Syllabus subtopic: India and its Neighborhood- Relations.

Prelims and Mains focus: about the move and its significance

News: The Union government plans to set up a regional grid that will be leveraged to create a common electricity market for nations in India’s neighbourhood, according to the power and new and renewable energy minister.

About the move

- The proposed market, which will include Myanmar, Sri Lanka, Nepal, Bhutan and Bangladesh, could aid regional peace and improve utilization of generation assets—including the stranded assets in India —and efficient price discovery.

- While India has been procuring hydropower from Bhutan, it is also supplying electricity to Bangladesh and Nepal. The plans now include the option of an overhead electricity link with Sri Lanka. An overhead line is being considered after the earlier proposal to set up an undersea power transmission link to supply power to the island nation turned out to be prohibitively expensive. India has notified cross-border trading regulations.

India’s energy diplomacy

- India’s energy diplomacy initiatives range from cross-border electricity trade to supplying petroleum products and setting up liquefied natural gas terminals.

- Cross-border energy trade is a key part of PM Modi’s South Asia-focused neighbourhood-first policy, with the electricity link attempting to negate the growing influence of strategic rival China in the region.