

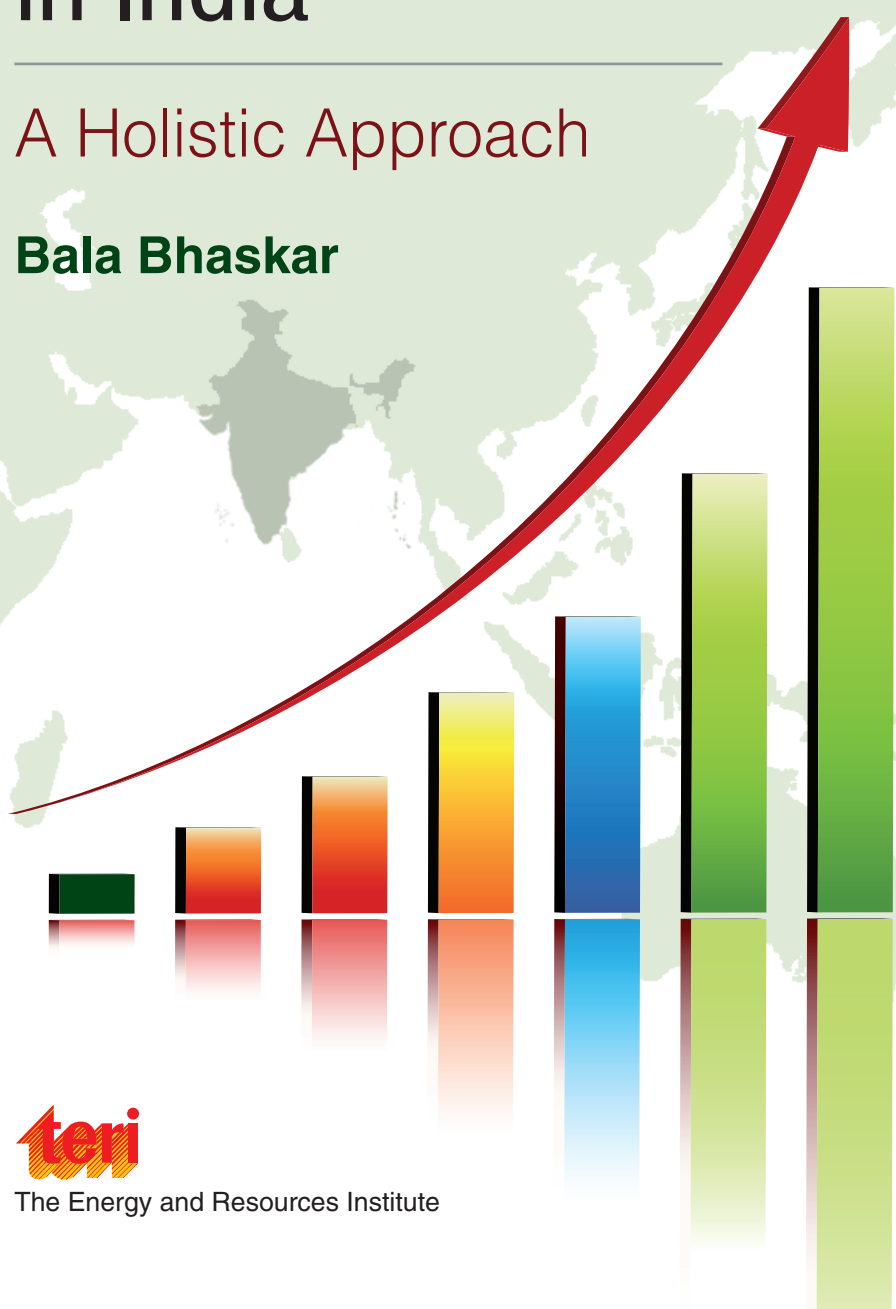
Energy Security and Economic Development in India

A Holistic Approach

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Foreword

I am happy that Dr Bala Bhaskar has addressed the issue of India's energy security and economic development in this timely publication. India faces several challenges linked to its ambition of growing rapidly in proximity of a double-digit rate. This would require ensuring adequate supply of energy to fuel progress in every sector of the economy and arranging measures such that every household receives adequate supply of energy for the well-being of the country's population. The problem of energy security has been of crucial importance in determining economic development and growth strategies across the world particularly since the oil price shock of 1973/74 when the global price of oil quadrupled in a short period of time. However, while efforts at improving the efficiency of energy use and moving towards substitutes for oil were pursued vigorously till the early 1980s, they were virtually given up in 1985 when oil prices crashed and reached record low levels.

In 1985, The Johns Hopkins University Press brought out a book authored by me entitled *The Political Economy of Global Energy*. The main contents of this publication related to a country-by-country assessment of oil supply capacity among oil-exporting nations as against the global demand for oil. I reached the conclusion that oil prices were likely to go up in the 1980s. Actually, quite the reverse happened, largely because some countries, particularly Japan and part of Europe, succeeded in improving the efficiency of energy use and in moving towards substitutes for oil. These and other developments relieved the pressure on the global oil market, while the Organization of the Petroleum Exporting Countries (OPEC), as a result of several developments, lost control over the supply of oil and restrictions that had been agreed on among this grouping. The glut in the global oil market became a major determinant of lower oil prices, and with reduced revenues, the incentive for the members of OPEC for cheating on quotas became stronger, leading to further excess in supply.

Energy security issues, of course, go beyond the security of oil supply, even though they may be a major driver of actions required

to enhance energy security. Essentially, a country would need to look at all forms of energy and policy initiatives that apply not only to the supply side but also on the demand side of the picture as well. In this context, improving the efficiency of energy use would be a critical element of policies to enhance energy security, including the establishment of energy-consuming infrastructure, which would ensure the avoidance of a lock-in to energy-intensive practices and activities.

This book would undoubtedly give rise to a great deal of analysis and deliberations, which would lead to not only a better understanding of energy security issues but also actions by which the security of energy can be enhanced for the welfare of different societies across the globe.



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