



CURRENT AFFAIRS



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The global crisis in oil refining

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What's the Issue?

Fuel prices are skyrocketing, and expenses are rising for industrial production, electricity generation, and building heating, which is hurting drivers around the world at the pump.

Background

Before Russia invaded Ukraine on February 24, prices were already high. While crude prices have barely slightly increased since mid-March, fuel prices have skyrocketed.

Lack of sufficient refining capacity to convert oil into gasoline and diesel to fulfill growing worldwide demand is a major contributing factor.

How much can global refineries generate per day?

According to the International Energy Agency, there is enough capacity in the world to process around 100 million barrels of oil per day, but only about 20% of that capacity is actually put to use.

In Latin America and other regions where there is a dearth of investment, a large portion of that unused capacity is located.

The remaining anticipated capacity is probably between 82 and 83 million barrels per day (bpd).

How many refineries have been shut down?

The world's daily refining capacity has decreased by 3.3 million barrels, according to the refining industry, since the year 2020.

These losses were split roughly evenly between the United States, Russia, China, and Europe.

Early in the epidemic, when lockdowns and remote work were common, fuel demand fell.

Before that, there had been at least three decades where refining capacity had increased.

Reasons behind the high prices

Refineries are running at lesser capacity than they were prior to the epidemic in the United States, China, Russia, and Europe.

US refiners have reduced their capacity by around a million barrels per day (bpd) since 2019.

Russia: According to sources who spoke to Reuters, about 30% of Russia's refining capacity was idle in May. Russian fuel is being rejected by many Western countries.

China: Its capacity for refining is the lowest.

Exports of refined goods are only permitted in accordance with official quotas, which are typically given to big state-owned refineries rather than independent small businesses.

China's independent refineries averaged 65.5 percent, compared to 71.3 percent for state-backed refineries. Though lower than average historically, that was up from earlier in the year.

What other factors are involved in the high prices?

- Due to increased global demand and sanctions against Russian boats, the cost of shipping goods overseas has increased.
- The high cost of natural gas, which fuels refineries' operations, limits their ability to operate throughout Europe.
- Vacuum gas oil is another intermediate fuel used by some refiners.
- The shutdown of some gasoline-producing units was caused by the loss of Russian vacuum Gas Oil.

Who stands to gain from the existing circumstances?

- Refiners, particularly ones that ship a lot of petroleum abroad, like US refiners.
- Due to the widespread fuel shortages, refining margins have reached all-time highs, with the crucial 3-2-1 crack spread approaching \$60 per barrel.
- For US-based Valero and India-based Reliance Industries, this has resulted in significant profits.

Will oil refining increase in the next few years?

The capacity of the world's refineries is expected to increase by 1 million barrels per day in 2022 and by 1.6 million bpd in 2023.

Daily processing of 78 million barrels in April was significantly lower than the pre-pandemic average of 82.1 million bpd.

As Chinese refineries restart, the IEA anticipates that refining will increase this summer to 81.9 million bpd.

What is the position of India?

According to the IEA, India refines more than 5 million bpd and has been buying inexpensive Russian crude for both internal use and export.

By year's end, the IEA predicts a 450,000 increase in output.

What should we do next?

To accommodate the rising demand, more refining capacity is expected to go online in the Middle East and Asia.

The need can be satisfied until nations like the US, Russia, and China resume their pre-pandemic levels of operation.

Vivek Raj

NAMBI NARAYANAN (FORMER ISRO SCIENTIST)

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- S. Nambi Narayanan is a former ISRO scientist
- He was awarded the Padma Bhushan, in 2019.
- Played important role in developing the Vikas engine that would be used for the first PSLV that India launched and also he was in-charge of the cryogenics division.
- He introduced the liquid fuel rocket technology in India in the early 1970s as he knew the need and importance of liquid fueled engines for ISRO's future civilian space programmers.
- In 1994, he was falsely charged with espionage and arrested in April 1996, finally the charges against him were dismissed by the

Central Bureau of Investigation (CBI) and in 1998, the Supreme Court declared him not guilty.

- In 2018, the Supreme Court awarded Narayanan a compensation of ₹ 50,00,000. However the Government of Kerala decided to give him ₹ 1.3 crore. The apex court also constituted a committee headed by retired Supreme Court judge D. K. Jain to inquire into the role of officials of the Kerala police in the arrest of Narayanan

Anoop Singh

OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

- **Meaning** :- ONDC is a network based on open protocol and will enable local commerce across segments, such as mobility, food order & delivery, grocery, hotel booking and travel etc. to be discovered and engaged by any network-enabled application
- It is a Not-for-profit organisation that will offer a network to enable local digital commerce stores across industries to be discovered and engaged by any network-enabled applications.
- GOI focused on ONDC with an aim to “democratise” the country’s fast growing digital e-commerce space. Currently dominated by Amazon & Walmart. Presently ONDC is the pilot stage in five cities- Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore, with a target of onboarding around 150 retailers.
- GOI also setup of Advisory Council to analyze the potential of ONDC as a concept and recommend the government on measures needed to accelerate its adoption.
- For next Five Years, ONDC expects to bring on board 90 crore users and 12 lakh sellers on the network and 730 crore additional

purchases. It will standardize operations like inventory management, order management, cataloguing etc.

Anoop Singh

Significance and implications of Majoritarian politics in Indian democratic system: An Analysis

Context :

India is a country of diversified cultures. Numerous races, ethnic groups, religions, and languages are part of Indian cultures. Among all the religions Hindus are in majority. The democratic system is the number game of majority votes. But In democratic countries, if the minorities are marginalized, it could destruct the objectives of the welfare state

Introduction

India is democratic cutlery as well as a country of diversified culture. Therefore, in front of India, it is a big challenge to implement welfare measures in the country without any discrimination. Majoritarianism is the big flaw of democracy. Generally, political parties prefer to attain power only for all the measures they adopt.

The polarization of the votes for any political party would be the key to power. Therefore every political party prefers to polarize the votes of the majority only. In this way, the majorization would be imposed in the diversified country and the people of the minority sector can feel inferior and finally segregated and marginalized. Therefore this is the duty of the state to prevent such an atmosphere. In the policy-making process, the minorities should not be ignored

Case study of the Northeastern State

The northeastern states are small and have less representation in parliamentary politics. therefore the people of the northeast would always have the feeling of being marginalized. Therefore, the Government should ensure to give maximum representation to those people.

The erosion of Secularism

The ruling party ensured that she would get the power again through the support of the majority votes of the Hindus. Therefore, for the power, they may adopt the extremist policy in the favor of Hinduism. However, Such parties would get success in the election but It can destruct the secular nature of the country. Therefore this is the duty of every citizen of India to intact the diversified cultural structure of this country.

However, our constitution protects the rights of minorities but it should be reflected in the act of the institutions of the government.

For the last several years, it has been observed that the decision of the honorable courts also was in the favor of the majority. However, these decisions should not be criticized on the parameter of the merits and the fundamentals of the constitution but up to a certain extent they dented the faith of the minorities towards government institutions

Conclusion

diversity in public institutions is essential to promote stability and integration of the state as an institution of governance since an underlying premise of democracy is power-sharing along multiple axes — religious, linguistic, regional, caste, tribal, etc. The extent to which ethnic or racial minorities are present in legislatures can be viewed as a litmus test for the effectiveness of a country's democratic system and for redressing ethnic inequalities or addressing discrimination.

For a democratic country, we should protect ourselves from the evil of the polarization of the majority votes. The majorization of democratic countries disintegrated the state. Because polarization on the ground of religion and the caste would be dangerous for the stability of the country. Therefore this should be the duty of every responsible institution and the citizen to protect this country from the veiling practice of majoritization and the religious polarization. the measure should opt for the socially, and politically marginalized people also.

Dr. Anshul Bajpai



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