



NEPAL, INDIA AND BANGLADESH ENERGY COOPERATION - ECONOMY

News: Nepal, India and Bangladesh have signed a **tripartite agreement** to facilitate **cross-border electricity trade**.

WHAT'S IN THE NEWS?

About the Agreement

- **Nepal will export** its surplus electricity to **Bangladesh via India** from June 15 to November 15 every year.
 - In the first phase, **Nepal will export 40 MW of hydroelectricity** to Bangladesh **via Indian territory**.
 - The rate per unit of electricity has been fixed at 6.4 cents.
 - Electricity will be exported to Bangladesh via the **Dhalkebar-Muzaffarpur 400 KV transmission line**, with the metering point in **Muzaffarpur**.
- From the export of electricity, Nepal will make an **annual income of around USD 9.2 million**.



Energy Requirements of India

- India's energy imports **more than doubled to 40 percent** of total energy requirements in 2022 from 18 percent in 2002.
 - In the same period, the **country diversified its energy partners** from 14 to 32.
- These energy supplies and diversifications are **essential to India's overall economic security**.
 - As the country will require more and more energy supplies to reinforce its economy, which is growing at an **annual rate of approximately 8 percent**.



India's Energy Cooperation in Neighbourhood

- India is building **green energy infrastructure** (hydel power plants and solar parks) in **Bangladesh, Bhutan, Nepal and Sri Lanka**.
 - India is connecting these countries' national energy apparatus to India for **exporting excess energy** generated in these nations.
- **India loaned, invested, or extended Lines of Credit** worth US\$ 7.15 billion between 2005 and 2023 to further collaboration with its neighbours.
 - Development assistance ranges across cross-border transmission lines, hydel power plants, oil and gas pipelines, and undersea lines for grid integration.
- Resultantly, **electricity trade** among the aforementioned countries has grown from **2 billion units to 8 billion units between 2016 and 2023**.
- **Energy Cooperation with Nepal:** It culminated in the **25-year long-term power purchase partnership agreement** between the two countries, wherein India will annually buy 10,000 MW of hydel energy from Nepal by **2030**.
 - Nepal, currently, has over a hundred hydel power plants and another one hundred and fifty in the pipeline.
 - This massive and rapid hydel power capacity development will lead to a **surplus** that energy-needing neighbouring countries—India and Bangladesh—can utilise.
- **India-Bhutan:** In FY22, India imported 1500MW of electricity worth US\$ 83 million from Bhutan. These imports comprised **70 percent of Bhutan's hydel power generation capacity**.
 - Bhutan is currently also coordinating with multilateral development banks and India, to **increase its installed hydel power capacity** to cater India, Bangladesh and Myanmar.
- **India-Bangladesh:** It involves importing through the **India Bangladesh Friendship Pipeline (IBFP)** and the newly developed electricity transmission network.
 - India is also endeavouring to link Bhutan and Nepal with Bangladesh through Indian territory for greater energy connectivity across South Asia.

Significance

- **Connectivity:** India's cross-border collaboration for energy infrastructure development is pivotal for **connecting the geographies of India, Bhutan, Bangladesh and Nepal**.
 - **Bangladesh and India are energy-deficient countries**, which heavily rely on conventional energy sources in their energy production matrix.
 - Bhutan and Nepal produce an **energy surplus annually**.



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- **Countering Chinese Influence:** India wants to counter China's BRI through increased development aid in the neighbouring countries because of their geopolitical and geostrategic relevance to India's territorial integrity.
 - Furthering energy cooperation is a step towards regional connectivity and economic integration, something that can act as a hedge against Chinese influence in the region.

Conclusion

- India's energy cooperation with its South Asian neighbours is a **cornerstone of its foreign policy and energy security**.
- By investing in regional energy infrastructure and **fostering interdependence**, India aims to underpin economic growth, counterbalance China's influence, and enhance its global standing.
- While challenges like geopolitical tensions and competing interests persist, the mutual benefits of energy collaboration are clear.
- As India continues its rise on the world stage, its energy diplomacy is set to play an increasingly pivotal role in shaping the region's future.

Source: <https://www.thehindu.com/sci-tech/energy-and-environment/great-seahorses-fleeing-coromandel-coast-due-to-overfishing/article66575776.ece>

