India needs natural gas supplies to meet its ever growing energy requirements. It produces about 90 million standard cubic meters of natural gas per day as against its daily demand of 120 million standard cubic meters. This demand is set to grow further in the coming years. The projected demand for natural gas by India in 2020 is estimated at 400 million standard cubic meters a day. Part of this demand will be met domestically, but a large gap would still remain.

Further, the rise of India and China will exert great pressure on the international hydrocarbon market, about which the US and western oil majors are greatly concerned. This is partly due to the current estimates of demand growth in these countries, but more due to the hedging strategies embarked upon by these oil companies to secure a major upstream presence through equity oil acquisition and establishment of a new transportation infrastructure via transcontinental and trans-regional pipelines. Are gas pipelines a realistic option in terms of security or a costly dream for India? What are the alternative sources of energy available to meet India's burgeoning demands? These are the key questions confronting policymakers.

Initially, India held talks on the Iran-Pakistan-India (IPI) and the Myanmar-Bangladesh-India (MBI) gas pipelines in 2001. Unfortunately, they achieved only moderate success by securing equity stakes to exploit energy resources abroad. The last few months has seen much self-serving publicity than an appreciation of geopolitical and regional realities. The Indian Cabinet Committee on Security (CCS) has not yet examined issues of security and pricing vis-à-vis oil pipelines, whether from Iran or Turkmenistan. Initially, New Delhi said it would proceed with the pipeline from Iran only if Pakistan agreed to provide it transit facilities to Afghanistan. Reversing this policy, India then proclaimed that it would negotiate only with Iran on this project, making Teheran responsible for arranging the security of energy supplies. This policy was jettisoned and a joint working group established with Pakistan in June 2005. Later, India's vote at the IAEA for the resolution against Iran aroused fears of endangering India-Iran relations and India's energy security.

Significantly, the growth of Indo-Iranian ties is based on current global, economic and political realities. The unipolar nature of the current international system is an important factor. The US has pressured Iran to curb its nuclear programme and demanded strong action by the international community against its clandestine nuclear activities. Hence, if India were to go ahead with the Iran-Pakistan gas pipeline, it could lead to jeopardise relations with US.

The Myanmar-Bangladesh-India (MBI) pipeline has also witnessed a similar inconsistency. Bangladesh has turned slowly into a haven for anti-Indian activities. The illegal immigration of Bangladeshis, emergence of Islamic fundamentalism, and increasing influence of Pakistan's Inter Services Intelligence (ISI) in Bangladesh are uncomfortable issues for both sides. Bangladesh has linked the pipeline issue with a host of other demands. Before loosening their purse-strings for any of these projects, international financiers will look closely at the jihadi presence in Bangladesh, and the volatile politics of Balochistan where pipelines are being regularly blown up. India's Prime Minister, Manmohan Singh, alluded to the risks inherent in both the pipeline projects while in Washington in July 2005. The Russia-China-India (RCI) pipeline, suggested as another alternative, is a distant and costly proposition.
India's quest for energy security will have to be multi-dimensional, realistic, bold and imaginative. The recently signed Indo-US nuclear agreement is the culmination of a well thought out and finely balanced alternative. It allows India to place civilian reactors under IAEA safeguards, while maintaining its sovereignty over the military reactors. Further, the deal enables India to receive nuclear fuel like uranium in perpetuity. The advantages of nuclear energy are manifold. Nuclear energy ensures that there are no greenhouse gas emissions during operation. It does not produce air pollutants like carbon monoxide, sulphur dioxide, nitrogen oxides or particulates. The waste produced is small and the cost of fuel is low, while their transport and stockpiling are easy. Thus, India stands to gain these benefits after the nuclear deal is finalized. Oil and natural gas will continue to be an important part of the Indian energy mix in the short- and medium-term, but nuclear energy is the substitute over the long-term. Although finding and securing new sources of hydrocarbons must be a key aspect of India's quest for energy security in the immediate future, nuclear energy will be the answer in the future.