

PERSPECTIVE

# Sinking oil: Saudi schadenfreude

Using lowering oil prices as a tool, the Saudis are seeking to arm-twist Russia and Iran for their support of Bashar Assad's regime in the Syrian conflict



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Many oil exporting states across the globe that had built their budgets on visions of perennially high oil prices are beginning to press the panic button as oil prices continue to remain well below the fiscal breakeven for many of these countries. Many Governments in oil exporting countries will face a difficult time in financing the populist programmes that they need to maintain public support, hence there will be pressure from many OPEC members to curtail production to arrest the decline of oil prices.

In the game of oil roulette, the Saudis are unlikely to cut oil production for the simple fact that in the 1980s when they cut production as part of the OPEC cartel, they lost a huge portion of their market share, without affecting global oil prices. It is the past precedent that has probably resulted in less confidence that production cuts by the Saudis, the largest oil exporter in OPEC, would have a desired impact. With global demand slowing, it is highly unlikely that OPEC could cut production for the near-term.

There are reports that Saudi Arabia and OPEC are trying to squeeze US shale oil producers who require higher prices to remain competitive vis-a-vis conventional producers out of the market. New exploration techniques have allowed America to surpass all but Saudi Arabia in crude oil production. Lower prices put the viability of higher cost oil wells in jeopardy and many weaker firms are likely to stop production or even exit. Such a ploy could be foolhardy and boomeranging badly on OPEC as recent reports have emerged that with greater technological prowess, US shale oil production for many producers is likely to remain viable at \$50 per barrel.

Saudi Arabia and its oil exporting West Asian allies differ from other global producers in the cost of extraction for many of their wells, which is low even at current prices, meaning that they will be able to produce profitability at current or even lower prices. It is estimated that Saudi Arabia needs oil prices at \$99 for break-even, but it has a \$750 billion reserve along with non-existent debt. The Saudi budget is laden with big infrastructure projects which could be cut if necessary. It is clear that it can weather low oil prices and wait for new market dynamics to emerge. Iran and Iraq, according to an IMF report, need oil prices over \$100 per barrel to balance their budgets. Iran has been facing declining production on account of sanctions and so declining oil prices impacts it more.

Previously, high oil prices ensured that the Arab monarchies were fortunate in keeping at bay the political turmoil that affected many of the countries in North Africa and West Asia by increasing public spending significantly. Although it has significant reserves, Saudi Arabia will be keeping a close eye to prevent any social spillover due to low oil prices in neighbouring Bahrain. Any financial difficulties notably among its dynastic neighbours could lead to political instability across the region. While currently all appear to be in good financial health, the strain of low oil prices could begin to emerge in a year and as the Arab Spring events demonstrated, a small problem could easily turn into a significant trouble for the political system. A further decline in crude prices could have global ramifications, though it is Venezuela and not any West Asian nation that could be impacted first.

Aware of the instability that low oil prices mean for the region, the recently held Gulf Cooperation Council (GCC) meet also sought to underline greater unity among the Arab monarchies amid the emergence of ISIS and other jihadi organisations coupled with the impact of declining oil prices on national budgets. A decline in public spending could erode support for the Government and give ISIS more opportunities for growth in a region racked by extremism.

Despite the decline in oil prices, the Saudi-led GCC will extend political and monetary support to stabilise Egypt and Libya, two countries that are threatened by Islamists. It is highly likely that the GCC will become increasingly involved if the security situation in Egypt and Libya deteriorates further. Air strikes conducted by UAE against forces allied to the extremist Fajr Libya, which is opposed to the al Thinni government, are an indicator. In a significant move the GCC has announced the formation of a regional police force and naval force. The GCC security meet also highlighted state meddling in the GCC by neighbouring powers such as Iran and Turkey, which clearly is likely to ratchet up tension in a highly combustible environment. Even a meeting of the Saudi Crown Prince and the Iranian President to settle a host of issues ranging from oil prices to the fight against ISIS did not achieve much, due to Saudi distrust of Iran's nuclear ambition.

In a law of unintended consequences, the declining oil prices have given Saudi Arabia some leverage in the shadow jousting between itself and Iran across West Asia, even as both battle a common foe — ISIS. Beneath the veneer of fighting ISIS, there appears to be a game of supremacy between Iran and Saudi Arabia in the region. After the US invasion of Iraq in 2003, Iranian power has been on the ascendancy across West Asia. The Arab states across West Asia have been watching warily Iran's nuclear ambition, its control over Iraq, its alliance with Syria and its leverage over Hamas and Hezbollah. Saudi actions in ensuring low oil prices have meant that Iran will take an economic hit as it currently remains under sanctions. Using lower oil prices as a tool, the Saudis are seeking to arm-twist Russia and Iran for their support of Bashar al-Assad's regime in the Syrian conflict. While Saudi Arabia and its Arab allies armed many of the Syrian rebels, Iran and to a minor extent Russia, by providing weapons and funding, have kept Assad in power. It is clear that the Saudis are perfectly content to see Iran and Russia struggle domestically on account of declining oil prices. Saudi Arabia would prefer the current status quo, in which it has gained greater leverage rather than to a course correction, by cutting oil production and aim to raise crude price.

Lower oil prices are likely to have significant ramifications across West Asia as it means that GCC will have to take on greater responsibility to ensure that the fiscal woes of the weaker monarchies does not lead to political instability. Declining oil prices are unlikely to lead to a divergence in Iranian policies, but careful calibration between Saudi and Iran could ensure that jihadis do not gain traction as national budgets are pruned across the region, even as both play Weiqi in the region.

(The writer is a commentator on West Asia)

# Energy Conservation Day: Symbolism doesn't pay

The much publicised painting competition at school level was a good effort to send a message to consumers to influence their energy consumption behaviour. But the effect is minuscule



HIPPU SALK KRISTLE NATHAN

Last Sunday we celebrated another "National Energy Conservation Day". This day, i.e., December 14 has been celebrated since 1990. The objective has been to make the practice of energy conservation a mass movement, a way of life. In order to spread the message to children, painting competitions were organised among school students at the State and national levels. As per media reports from the Ministry of Power, this year, about 60 lakh students from a lakh schools participated in the event across the country. The day also gets marked by awarding industrial and commercial units, and other establishments on the basis of their energy conservation initiatives. From 15 industrial sub-sectors in 1990, the award is now open to more than 50 sub-sectors in industrial, commercial, and government enterprises. Participation for the award has increased over time — from 123 applications in 1999 to 1,010 in 2014. This year, additionally, a web-portal called *Energy Savers* was launched to connect schools and spread a culture of energy efficiency among school communities.

The effort of the Government to send a message to consumers to influence their energy consumption behaviour is necessary. But the effect is minuscule, if any, and is far from sufficient to turn things around. Consumer behaviour is trickier in nature. Participation in a childhood painting competition may not translate into sustainable energy choices in adult life. As a child, one might have walked or cycled to school. Or, as a college student one might have undertaken a project related to sustainable technology. But as a breadwinner, one's energy related decisions get influenced by one's income level and opportunities/restrictions. As a household moves up the income ladder, typically, the desire for a luxury-oriented lifestyle increases, in turn leading to wasteful energy consumption.

The very back-end nature of energy in daily activities is also partly responsible for this sort of consumer behaviour. Energy *per se* is not the need, but the services it provides like cooked food, lighted rooms, music and movies, and transport and telecommunication are. The closest direct expenditure on energy one can think of is the monthly electricity bill or the petrol/diesel the



PAINTING COMPETITION ON ENERGY CONSERVATION-2014  
Category A-4th, 5th and 6th  
Category B-7th, 8th and 9th  
Standard Children  
Prizes

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private vehicle consumes. For higher middle class and above, the electricity bill is never forbiddingly large to deny a household from using luxurious appliances. The social status of having a car or SUV far outweighs the excess expenditure on fuel.

**Scope of energy conservation**  
The purview of energy conservation goes beyond consumer behaviour. There exists a potential for conservation at all the different stages of energy supply chain — mining, refining, generation, transmission/transportation, and consumption. Energy saved from leakage, inefficient processing/conversion, or wasteful use is as good as new energy produced. The idea of energy conservation in India emerged in 1970s, i.e., the decade marred by oil crises. In early 1980s, an Inter-Ministerial Working Group estimated the conservation potential for agriculture, industry, and transport sector to be 30, 25, and 20 per cent respectively. Besides, the Working Group maintained that these potentials could be achieved at 5-10 per cent of the cost of new energy development. "The cheapest form of alternative energy is energy saved" — thus, mentions the Sixth Five Year Plan (1980-85) document, which for the first time had discussed "energy conservation"

under a separate heading. The subsequent five-year plans considered it as one of the thrust areas. The Integrated Indian Energy Policy of 2006 has asserted that 25 per cent reduction in energy intensity is possible. As per the current understanding of Ministry of Power, energy conservation potential for the economy is 23 per cent and nearly 25 GW of capacity addition can be achieved through energy efficiency in power sector.

The greatest highlight of India's pursuit in energy conservation has been the Energy Conservation Act of 2001, and under this, the formation of the Bureau of Energy Efficiency (BEE). There are some promising schemes introduced by BEE such as large-scale replacement of incandescent bulbs by CFLs and LEDs, energy efficiency labelling of appliances, launching of energy conservation building codes, energy efficiency promotion schemes in agriculture and industries. However, overall the progress in energy conservation has so far been inadequate. As per the leading global power and automation technology corporation, ABB's 2013 Energy Efficiency Report, India is among the worst performing countries in terms of overall energy and carbon intensity of the economy, energy and emission efficiency of thermal power generation, and indus-

trial energy intensity. The overall efficiency of power generation in India has declined from 36 per cent in 1990 to 30 per cent in 2011. The transmission and distribution (T&D) losses, as per Central Electricity Authority, increased sharply from around 21 per cent in 1994-95 to almost 34 per cent in 2001-02. Though it has been on decline in recent years, we are yet to achieve the level of T&D losses prevailing in early Nineties, let alone decrease it further to the level of world average. As per the World Development Indicators database, world average T&D losses has remained in the range of 7.1 to 9.2 per cent during the last five decades.

**Demand Side Management**  
Demand Side Management (DSM) is not as straight forward as supply side, as it is not entirely based on technology and more rooted in consumer behaviour. Needless to say, DSM has to go beyond awards and painting competitions. Given the size of our country, a few hundred industrial/commercial units responding to a call for conservation award does make a little sense. Unfortunately, most of the time our Government reports are filled with such absolute numbers (like so many children immunised, number of villages electrified, number of projects sanctioned, or so much amount of money spent) and they remain coy about relative numbers (like proportion of children immunised or villages electrified). A time trend of such relative figures can apprise the citizens on the omissions and commissions of the Government departments more meaningfully.

In their 2012 paper, Olivier Charnoz and Ashwini K Swain pointed out that the measures towards energy conservation in 1990s, which included Energy Conservation Day celebration and awards were more symbolic than effective. The authors have quite appropriately titled the article as *High returns, low attention, slow implementation* to summarise India's policy paradoxes in clean energy development. India has suffered from a similar syndrome of slow implementation in pursuing the target of providing electricity to every household ("Power for All") by 2012. Though there were appropriate legislative and policy framework in place (Electricity Act 2003, National Electricity Policy 2005, National Tariff

Policy 2006, Integrated Energy Policy 2006, and Rural Electrification Policy 2006) the universal electrification target has been missed repeatedly. As per Census 2011, only 55.3 per cent rural households are able to use electricity for lighting.

To influence consumer behaviour towards energy conservation, India needs more systemic changes. For instance, in order to influence the transportation behaviour of commuters, bus-travel needs to be elevated to be the privileged mode with comfort and inducements. It must be coupled with provision of disincentives towards use of cars for regular trips. Promotion of school buses, buses by employers, separate lane for buses, option of sharing mode for autorickshaws, cycle track and broader footpath for every new road, and prohibitively large congestion and parking fees for private vehicles can shift people from private to public mode, thereby leading to energy conservation.

It has been more than three decades that the Government of India has identified energy conservation as the most cost-effective option to offset the gap between increasing demand and constraining supply. The policy framework is in place as well. Consumers would respond positively in mass number when systemic changes like BEE's scheme of labelling appliances and buildings are widely implemented. Private vehicle commuters would shift to public transport when city infrastructure orients to give preference to pedestrians and buses over cars. We often find flyovers get priority in cities. Flyovers do promote private transport and relatively punish public transport as the city-buses invariably take the route under the flyovers. In such a scenario of apathy towards public transport, expecting commuters to use buses, because a few of them might have participated in painting competition in one of the Energy Conservation Days at upper primary level, would be unrealistic. Given this kind of setting, energy conservation, like universal electrification will continue to remain a mirage. The sooner we realise this, the better.

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LOOKBACK

# Systemic flaws and social stigma of rape

Only reforms can make judiciary and police, the two essential components of justice delivery system, accountable. However, as rapes are not just law & order issue but also a social, economical and psychological problem, let the society bear the burden of rehabilitation of rape victims



ANISH GUPTA TAMAL DAS GUPTA

Delhi has gained its nickname as an incorrigible rape city. Since Nirbhaya two years ago, there have been innumerable cases of sexual assault on women in the national Capital. But because of alleged false cases and victims' low social status, the cases do not find the desired attention. It is only recently when an Uber cabbie raped his passenger in his car that Delhi woke up from its slumber and vent out the anger against the cavalier attitude of police. Rape cases give political parties an opportunity to indulge in a slanging match. But the irony of the fact is that whether Delhi was ruled by the Congress, the AAP or the BJP, there is never an abatement in the number of rape cases. No Government wants itself to be defamed with such incidences, especially at the time of elections, therefore, it is intriguing why the ruling parties failed to do the needful.

**Judicial failure**

The first question that arises here is why the Uber rapist cabbie, Shiv Kumar Yadav, was acquitted in the 2011 rape case after merely spending a few months in jail. The answer is not simple. Yes, the complainant did not turn up in court to pursue her case, but the actual answer lies in the fact that no woman wants to fight her case for a long time as each hearing progressively forces upon her the social stigma attached to a rape victim. The previous victim of Yadav pursued her case for more than six months but in vain. Victims cannot be expected to spend years in seeking justice, especially after their marriage. Delhi is a cosmopolitan city where a lot of girls come from different parts of the country and abroad to study and work, but if any untoward incident of sexual assault happens to them, they go back to their hometown and seldom like to return to the city where they were traumatised. Everybody knows the tactics of some lawyers who can twist truth for money and can buy frequent adjournments from courts. Judiciary is always running short of adequate number of judges. It is common practice in courts to schedule a hearing after 3-4 months. How can we expect from a young victim to leave all other preoccupations, skip study and examinations, to appear in the uncertain, inconclusive and apparently endless hearings in the court of law?



Justice delayed is justice denied, we all know, and yet we are doing nothing to rid the system of this malady. We are saddled with a judicial structure that is a colonial legacy and highly unfriendly in nature, and which seems to be more preoccupied with preventing people from getting justice than dispensing justice.

**Onus on police**

One of the tragic revelations the rapist cabbie made was his character certificate from the Delhi Police. However, Yadav's claim and proof were summarily dismissed by the Commissioner of Police as "a forged paper". However, the common man knows how police officials conveniently deny charges, twist facts and absolve themselves of all wrongdoings. Anyone who has ever been to a police station to lodge a complaint or to get any kind of certificate will know the fact. For incidents like mobile theft, burglary, etc, the station officer generally refuses to file an FIR. In most cases they merely put a seal on one's applications/complaints and give a running signature, which is never legible. The purpose of giving such illegible running signature is that they can later be disowned by the authorities, if need be. This is a ridiculously painful state of affairs, and in most of the government offices one can find deliberate running signatures of the officers for the purpose to deny it in later eventualities.

Criminals are thus, taking advantages of the flaws in Indian police and

of the Delhi Police as the business goes on symbiotically.

It is an open secret that the police and private operators have a tacit understanding under which police allow operators to violate a number of norms, including route violation, passenger strength, etc, and in return these private operators pay Delhi Police a fixed amount. Consequently, mushrooming illegal travel agencies and cab operators do not care about rules and regulations as long as they pay directly to the local police. This is not just limited to the city of Delhi but is standard practice in most parts of our country. These corrupt cops give a share of their booty to their seniors who in turn give it to higher authorities. In fact, postings at different part of the city are earmarked with some expected incomes from corruptions in that area. And the police officers are expected to pay a cut to their higher authorities for such lucrative postings.

**What can be done**

We need judicial reforms, and we need legal reforms as well. The need of the hour is to put a system in the place so that each incident of sexual assault is registered. Victims will be able to register every case of molestation and rape if and only they are protected and rehabilitated. However, a rape victim is always at the receiving end. She not only suffers from the trauma of the criminal act; her actual suffering starts when she files a complaint to get justice, as she incurs huge social and economic losses. Here we may note that sometimes false rape cases are lodged, but they are relatively rare, and easy to detect.

**A jarring transport**

Unfortunately these incidents of rape are occurring on the roads of a metropolitan city. The occurrence of these incidents exposes the flaws of the transport system of Delhi. One doesn't need to go very far to see the corruption of the police department related to public transport. For bribes, cops are always willing to break the law and allow illegal activities. In fact, they derive a steady income from such illegal transport activities. In one of the photos taken by us (shown here), a Delhi Police bus is being driven on the wrong side of the carriageway. Hundreds of Gramin Sewa tempos violate rules every day. Gramin Sewa generally carries double the number of passengers allowed. This is happening right under the nose

are serial offenders. They were able to repeat the crime as nobody ever reported the case due to the attitude of the police and due to the vagaries of a lengthy, expensive and harassing judiciary system. Every unreported incident of rape gives birth to the possibility of multiple other rape cases. So it is necessary to bring the very first offence of rape to book.

Unfortunately, our current justice system for a rape victim is limited to the maximum punishment to the offender. In such situation a woman is always a loser even if she gets the perpetrator punished. If rape incidents are not just law & order issue, but also a social, economical and psychological problem, then let the society bear the burden of rehabilitation of rape victims. We can have a compulsory provision of getting government jobs for the rape victims within, say, two months of the incident. This may be psychologically helpful to overcome from the trauma of incident.

There could be another lesson for the Indian bureaucracy which issues the certificates and washes off the hand when any such incident occurs by saying that the certificate/testimonial was forged. Why should not the police issue certificates on email by listing the information of the person who is certified?

Finally, we all know that the onus is on the judiciary: they alone can deliver a speedy justice to rape victims, provided our legal system and penal codes are suitably reformed, provided our laws become transparent and pro-people. Then the judiciary must deliver result in time, and not doing so should attract some kind of fine. Even the police officers responsible for the laxity in such cases should be fined. The other reform could be in the form of minimising the role of lawyers in all rape cases. A female judge can directly hear a case on the basis of the evidence and proofs collected, with minimal interventions from lawyers seeking adjournments or bent on endless cross-examinations. This will not only reduce the harassment to the victim, and reduce her economic burden, but it will expedite justice, and not for the victim alone. When justice is meted out to a perpetrator of rape, the society breathes a sigh of relief.

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