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INCRESED DOMESTIC PRODUCTION OF OIL, COAL & RESTRAINING GOLD CONSUMTION CAN CONTAIN CAD; INDIA CONTINUES TO REMAIN A DESIRED DESTINATION FOR FDI AND FII – P. CHIDAMBARAM

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The only way to contain Current Account Deficit (CAD) is to increase the domestic production of oil & coal and restraining the consumption of gold, says the Union Finance Minister Shri P. Chidambaram. He was addressing the meeting of the Parliamentary Consultative Committee of the Ministry of Finance here today. The Finance Minister said that in order to increase our production, we must get our policies and priorities right as long term measures. The agenda for the meeting was: 'The Current Account Deficit- Implications and Measures to Contain the Deficit.' Shri Chidambaram said that the extent of CAD and its financing are the two major concerns. He said that it is important to finance CAD than to draw from the reserves. The Minister said that the major reason for our large CAD is that we have huge dependence on import of certain items like oil, coal and gold. The Minister said that as the world economies are in recession, we cannot do much on the external factors. All European economies except Germany are in recession and so is the case with Japan and other developing economies. Only US economy is showing some signs of revival. However, India continues to remain a desired destination for FDI and FII, he added.

The Union Finance Minister Shri P. Chidambaram said that the government is looking at FDI caps to see if they are indeed serving the purpose. Otherwise the caps could be revisited, he added. Shri Chidambaram said that despite all odds, the Government was able to finance the CAD and also added around US $ 3 billion to the forex reserves in 2012-13. He expressed confidence that this year also, CAD will be financed without dipping into reserves. He further said that government is proactively working towards operationalisation of 215 stalled projects involving about Rs. 7 lakh crore, with a view to give a push to the production activity in the country.

Various members of the Committee appreciated the steps taken by the Government to contain CAD. They also lauded the Finance Minister's announcements in the recent past including his appeal to the people, to check import and consumption of gold. Some of the members suggested that foreign investors' confidence in the Indian economy needs to be restored to ensure larger inflows of FDI and FII. It was also suggested that domestic production of oil and coal should be increased by ensuring that allocated blocks for oil exploration and coal mining start production at the earliest.

The meeting was attended among others by the Minster of State for Finance Shri Namo Narain Meena. Following Members of Lok Sabha : Shri Anto P. Antony, Smt. Mala Raja Laxmi Shah, Shri Narahari Mahato, Smt. Rajkumari Ratna Singh, Prof. Saugata Roy, Shri Suresh C. Angadi, Shri Vijay Inder Singla, Shri M.S. Reddy and following Members of Rajya Sabha : Shri Ajay

Sancheti, Smt. Rajani Patil and Shri Murli S. Deora also participated in the meeting. Senior officers of the Ministry of Finance also attended the said meeting.

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