

THE NEED FOR A SINGLE ENERGY MINISTRY

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Five different ministries along with a multitude of regulators govern India's energy sector. Petroleum and natural gas, coal, renewable energy and nuclear energy have separate ministries or departments. We also have a Ministry of Power, along with State-level bodies that regulate electricity distribution companies, or DISCOMS. Add to this, the presence of different regulators for each type of fuel and energy source which makes it cumbersome for businesses operating in this sector. Further, the petroleum and natural gas sector has two regulators – Directorate General of Hydrocarbons for upstream activities and the Petroleum and Natural Gas Regulatory Board for downstream activities.

There are also issues with data collection. No single agency collects energy data in a wholesome and integrated manner. Data pertaining to consumption are barely available while supply side data collected by agencies of respective ministries are riddled with gaps. The Ministry of Statistics and Programme Implementation collates data available from various ministries and conducts surveys at sporadic intervals. On the energy efficiency front, the Bureau of Energy Efficiency is the sole statutory authority with the mandate to regulate energy efficiency on the consumption side. There is no agency or body for the same purpose on the supply side.

This stands in stark contrast to most other nations with their varied energy governance models. Developed and efficient countries such as the United States, Germany, France and the United Kingdom have their vibrant, diverse and prolific energy sectors administered by a single ministry or department. There are also instances where the energy ministry is in conjunction with other portfolios such as environment, climate change, mines and industry. For example, the U.K. has the "Department for Business, Energy & Industrial Strategy", France has the "Ministry of the Environment, Energy and Marine Affairs", Brazil has the "Ministry of Mines and Energy" and Australia has the 'Ministry of Environment and Energy'. The predominance of unified energy ministries is evident.

The Kelkar Committee in its report "Roadmap for Reduction in Import Dependency in the Hydrocarbon Sector by 2030" (2013) stated that "Multiple ministries and agencies are currently involved in managing energy-related issues, presenting challenges of coordination and optimal resource utilization, hence undermining efforts to increase energy security".

In the Draft National Energy Policy (NEP), the NITI Aayog has advocated that a Unified Ministry of Energy be created by merging the Ministries of Petroleum and Natural Gas (MoPNG), Coal (MoC), New and Renewable Energy (MNRE) and Power (MoP). The Department of Atomic Energy (DAE) has been left out since it has implications beyond the scope of energy and involves national security issues. The proposed ministry would have six agencies under it to handle various aspects of the energy sector — Energy Regulatory Agency, Energy Data Agency, Energy Efficiency Agency, Energy Planning and Technical Agency, Energy Schemes Implementation Agency and Energy R&D Agency.

A single unified ministry of energy would help India to have an integrated outlook on energy that would enable us optimise our limited resources to meet the goals of energy security, sustainability and accessibility. In the fast-changing energy landscape of our country, having a single energy ministry would be beneficial as it would allow for a quicker policy response. Formulating an integrated and wholesome energy policy in the current governance structure is a complex and challenging task not only due to lack of coordination among ministries but also due to the absence of good quality consumption data and an inadvertent promotion of their own fuels

over other choices, which may not always be the best option.

The present government has already taken some steps towards unifying the governance structure of the energy sector such as appointing a single minister for both MNRE and MoP. This move has been lauded across sections of society as both those sectors are heavily interlinked. Having the same person heading both of these ministries will help resolve long-standing issues faced by both conventional and renewable power generators such as power balancing and transmission infrastructure planning.

The hotly debated issue of non-payment of dues by DISCOMS to the generators might also be resolved with such synergy in administration. In the past too, this government has had the same minister for MNRE, MoP and MoC with great results in village electrification, LED bulb distribution (Unnat Jyoti by Affordable LEDs for All, or UJALA), power sector reforms (Ujwal DISCOM Assurance Yojana, or UDAY), coal block e-auctions and alleviation of coal shortages. This demonstrates the intention of the political leadership to reform the energy governance structure.

They have already shown a disposition towards unifying critical ministries. A pertinent example is the newly created Ministry of Jal Shakti which was formed by merging the Ministry of Water Resources, River Development and Ganga Rejuvenation and the Ministry of Drinking Water and Sanitation. The objective of this action is to unify water management functions, treat the issues of water management holistically and ensure better coordination of efforts. This was a crucial decision at a time when nearly 600 million Indians faced “high to extreme water stress”, while 75% households did not have drinking water on their premises.

Though the actions by this government are a step in the right direction, there is a long road ahead. Accepting and implementing the recommendations of the NEP on reforming energy governance, which is to be placed for the approval of the Cabinet soon, would need to be carefully traversed given their hard-hitting implications on the existing bureaucratic structure. But nothing is more important than ensuring energy security, sustainability and accessibility. In this age of energy transition, this can only happen with quick and holistic decision-making as well as providing a level playing field for various fuels, all of which can happen if a single ministry handles the entire sector. Such a Unified Ministry of Energy will not only enable India to keep up with the global energy transition but also to continue to be a leader in adopting cleaner energy sources.

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