements at the Red Fort.
- MSP-based procurement by the Food Corporation of India has been the cornerstone of food security. Surplus producers of grains have benefited from the MSP scheme, but the scheme ignores subsistence farmers in poor areas.
- The government's neglect of farmers has also been considered a major reason for the defeat of the ruling BJP in the recent assembly elections held in three states. There were continuous reports that farmers did not get the right price for their produce. Such reports were also discussed that due to not being able to meet the cost of crops like potato and onion, farmers destroyed their crops in the fields themselves. Apart from this, farmers also do not get fair prices for other agricultural produce.
- The biggest reason for the dissatisfaction of farmers across the country is not getting the right price for their produce and this is their biggest problem. The problems of farmers are not new; But honest efforts for their solution were never seen. News of farmers committing suicide have also been in the news for the last several years. The huge rallies taken out by farmers in different parts of the country are enough to express their dissatisfaction.

HISTORICAL BACKGROUND OF THE PROBLEM OF INDIAN AGRICULTURE :

- Since 1947 till now, every region of the country has made substantial development. Today India's space program is among the most successful space programs in the world. The Indian Army is one of the most powerful armies in the world and India's economy is one of the five strongest economies in the world. India is regularly writing new development stories in other areas as well.
- Despite these achievements, there is one area which is still lagging behind in the race of development. The agriculture sector, which plays an important role in areas like food security and rural employment, has still not reached a situation that can be considered satisfactory. The result of this is that crores of people of the country dependent on agriculture are still forced to

live in extreme poverty and many times they are not able to fulfill even their basic needs through agriculture.

THE BASIC PROBLEM OF INADEQUATE DEVELOPMENT OF INDIAN AGRICULTURE :



There are some problems at the root of inadequate development of Indian agriculture, without removing which development of the agriculture sector in India is not possible. These problems are as follows –

- There is still a lack of irrigation facilities in most parts of India. Only those farmers who have sufficient capital are able to manage irrigation facilities privately because the cost of installing irrigation equipment like tube wells is so much that it is not possible for poor farmers to afford it. In this way, most of the farmers become dependent on monsoon and if there is no timely rain, their crops get spoiled and sometimes they are not able to produce enough for subsistence. Similarly, due to excessive rainfall or various natural disasters, crops get spoiled and the farmer gets trapped in the quagmire of poverty.
- A large population of Indian farmers have only a small amount of cultivable land available. A major reason for this is the increasing population. As a result, agriculture has become a means of subsistence rather than a means of earning profit for the farmers, in which they are somehow able to support themselves and their families. The Indian agriculture sector is also facing the problem of hidden unemployment.
- Farmers often do not get adequate prices for their produce, a major reason for this is that they sell their crops at prices below the Minimum Support Price (MSP) for various reasons such as to repay loans. Due to which they have to face a lot of loss.
- Problems like inability to use modern equipment and techniques in India's agricultural sector, lack of transportation facilities, lack of storage facilities, lack of transportation facilities, lack of other basic facilities and reduction in yield due to poor quality of soil etc. Are included.
- Most of the farmers in India lack/lack the capital to invest in agriculture. Even today, most of the farmers of the country are not able to avail the benefit of institutional credit facilities in practical terms. Many times farmers do not even have enough capital to arrange for basic things like seeds, fertilizers and irrigation. The result is that farmers are not able to produce crops on time

or due to insufficient nutrients the crops are not of adequate quality. Besides this, due to lack of capital, the farmer has to take loans from private individuals at high interest rates, which increases his problems instead of reducing them. In this regard, the Kisan Samman Nidhi Scheme launched by the Government of India is proving to be very helpful for the farmers. This helps to a great extent in meeting the basic agricultural needs of the farmers.

IMPORTANT INITIATIVES LAUNCHED BY THE GOVERNMENT OF INDIA FOR REFORMS IN THE AGRICULTURAL SECTOR :



A 7- Point strategic initiative has been launched by the Government of India for infrastructural reforms in the agriculture sector and doubling the income of farmers. Which are as follows -

- The Government of India is increasing investment on warehouses and cold storage to prevent agricultural produce from getting destroyed. This will prevent wastage of produce, strengthen the food security situation and the remaining produce can also be exported to international markets.
- Emphasis has been laid by the Central Government on the creation of a National Agricultural Market to provide the farmers the right price for their agricultural produce. This will bring uniformity in the prices of agricultural produce across the country and farmers of all the states of India will be able to get adequate benefits.
- At present in India, emphasis is being laid on using high quality seeds in the agricultural sector and also awareness is being spread to use the same amount of fertilizers in the fields as prescribed by the Soil Health Card and the soil. It is appropriate to use it according to fertility. This will not only improve the quality of the soil but will also effectively reduce the expenditure on fertilizers. This will also reduce soil and water pollution.
- Per Drop More Crop Strategy – Under this strategy, emphasis is being laid on micro irrigation. This will reduce the amount of water used in agriculture. This will not only conserve water but also reduce the cost of irrigation. This strategy is particularly beneficial in water-scarce areas.
- Emphasis is being laid on using high quality seeds in the agriculture sector. Along with this, awareness is being spread to use the same amount of fertilizers in the fields as is appropriate according to the soil health card. This will improve the quality of the soil and will also effectively reduce the expenditure on fertilizers. This will also reduce soil and water pollution.

- Value addition in the agricultural sector is being promoted through food processing. There is immense potential in the food processing sector in India.
- Every year in India, crops are adversely affected due to natural disasters like drought, fire, cyclone, heavy rain, hailstorm etc. in different areas. To mitigate these risks, crop insurance has been made available at affordable prices. However, its actual benefits have not yet reached enough farmers. The Government of India should take measures at the central level to ensure that its benefits reach most of the people/farmers.

LONG TERM SOLUTION TO THE PROBLEM OF INDIAN AGRICULTURE :



For a long-term solution to the problems of Indian agriculture and Indian farmers, some such reforms are necessary which both the state governments and the central government need to implement honestly and without delay. Those improvements are as follows –

1. **The need for direct income and investment support by governments.**
2. **Support of minimum support price of crops.**
3. **Loan waiver of farmers.**

DIRECT INCOME AND INVESTMENT SUPPORT BY GOVERNMENTS :

- Keeping in mind the interests of farmers, the Telangana State Government started this option. Which has been named '**Rythu Bandhu**'. **Rythu Bandhu means – 'Friend of farmers'**. It is a farmer investment assistance scheme, under which the Government of Telangana provides financial assistance to farmers for Rabi and Kharif crops. Under this scheme, Telangana State Government is providing financial assistance of Rs 4000 per acre to the farmers per crop season/season to support agricultural investment. This financial assistance is provided twice annually for Rabi and Kharif seasons i.e. financial assistance of Rs 4000 per acre annually. Under this scheme, the assistance amount is paid to the farmers in the form of a check from the office of the Mandal (Sub-District) Agriculture Officer. This is a top priority scheme of the Telangana Government and is carefully monitored. Apart from this scheme, insurance cover of Rs 5 lakh is also being given to farmers in Telangana.

STEPS TAKEN BY THE GOVERNMENT FOR REFORMS IN THE AGRICULTURAL SECTOR IN INDIA :

To bring about reforms in the agricultural sector in India and to solve the problems of Indian farmers, there is a need to bring about radical changes in the agricultural markets. Along with this, new direction can be provided to Indian agriculture and the condition of Indian farmers through the following initiatives by the governments –

1. Expanding the scope of the Minimum Price Support (MSP) system by strengthening it.
2. To break the web of Agricultural Produce Marketing Committees (APMCs) and eliminate brokers and middlemen.
3. To develop supply chains to take the agricultural products of farmers to the markets.
4. To develop better linkages between consumers, farmers and markets.
5. To improve the negotiable warehouse receipt system.
6. To amend the Essential Commodities Act, 1955 in India.
7. Simplifying laws related to land and consolidation etc.
8. Promote contract farming
9. To create a simple and favorable environment for increasing agricultural exports of Indian farmers.
10. To develop food processing facilities.

ISSUE OF LOAN WAIVER OF FARMERS :

- The loan waiver scheme of farmers in India has not proved to be a permanent solution to the problems of farmers, because only 20 to 30 percent of the farmers in India get its benefit. Due to this limited reach of the government, the widespread grievances and problems of Indian farmers cannot be resolved. Because in reality, interim measures like loan waiver do not solve the real problem of continuously decreasing income from agriculture.

NEED FOR STRUCTURAL REFORMS IN INDIAN AGRICULTURAL SECTOR :



- In the present situation of Indian farmers, it has been seen that with the passage of time, instead of improving, the condition of Indian farmers has become worse. The measures taken from time to time by the country's policy makers at the government level to satisfy the farmers provide immediate relief. Under these measures, steps are taken to woo the farmers, whereas what is needed is such structural measures which are long term and can solve the problems of the farmers permanently. Like running a scheme like Universal Basic Income. This will ensure a fixed income every month and farmers will not be forced to sell their produce at throwaway

prices. But the reality is that we are not succeeding in solving the common problems of the farmers like electricity, water, fertilizers, agricultural infrastructure, marketing and ability to face risks etc.

INDIAN AGRICULTURE IS DEPRIVED OF MODERN AGRICULTURAL TECHNOLOGY AND AGRICULTURAL EQUIPMENT :

- Today, when technology is being used in every field of human activities all over the world, most of the Indian agriculture is still dependent on age-old patterns and traditional methods. Till date no special technology is being used in Indian agriculture. BT cotton started being used 15 years ago, but after that no such experiment has been done in the agriculture sector. Today humans have various types of technologies available, such as biotechnology, information and communication technology, satellite technology, nuclear agriculture technology and nanotechnology for food processing. All these cannot be used in the Indian agricultural sector.

FEATURES OF AGRICULTURAL SECTOR IN INDIA AND MEASURES TO IMPROVE IT:

A radical change can be brought about in the Indian agricultural sector by adopting the following 6-point plan to improve the agricultural sector in India. Which can have a positive impact in the interest of Indian farmers –

1. **Strengthening the input delivery system.**
2. **Rapid expansion of irrigation facilities.**
3. **Using diverse technologies in the Indian agriculture sector.**
4. **Investing in the rural infrastructure sector.**
5. **To make maximum use of Information and Communication Technology (ICT) in the Indian agriculture sector.**
6. **To develop capacity building of Indian farmers.**

CONCLUSION / SOLUTION :

- Agriculture in India is a state subject and every state decides its agricultural policies according to its convenience and circumstances. There is a need for the Center and the states to work together when it comes to the agriculture sector in India. But the bitter and real truth of the present times is that Indian farmers deserve much more than the income they are getting from farming. But it is not possible to increase the income of Indian farmers through short-term measures taken by the Central and State Governments. This will require long-term commitment and systematic solutions, only then can there be any improvement in the economic condition of Indian farmers.
- The uneven geographical spread of procurement by the Food Corporation of India has also led to unsustainable farming practices in some areas, while farmers in other areas of the country remain perpetually on the brink of poverty.
- Seeks to improve public support for farming in the Indian agricultural sector, which is necessary for reasons including national food security. This can be better achieved through broader political consultation and by encouraging beneficiaries of the existing system to diversify production and increase productivity. The mutual interests of political parties at the root of farmers' protests before the Lok Sabha elections cannot be ignored. The agricultural sector

needs a new model of public support. It cannot be left at the mercy of the market. The government should lead efforts to build national consensus on this question.

- Most of the country's population is dependent on agriculture. Therefore, poverty eradication, increase in employment, eradication of hunger etc. in the country is possible only when the condition of agriculture and farmers is improved. If the above measures are implemented effectively then the condition of agriculture can definitely improve. This will reduce the despair prevalent in this sector, farmer suicides will stop, and people who have given up farming will start taking interest in this sector again.
- The Government of India is laying emphasis on the development of agricultural supporting sectors like dairy, animal husbandry, beekeeping, poultry, fisheries etc. through various schemes at the central level. Since most of the farmers of the country are already connected with these things. Hence, they can get direct benefit from it. Now there is a need to create awareness among the farmers in India, so that factors like breed improvement of animals can be worked on effectively.
- The Central Government should resolve the grievances of the farmers through talks with the farmers sitting on strike on the border of the country's capital.

PRACTICE QUESTIONS FOR PRELIMINARY EXAM :

Q.1. Agriculture in India is related to which of the following?

- (A) It comes under the subjects of the Union List.
- (B) It comes under the subjects of concurrent list.
- (C) It deals with the Directive Principles, Preamble and Fundamental Rights of the State.
- (D) It comes under the subjects of the state list.

Answer - (D)

PRACTICE QUESTIONS FOR MAIN EXAM :

Q.1. What do you understand about the Minimum support price? Underline the basic problems of the agricultural sector in India and discuss in detail the measures for its long-term solution.

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