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India's Strategic Petroleum Reserves — Vishakhapatnam, Mangalore, Padur, and the IEA Question

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

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WHY IN NEWS

With **Brent crude near \$106/barrel**, US-Iran tensions intensifying, and the rupee under depreciation pressure, India's **Strategic Petroleum Reserves (SPR)** are again under scrutiny. India's three operational SPR sites — Vishakhapatnam, Mangalore, and Padur — provide only approximately **10 days of consumption coverage**, well short of the IEA's recommended 90-day reserve standard for member countries.

WHAT IS A STRATEGIC PETROLEUM RESERVE?

A Strategic Petroleum Reserve is a **government-owned stockpile of crude oil** held to manage:

- 1 **Supply disruptions** — geopolitical conflicts, sanctions, infrastructure failures
- 2 **Price volatility** — strategic releases during sustained price spikes
- 3 **National security** — emergency fuel for military and critical sectors
- 4 **Trade balance management** — buffer against external account stress

The concept emerged after the 1973-74 OPEC oil embargo, when the **International Energy Agency (IEA)** was created (1974) to coordinate energy security among consuming countries.

INDIA'S SPR ARCHITECTURE

Phase 1 (Operational since 2017-2018)

SITE	STATE	CAPACITY	OPERATIONAL SINCE
Vishakhapatnam	Andhra Pradesh	1.33 MMT	2015
Mangalore	Karnataka	1.5 MMT	2017
Padur	Karnataka (near Udupi)	2.5 MMT	2018
Total Phase 1		5.33 MMT	

Phase 2 (Under construction)

SITE	STATE	PLANNED CAPACITY
Chandikhol	Odisha	4 MMT
Padur (expansion)	Karnataka	2.5 MMT
Total Phase 2		6.5 MMT (planned)

When Phase 2 is operational, India's SPR capacity will reach approximately **11.83 MMT** — roughly 22 days of consumption coverage.

MANAGING AUTHORITY — ISPR

Indian Strategic Petroleum Reserves Limited (ISPR) — wholly-owned subsidiary of the **Oil Industry Development Board (OIDB)** under the **Ministry of Petroleum and Natural Gas** — manages all SPR operations. ISPR was incorporated in 2004.

ISPR operates a **fill-when-cheap, hold-for-emergency** strategy. Procurement is through:

- Long-term supply agreements
- Spot market purchases during low-price windows
- Strategic partnerships (UAE, Saudi Arabia)

SPR STORAGE METHODOLOGY — UNDERGROUND CAVERNS

India's SPR sites use **underground rock caverns** for storage — a methodologically advanced approach favoured for security and cost.

FEATURE	DETAIL
Storage type	Underground unlined hard rock caverns
Depth	Typically 50-200 metres below ground
Advantages	Secure from aerial attacks; lower evaporation; cheaper than aboveground tanks
Disadvantages	Higher initial construction cost; complex retrieval logistics

The Vishakhapatnam cavern is approximately 50 metres below sea level — a significant engineering achievement.

INDIA'S ENERGY SECURITY CONTEXT

INDICATOR	VALUE (2025-26)
India's daily oil consumption	~5 million barrels per day
Daily import	~4.25 million barrels per day
Import dependence	~85%
Annual oil import bill	~\$160 billion (FY26)
World's third-largest oil consumer	After China and US
World's second-largest crude importer	After China

India is structurally vulnerable to oil price shocks. Every \$10/barrel increase in Brent adds approximately **\$15-20 billion** to the annual import bill.

THE IEA STANDARD — AND INDIA’S GAP

COUNTRY	SPR COVERAGE
United States	~600 million barrels (~30 days commercial + ~25 days strategic)
Japan	~528 million barrels (~145 days total — public + private)
South Korea	~284 million barrels (~115 days)
China	~600 million barrels (estimated; not publicly disclosed)
India (current SPR)	~5.33 MMT (~10 days)
India (post-Phase 2)	~11.83 MMT (~22 days)

The **IEA’s 90-day reserve standard** (combining government SPR + commercial inventory + national stocks) is the global benchmark. India is not an IEA member but participates as an “Association” country since 2017. Achieving IEA standard would require approximately 200+ MMT of total reserves — a massive expansion.

STRATEGIC RELEASES — WHEN SPR IS USED

YEAR	COUNTRY	RELEASE	TRIGGER
1991	US	Released 33 mb	Gulf War supply disruption
2005	US	Released ~30 mb	Hurricane Katrina
2011	IEA	Coordinated release ~60 mb	Libya crisis
2022	US	Released ~180 mb	Russia-Ukraine; gasoline prices
2022	India	Released 5 mb (first ever)	Coordinated with US-Japan-UK
2026	(Anticipated)	India considering release	If Brent crosses \$120 sustainably

India’s first SPR release in November 2022 (5 million barrels) was a coordinated response with the US, Japan, and UK during the Russia-Ukraine crisis. It established the operational template for future strategic releases.

CRITIQUES AND REFORMS

CONCERN	ISSUE
Coverage is too low	10 days vs IEA's 90 days; 22 days post-Phase 2
Phase 3 unfunded	Concrete plans for further expansion lack budget commitment
Storage vs commercial reserves	Question of whether private oil companies should be incentivised to hold larger reserves
Filling decisions	When to procure (low prices) vs hold (high prices) — strategic timing
Renewable transition	If India achieves clean energy targets, SPR's relevance may diminish

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Economy	Energy security; oil import dependence; CAD; rupee dynamics
GS3 — Internal Security	Strategic reserves; war preparedness
GS2 — IR	IEA; OPEC; India's energy diplomacy; 2022 coordinated release

Mains Keywords: Strategic Petroleum Reserves, ISPRL, OIBD, Vishakhapatnam Mangalore Padur, IEA 90-day standard, oil import dependence, 2022 coordinated SPR release, Chandikhol Phase 2, Brent crude, energy security

Facts Corner

ITEM	FACT
ISPRL incorporated	2004
Phase 1 SPRs	Vishakhapatnam, Mangalore, Padur (5.33 MMT)
Phase 2 SPRs	Chandikhol (4 MMT), Padur expansion (2.5 MMT)
Total post-Phase 2	~11.83 MMT (~22 days)
Storage method	Underground unlined rock caverns
Owner	Government of India (via ISPRL → OIIB → MoPNG)
IEA reserve standard	90 days
India's IEA status	“Association” country since 2017 (not full member)
2022 SPR release	5 million barrels (first ever; coordinated with US-Japan-UK)
Daily consumption	~5 million barrels per day
Import dependence	~85%
World rank — oil consumer	3rd (after China, US)
World rank — crude importer	2nd (after China)

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