



Original research article

# The political economy of energy access: Survey evidence from India on state intervention and public opinion<sup>☆</sup>



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## ABSTRACT

In India, where energy access is limited, how does the public react to the government's inability to provide citizens with basic energy services, such as electricity and clean cooking fuel? We answer this question using a survey conducted in two rural villages of Uttar Pradesh. First, we examine the association between a respondent's opinion on state intervention and policy failure. Specifically, we focus on whether people who believe in state intervention are likely to have lower levels of satisfaction with the government's energy access policies. Second, we examine the link between policy failure and the likelihood that people consider a political candidate's energy views in voting. We find that people's preference for government intervention has a negative effect on satisfaction levels with government policies, and that people who blame the government for policy failures are less likely to take a political candidate's energy policies into account when voting.

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## 1. Introduction

India's energy situation is highly problematic; nowhere is the problem as severe as in the large states of North India such as Uttar Pradesh. About 304 million people do not have any access to electricity in the country, and 815 million Indians rely on traditional biomass and do not have access to modern cooking fuels [26]. One particularly striking aspect about India's energy woes is that they exist, especially in rural areas. As Palit et al. (2014: 238) [39] put it, "[d]espite conscious efforts of the central and provincial governments since the start of the planning process in 1951, past efforts in terms of both policies and programmes have achieved only marginal success."<sup>1</sup> So how do Indians interpret such policy failure? Do they blame the government for the poor situation?

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<sup>1</sup> These caveats may not apply to the advances made in the use of solar photovoltaic lighting systems, solar energy programs, and off-grid rural electrification in the country. Borah, Palit, and Mahapatra [11], Palit [37], Palit and Chaurey [38] provide excellent discussions on these programs.

Answering these questions is important for scholarship on energy policy. Given the major role of the Indian government in providing electricity to rural India, it is important to identify the determinants of public opinion in the field of energy policy. In other words, we want to know how the public reacts to the Indian government's efforts to provide the citizens with basic energy services.

We answer the above questions using a survey conducted in two villages in the state of Uttar Pradesh in February–March 2013. The main aim of the survey was to examine the preferences of Indian villagers about different energy sources. For the purposes of this paper, we focus on the respondents' reaction to policy failure. Specifically, we proxy the respondents' reaction to policy breakdown with satisfaction levels about the government's provision of different types of energy. The survey was carried out in rural villages where residents typically face severe electricity shortages, and we use the sample only to test our hypotheses and do not claim representativeness with the larger population of the country.

First, we stress the respondent's pre-existing beliefs about the state's intervention in the free market to explain the variation in these satisfaction levels. In the Indian context, policy debates often revolve around the role of the state in promoting development, and there is a sharp ideological cleavage between supporters and opponents of aggressive state policy [18,9]. We claim that people who prefer the state to provide energy access blame the government for not doing enough. Unlike their counterparts who favor the free

market, they do not blame infrastructure problems or exogenous market factors in the event of policy failure. They expect the government to correct market failures and blame it when they have unreliable energy access.

Second, we argue that people who blame the government for failures to provide energy access are more likely not to take a candidate's proposals on energy into account when voting. They treat such information as cheap talk and feel that policy failures by the government are likely to continue, regardless of the candidate's promises [14].<sup>2</sup> We investigate this issue because, in a democratic setting, voting is the most important channel through which ordinary citizens can influence policy and promote the provision of public goods [1]. Our goal is to understand what types of voters are the most likely to express their preference and care about energy policy as a development issue.

Our empirical results support both hypotheses. A person who prefers state intervention has 5.8% lower satisfaction levels with the government's energy policy, even after controlling for overall satisfaction with energy access, than someone who does not prefer state intervention. We also find that people who blame the government for policy failures are less likely to consider a political candidate's proposals on energy during an election. Specifically, when a person's dissatisfaction with the government for policy failures moves from the first quartile (25<sup>th</sup> percentile) to the third quartile (75<sup>th</sup> percentile), then the probability that she/he will consider a candidate's energy proposals decreases by 8 percentage points (holding his/her satisfaction with energy access, belief in the market and trust in politics at mean levels).

The small sample size notwithstanding, the study suggests potential policy implications. To the extent that a government implements failing energy policies, our evidence suggests, people simply tune out of the issue and ignore any electoral promises and campaigning on the subject. This negative reaction may in turn reduce political competition on policies and programs for improved energy access, encouraging politicians to continue making empty promises, such as the provision of free and reliable electricity for everyone. Indeed, when we did our fieldwork in the study villages and other areas of rural Uttar Pradesh, several villagers told us that they have little interest in electoral promises of improved electricity supply because of their apparent non-credibility. As a result, we may need a change in the nature of mass opinion to improve energy access for rural households. Our study is focused on the testing of hypotheses related to state intervention and policy failure, and policy failure and voting. The extension and interpretation of these findings to the state of Uttar Pradesh or India more generally will require further research.

The problem of poor energy access is not confined to India. Energy infrastructures are largely inefficient across many developing countries [6,50]. Our study sheds light on the demand side for policy intervention in a developing country with democratic institutions. This is particularly important because electoral pressure is a source of potential policy change [29]. Of course, India may be different in other fundamental ways from other developing countries, but we believe that the importance of people's expectations from the state is at the heart of policymaking across borders.

## 2. Energy access in India and Uttar Pradesh

Access to reliable and good quality energy sources remains a problem in many developing countries. This is especially true in

India, where one-third of the population remains without access to electricity [22] and three-fourths of the population use firewood as their main fuel for cooking [36]. The situation is particularly dire in Uttar Pradesh, where less than 24% of the rural households have been electrified [22]. For the year 2014–15, the Central Electricity Authority identified a gap of nearly 15% between electricity capacity and projected demand in the state [13]. In rural Uttar Pradesh, firewood and dung account for almost 90% of the cooking fuels, and Liquefied Petroleum Gas (LPG) for cooking has not yet made inroads in Uttar Pradesh villages [15].

There are some government programs in India that have attempted to improve electricity access in rural parts of the country, most prominently the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), which aims to build rural electricity infrastructure across the country. However, earlier policies have failed to provide adequate and reliable electricity to rural households [41,46], and even the more recent RGGVY, which only focuses on grid extension, does not address the reliability of electricity supply or constitute the complete electrification of villages.<sup>3</sup>

There are a number of reasons why many of the earlier government policies have not delivered on their promises. As several authors point out, many of the policies were not focused on rural expansion,<sup>4</sup> did not possess an institutional facet, were not effective with their delivery, faced infrastructure problems, or had inadequate distribution mechanisms [25,4,44,5]. In the case of Uttar Pradesh, the State Electricity Board has historically faced problems related to the high costs in buying electricity from neighboring states, large subsidies to the agricultural sector in the region [3], and poor maintenance of the infrastructure [23]. Politicians routinely make tall promises about the provision of electricity (especially during election periods), and there is considerable patronage politics surrounding the power sector in Uttar Pradesh and India at large [27,17,34].

While programs like RGGVY have focused on electricity, the National Biomass Cookstoves Initiative and the National Rural LPG Distribution Scheme have revolved around providing reliable access to cooking fuel [39, pp. 245–246]. These initiatives were introduced in 2009 and plan to distribute improved cookstoves to more than two million households by 2017 [32]. The achievement of these goals faces some hurdles, however, since past programs have lacked focus and effectiveness [5]. Also, subsidies provided for LPG and kerosene use have mainly benefited higher income households that live in urban areas [48,43]. An earlier initiative in 1993 that allowed private companies to supply LPG to rural households in the country was not successful because of state subsidies [2]. Access to clean cooking energy has also suffered from infrastructure problems and weak distribution mechanisms.

To summarize, energy access in rural India, with respect to both electricity and cooking, is poor and these policy failures can be traced back to challenges faced by the government. These policy failures may be due to the limited attention paid to energy access issues in rural areas by the different governments, both federal and state. While the focus on the reasons for policy failure is useful, an important aspect missed by studies on energy access in India is the impact these policy failures have had on the rural population, especially their attitudes regarding the government and their vote choice.

<sup>2</sup> Our fieldwork in the area has suggested that rural voters in the area saw the candidate's talk as such. Many longer open-ended interviews suggested that people were frustrated with politicians and dissatisfied with their efforts to improve energy access.

<sup>3</sup> For data on the RGGVY's achievements, see state-wise reports on the official website at <http://rggvvy.gov.in/rggvvy/rggvvyportal/statewisesummary.jsp> (accessed 28.04.15).

<sup>4</sup> RGGVY, which does focus on rural electrification, is an important exception.

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