

'OPEC+ move to hit recovery'

OPEC+ agreed not to increase oil supply as they await a more substantial recovery in demand amid the COVID-19 pandemic. Crude prices rose after the announcement and are up 33% this year.

OPEC+:

- The Organization of the Petroleum Exporting Countries (OPEC) and its allies as a grouping are known as OPEC+.
- OPEC+ is also referred to as the Vienna group.
- It is a grouping of oil-producing nations, made up of the OPEC members and 10 other non-OPEC members.
- OPEC+ comprises Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan and Sudan.

Issue:

- As one of the largest crude-consuming countries, India is concerned that such actions by producing countries have the potential to undermine consumption-led recovery and more so hurt consumers.

- India, hit hard by the soaring oil prices, urged producers to ease output cuts and help the global economic recovery from the pandemic.
- In India, rising oil prices are posing fiscal challenges, where heavily-taxed retail fuel prices have touched record highs. This is threatening the demand-driven recovery.

Imp Note:

- India is the world's third-biggest oil importer.
- It imports about 84% of its oil and relies on West Asian supplies to meet over three-fifths of its demand.

* OPEC risks forcing india to tap qran for oil if prices stay high

↳ Last year, club led by Saudi and Russia (OPEC+) reduced production due to low demand in pandemic
↳ this led to surge in oil price

↳ India's concern

- Inflation due to rise in oil price
- exhausted the strategic petroleum reserve it had built up by taking advantage of lower oil price last yr.

↳ India's stand

- Urged oil exporting countries to ease supply cuts to lower price
- if prices were to increase, it would consider to tap alternative import option such as qran if US sanction on it were lifted.

↳ OPEC+ expected to discuss possible production boost to meet rising demand and reduce recent price rise.

- The U-turns and vacillating between choices show the supremacy of politics over trade and economy, even if the latter is beneficial to the importing country.

- For the cabinet, the interests of its own business community and its export potential have become secondary.

- The third takeaway is the emphasis on Jammu and Kashmir by Pakistan to make any meaningful start in bilateral relations. This goes against what it has been telling the rest of the world that India should begin dialogue with Pakistan.

Govt. asks PSU refiners to review Saudi oil deals

Amid tensions with Saudi Arabia over oil production cuts, India has asked its state refiners to review contracts for buying crude oil from the West Asian nation and negotiate more favourable terms.

- Traditionally, Saudi Arabia and other OPEC producers have been the mainstay suppliers of crude oil for India. But their terms have often been unfavourable.

- Therefore, the government is now pressing for diversification of the supply base.

- Keen to break the producers' cartel dictating pricing and contractual terms, the government has told PSUs to look for supplies from outside the region and use collective bargaining power to get favourable terms.

- Also, India is looking at buying from the spot market rather than through contracts as it would ensure that it can take advantage of any fall in prices on any day and book quantities.

India imports 85% of its oil needs and is often vulnerable to global supply and price shocks.

- West Asia accounts for 60% of oil bought by India. Latin America and Africa are the other big supplier blocks.

A road map for tolerance

March 21 marks the International Day for the Elimination of Racial Discrimination.

Forms of racism:

- Current forms of racism and discrimination are complex and often covert.

- The anonymity of the Internet has allowed racist stereotypes and inaccurate information to spread online.

News: Seychelles elected new President.

★ Organisation of the Petroleum Exporting Countries (OPEC)

↳ Permanent intergovernmental organisation
created at the Baghdad conference in 1960
by the five oil rich countries - Iran, Iraq,
Kuwait, Saudi Arabia and Venezuela.

↳ currently 13 members → UAE, Algeria, Libya,
Nigeria, Gabon, Equatorial Guinea, Republic
of Congo, Angola (+ 5 founding members)

↳ Headquartered → Vienna, Austria

News: OPEC hopeful new wave of COVID-19 will not
dent energy demand.

Govt. asks refiners to diversify oil imports after OPEC+ move

India has asked state refiners to speed up the diversification of oil imports to gradually cut their dependence on West Asian suppliers.

- This is in the backdrop of OPEC+ deciding to largely continue production cuts.

India, the world's third-biggest oil consumer, imports about 84% of its crude needs with over 60% of that coming from West Asian countries, which are typically cheaper than those from the West.

- Iraq and Saudi Arabia are the two biggest suppliers of crude oil to India.

- India, hit hard by rising oil prices, has urged producers to ease output cuts and help the global economic recovery.

- In response, the Saudi energy minister told India to dip into strategic reserves filled with cheaper oil bought in 2020.

•India now plans to import oil from new producer Guyana. Indian Oil Corp has also renewed its oil import contract with Russia.

'Govt. owning bad bank is more capital efficient'

In the Union Budget 2021, Finance Minister announced the creation of a bad bank.

Non Performing Assets issue in India:

•According to the figures released by the RBI, the total size of bad loans in the balance sheets of Indian banks at a gross level was around Rs. 9 lakh crore as of March 31, 2020.

•The proportion of banks' gross non-performing assets is expected to rise sharply from 7.5% of gross advances in September 2020 to at least 13.5% of gross advances in September 2021 given the impact of the COVID-19 pandemic.

Bad bank:

•The proposed bad bank will be based on an asset management company-asset reconstruction company model to absorb the stressed assets in the banking system.