Strategic Petroleum Reserves in India

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Why in News?

India's strategic petroleum reserves (SPRs), which have a capacity to store 5.33 million tonnes of crude oil, are currently holding 3.37 million tonnes of oil, or just about 2/3 of their total storage capacity.

- **Strategic Petroleum Reserves (SPRs) –** These are massive, ***government-controlled stockpiles*** of crude oil stored in underground rock caverns.
- **Aim -** It is designed to safeguard a nation ***against severe supply disruptions*** caused by geopolitical, natural, or economic disasters.
- They act as an emergency insurance policy, allowing countries to maintain energy security during crises.
- **Origin** - The concept of dedicated strategic reserves was first mooted in **1973,** after the first oil crisis.
- Western strategic reserves have been tapped during the first Gulf War (1991), after Hurricane Katrina (2005), and in 2022 after global oil prices surged in the wake of Russia's invasion of Ukraine.
- **Highest SPR Holding Countries -** Countries like the **US**, China, and Japan maintain massive strategic petroleum reserves.
- **SPRs in India -** The SPRs spread across 3 locations Visakhapatnam (Andhra Pradesh), Mangaluru, and Padur (Karnataka) are meant to act as a buffer for short-term supply shocks.
- At full capacity, the 3 SPRs cover around 9.5 days of India's crude oil supplies.
- Quantity of the crude available in the caverns varies depending on market conditions.
- In 2021, the government had approved the establishment of 2 more commercial-cum-strategic petroleum reserves with
    - A cumulative storage capacity of 6.5 million tonnes to 4 million tonnes in Odisha's Chandikhol and

    - Another 2.5 million tonnes in Karnataka's Padur.
- Besides these, there were plans to have reserves in places like Bikaner and Rajkot, which would have raised the total SPR capacity by another 6 million tonnes.
- Decisions on these reserves are yet to be taken.

*India is the **world's 3rd-largest consumer of crude oil** and depends on imports to meet over 88% of its requirement.*

- **IEA Recommendation -** The IEA recommends that countries should hold oil stocks equivalent to *at least 90 days* of their net oil imports.
- IEA members are obligated to maintain these levels of reserves; India is not a full member of the grouping but an associate member.
- **India's total oil and fuel stockpiles -** India doesn't hold the 90-day strategic reserves, as well as commercial inventories.
- The current total national capacity for storage of crude oil and petroleum products is 74 days, including commercial stocks with refiners; it is still lower than what the IEA recommends.
- The actual reserve is a dynamic number depending on the stocks and actual consumption, both of which are not static.
- In view of the disruption in oil supplies from West Asia recently, India had enough crude oil and fuel stocks to meet up to 8 weeks of the country's requirement.
- With oil from non-West Asia regions continuing to come and Indian refiners ramping up imports from alternative sources like Russia, the volumes are expected to have risen further.

Reference

The Indian Express | India's strategic petroleum reserves

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