

# Rosneft to supply crude to IOC; India & Russia talk BPCL

JYOTI MUKUL  
New Delhi, 5 February



The contract is part of India's strategy to diversify the country's crude oil supplies from non-Opec countries

After getting a foothold in the Indian petroleum market by buying out Essar Oil in 2017, Russia's state-owned Rosneft on Wednesday signed an agreement with Indian Oil Corporation for providing 2 million tonnes of Urals grade crude oil to the latter.

The oil will be shipped to India this year. Rosneft is also expected to bid for the government-owned Bharat Petroleum Corporation (BPCL).

The Russian major already holds 49 per cent in Nayara Energy, the erstwhile Essar Oil. Nayara owns a 20 million tonne refinery in Vadiar, Gujarat, and has a network of 5,600 petroleum retail outlets across India.

The crude purchase agreement with Indian Oil was signed during a meeting between Union Minister of Petroleum and Natural Gas and Steel Dharmendra Pradhan and Rosneft chairman and chief executive officer Igor Sechin.

The long-term contract is a part of India's strategy for diversifying the country's crude oil supplies from non-Opec countries. It is also a part of the five-year roadmap for bilateral cooperation in the hydrocarbons sector. A pact in this regard was signed during Prime Minister Narendra Modi's visit to Vladivostok last September, said a press release from the ministry of petroleum and natural gas.

"The addition of Russia as a new source for crude oil imports by India's largest refiner will go a long way in mitigating the risks arising out of geo-political disruptions. The new arrangement would also usher in price stability and energy security for India,

which is witnessing robust growth in demand for petroleum products. It will also open up avenues for other public sector undertaking (PSU) oil refiners to enter into similar term contracts for import of Russian crude oil," said the release.

Both sides agreed to take forward mutually aligned priorities, including preparing a road map for Indian investments in the Eastern Cluster projects of Russia.

It was noted that the four Indian oil and gas PSUs have already submitted the expression of interest to Rosneft to participate in the project.

In order to negotiate the terms of Indian companies entering Vostok Oil in the shortest time possible, it was agreed to create a working group of representatives of Russian and Indian companies.

During Wednesday's meeting, both the countries reviewed the ongoing investments between Indian oil & gas PSUs and Rosneft. They called for enhancing energy cooperation further and strengthening hydrocarbons engagement, both on the investment front as well as sourcing natural gas and

crude oil. Pradhan said that hydrocarbon is an important pillar of the bilateral strategic partnership. "Indian oil and gas companies value their association with Rosneft, one of the important companies partnering India's energy security objectives," he added.

Both sides agreed to take forward mutually aligned priorities discussed during Pradhan's visit to Russia in September last year. This includes preparing a roadmap for Indian investments in the Eastern Cluster projects of Russia, especially in the Arctic.

Pradhan said Indian companies, especially Engineers India, have considerable expertise in providing engineering consultancy as well as executing mega projects across the hydrocarbons value chain.

Sechin indicated his readiness to intensify cooperation to strengthen India's energy security and work jointly with Indian oil and gas companies.

The crude oil, being sourced under the contract, will be loaded in Suezmax vessels at the Novorossiysk port of Russia and come to India, bypassing the Straits of Hormuz.

## CABINET DECISIONS

# RBI to get more control over co-op banks

SOMESH JHA  
New Delhi, 5 February

The Reserve Bank of India (RBI) is set to get more auditory and supervisory powers over urban and multi-state co-operative banks, with the Union Cabinet approving the Banking Regulation Amendment Bill, 2020, on Wednesday.

"Like commercial banks, multi-state and urban co-operative banks will be brought under the regulations of the RBI. These changes will be only for the banking side and administrative rights will continue to remain with the registrars," said Information and Broadcasting Minister Prakash Javadekar.

The Union Cabinet was chaired by Prime Minister Narendra Modi.

Javadekar added that the audit of such co-operative banks will be according to RBI regulations and the best management practices laid down by the regulator will also apply to them. Further, the RBI will be allowed to set the minimum level of qualifications for the board members of such lenders



which will need the consent of the regulator to appoint a chief executive officer.

The managements of such banks are elected through co-operative bodies at present and the RBI has limited control over their appointments.

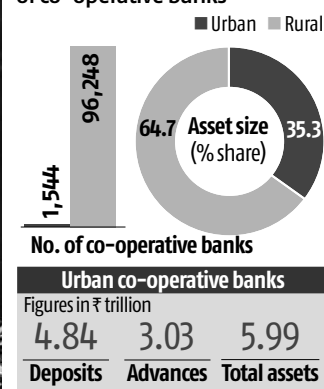
"If the situation gets worse, the RBI will get powers to supersede the board. All these meas-

ures will give financial stability to the sector and protect the depositors' interests. The RBI will bring the co-operative banks under its control in a phased manner," the minister said.

The move is the fallout of a fraud unearthed at Punjab and Maharashtra Co-operative Bank whose management had allegedly handed over ₹6,700

### MORE TEETH BUT...

Even after the changes in the legislation, the central bank will gain regulatory control over only a small fraction of co-operative banks



crore worth loans to real estate firm HDIL.

There was a dual control of the RBI and respective states and the central governments that restricted timely regulator action against co-operative banks. However, even after the recent proposed changes in legislation, the RBI will be gaining control over a small frac-

tion of co-operative banks.

As of March 2019, 1,544 urban co-operative banks accounted for merely 1.6 per cent out of the 97,792 co-operative banks. In fact, 96,248 rural co-operative banks accounted for around 65 per cent of the assets of co-operatives and were controlled by the respective state government legislation.

Javadekar said co-operative banks had 86 million depositors with total deposits of around ₹5 trillion. While the registrars under the state and central governments have control over incorporation, registration, management, recovery, audit, supersession of board of directors and liquidation, the RBI is "invested with regulatory functions", according to the RBI's Trends and Progress Report 2018-19.

The RBI is also responsible for the supervision of urban co-operative banks, empowered to give suggestions on prudential norms for capital adequacy, income recognition, asset classification and provisioning, liquidity requirements and single or group exposure norms.

## Maharashtra to have India's 13th major port

MEGHA MANCHANDA  
New Delhi, 5 February

The Union Cabinet on Wednesday approved the setting up of the country's 13th major port at Vadhavan in Maharashtra at a total cost of ₹65,544.54 crore.

The Vadhavan port will be developed on "landlord model" (where infrastructure is leased to private firms or industries and chemical plants). A special purpose vehicle (SPV) will be formed, with the government planning to hold 51 per cent stake in the project.

The SPV will develop the port infrastructure including reclamation, construction of breakwater, besides establish-



### WHAT'S IN STORE

- Boost for port-led development and reduction in logistics cost
- New port to give tribal area development a boost
- Higher cargo movement from south Gujarat, Indore (Madhya Pradesh), Maharashtra, Telangana, north Karnataka and land-locked states of North India

ing connectivity to the hinterland. All the business activities would be undertaken under the private-public partnership mode.

Currently, India has 12 major ports - Deendayal, Mumbai, Jawaharlal Nehru Port Trust (JNPT), Mormugao,

New Mangalore, Cochin, Chennai, Kamarajar, V O Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).

"Setting up a major port is a big task and takes time but I am hopeful that we should be able to start work on the proj-

ect soon," shipping minister Mansukh Mandaviya said.

The reason behind setting up another major port on the west coast is because of the exhaustion of container cargo capacity of the JNPT, which is 10 million TEUs (twenty foot equivalent unit). On the west coast, this capacity is 18 million TEUs while the total requirement will increase to 25 million TEUs in 2030.

With development of the Vadhavan port, India will break into the countries with top 10 container ports in the world, Mandaviya said.

The central government felt the need for a deep draft port to accommodate the largest container ships in the

world. The new port will also cater to the spillover traffic from JNPT once its planned capacity of 10 million TEUs is fully utilised.

The Vadhavan port has a natural draft of about 20 metres close to the shore, making it possible for it to handle bigger vessels. Development of this port will enable cargo container vessels of 16,000-25,000 TEUs capacity, giving advantage of economies of scale and reducing logistics cost.

The demand for container traffic will further accelerate after the plans for improving logistic infrastructure fructify and the 'Make in India' push drives greater exports, an official statement said.