

# Budgeting for energy justice

After achieving phenomenal success in providing 8 crore free LPG connections under PMUY, Budget FY22 has extended the target to cover one crore additional households

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**UNION BUDGET FY22**, methodically presented by FM, sums up the grit and determination of a resurgent India, braving out of the Covid crisis to rewrite the aspirations of 1.3 billion Indians. The Budget reflects the focus of the government under the astute leadership of PM Modi emphasising that India will surge ahead, out of the shadow of the pandemic. It lays the blueprint for wealth and wellness, aiming at sustainability and inclusiveness.

The Budget is built on the premise that India will rebuild itself with the instrumentality of self-reliance, infrastructure investment and innovation. Resources will be mobilised by outstretching the boundaries of fiscal buoyancy. Public sector assets will be unlocked with the participation of private and foreign capital. Connectivity, both physical and digital, will mobilise the underemployed resources and create value.

The government injected an estimated ₹27 lakh crore of stimuli into the economy during 2020, 13% of GDP, which is expected to transmit into waves of economic activities during 2021. This is the much-required stimulus, to sustain demand and will counter the incipient recession exhibited during the first two-quarters of FY21. Economic activities started picking up in the third quarter. Together with the series of structural reforms unleashed by the government, in the arena of natural resources, labour, farming, PDS, education, MSME and tax administration, conjures with a young India placing itself at the centre of the world economic stage.

On the health and wellness front, in addition to the National Health Mission, a new scheme PM AtmaNirbhar Swasth Bharat Yojana, with an outlay of ₹64,180 crore to be spent over six years, will strengthen the foundation of healthy India at primary, secondary and tertiary level. Provision of ₹2.23 lakh crore towards health for FY22 is a

marked jump. The urban Swachh Bharat Mission, with an outlay of ₹1.41 lakh crore, to be spent over five years, is equally a much needed basic urban living requirement.

Ensuring energy justice and pursuing the green path to progress have been the key drivers of energy policy-making under the Modi government. The oil & gas (O&G) industry, with its complex value network, will fuel the economy at each point of production, consumption, distribution and trade. O&G sector has been contributing above 3% to the economy's gross value addition during the last five years, in real terms. At 262 MMT during FY20, Indian O&G Industry has been growing at a CAGR of 5.1% and supported the real GDP to grow at 6.8% during the last six years.

FM highlighted that O&G industry has served the nation during the lockdown period by keeping the fuel supply running. Furthering the strategy of energy justice and de-carbonisation of the economy, FM has

announced some key steps: PMUY scheme has been instrumental in ending energy poverty and bringing socio-economic change. After achieving phenomenal success in providing 8-crore free LPG connections under PMUY, Budget FY22 has extended the target to cover one crore additional households.

Coverage of City Gas Distribution (CGD) projects is being expanded to 232 geographical areas spread over 400 districts with a potential to cover about 53% of the country's geography and 70% of the population. The Budget announced that 100 more districts will be covered under city gas distribution during the next three years. These are effective instruments towards attaining

a low carbon economy, taking India closetowards fulfilling its Paris COP21 commitment. Budget FY22 also announced the expansion of the natural gas pipeline to cover J&K.

Other measures announced in the Budget are the setting up of an independent gas transport system operator, which will facilitate a common carrier network in all-natural gas pipelines on an open-access basis. India plans to raise gas share in the energy mix to 15% from the current 6.2%. Towards that end, steps such as building gas import facilities, setting up gas trading exchanges and the provision of mar-

keting and pricing freedom to producers have already been taken. India aims to raise gas transmission capacity by 580 mmscmd from the current 330 mmscmd, as it doubles the current 17,000 km gas pipeline network in 3-4 years. The government also plans to attract private investment into brown-field projects by monetising the assets of public sectors. Under that scheme, the oil & gas pipeline of

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GAIL, IOC & HPC have been proposed.

Strategic disinvestment of PSEs has been an avowed policy of the government to unlock value and use those as fiscal support for other welfare and developmental measures. The Budget proposes to secure ₹1.75 lakh crores from the disinvestment proceeds. A large chunk of which is expected to materialise from the sale of government's holding in BPCL/CONCOR etc.

The Budget also proposes launching National Hydrogen Mission to generate hydrogen from green power sources, a step towards net-zero emissions. Overall, the oil & gas sector is visualised to remain as a catalyst in the transformation process that Budget FY22 has set in.