Fuel and Financial Shocks Impacting Global Economy: India Better Placed

World Bank Group Executive Director Neelkanth Mishra highlighted global economic risks arising from fuel and finance shocks.

An analysis of global macroeconomic stress, rising capital costs, and India's vulnerability due to 90% crude oil import dependence.

KEY EXAM POINTS

- Higher **fuel costs** and tight financial conditions are weakening global demand and pushing up **capital costs**.
- **Neelkanth Mishra** stated India is better placed than developed economies but remains vulnerable through **imported energy** and foreign savings.
- Geopolitical disruptions primarily affect economies through **four key channels**: food, fuel, fertiliser, and finance.
- **International Energy Agency** (IEA) forecast world oil demand to fall by **2.5 million barrels per day** in 2026.
- According to **PPAC** data, India's crude oil import dependence stands at nearly **90 per cent**.

DID YOU KNOW..!?

Petroleum Planning and Analysis Cell (**PPAC**) was established in **2002** under the **Ministry of Petroleum and Natural Gas**.

International Energy Agency (IEA) was established in **1974** in **Paris** following the 1973 oil crisis.

Strategic Petroleum Reserves (SPR) in India are maintained by ISPRL under Phase 1 at **Visakhapatnam**, Mangaluru, and Padur.

Foreign Exchange Reserves of India are managed by the **Reserve Bank of India** under the **RBI Act, 1934**.

Inflation Targeting framework in India was officially adopted in **2016** targeting CPI inflation at **4%** with a band of +/- 2%.

Unique Identification Authority of India (**UIDAI**) was established as a statutory authority in 2016 under the **Aadhaar Act 2016**.

REVISION FLASHCARD

India's crude oil import dependence is nearly 90%, exposing it to global energy price volatility.

Syllabus Relevance: High relevance for Group 1 and 2 Mains/Prelims on macroeconomic stability, import dependence, and inflation.

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