

OPEC And India

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OPEC-Organisation of the Oil Exporting Countries is going to celebrate its Silver Jubilee this September. As most of us know, OPEC is the only successful intergovernmental economic organisation from the third world. Many an accusing finger has pointed at its economic policies, raising perhaps the wildest of the hues and cries. In this article we shall attempt to analyse briefly, the impact of OPEC's policies on the third world in general and that on the Indian economy in particular.

In the early 1970s the rate of world oil consumption and that of oil's contribution in the overall energy system scaled enormous heights. The producers, rather the exporters of oil, who were almost single commodity economies (for them oil provides on an average 90% of their external revenues and in certain individual cases it scales the 99.9% mark), got alarmed at the speed with which their resources were depleting and that too without creating an alternative source of revenue. Oil was then sold at \$1.70 per barrel (bbl) of this amount only half would go to the exporting countries' governments while the other half would be pocketed by the multinational corporations operating there. With the advent of the 1970s the oil exporting countries under the aegis of OPEC warned the consumers to slash down oil consumption and as a first step to check growth in consumption levels, they opted for gradual cutbacks in production and simultaneous hikes in oil prices.

With the outbreak of hostilities between Israel and the Arabs in September 1973, the international oil market got an entirely new direction. Shortages caused by war damages

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