

V.A.2. Inter-fuel Substitution as a Tool for Managing Energy Demand and Mitigating C02 Emissions in Indian Industry

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An understanding of inter-fuel substitution behaviour of industrial consumers could provide valuable insight towards managing energy demand and also help in assessing C02 emissions reduction potential under alternative policy regimes. In this context, this paper investigates inter-fuel substitution behaviour in fourteen Indian industries.

The paper presents a brief discussion about strategies that can help in managing industrial energy demand and in mitigating fossil fuel based environmental pollution especially with reference to C02 emissions. Since various types of energy inputs generate environmental problems of different magnitude, possibility of substitution of 'dirty energy inputs with 'cleaner* ones, combined with energy conservation, could help reduce environmental pollution. Energy demand & substitution elasticities serve as an important guideline for assessing changes in energy demand under