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GOVERNMENT OF INDIA**

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**TEXT OF THE SPEECH OF THE UNION FINANCE MINISTER SHRI P. CHIDAMBARAM AT THE VALEDICTORY FUNCTION OF THE PETROTECH 2014 CONFERENCE**

**New Delhi, January 15, 2014**  
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Following is the text of the speech of the Union Finance Minister **Shri P. Chidambaram** at the Valedictory function of the **Petrotech 2014 Conference** here today:

“I thank you for inviting me to deliver the valedictory address at the conclusion of Petrotech 2014.

Petrotech 2014, the biennial International event organized by the Indian hydrocarbon sector under the aegis of the Ministry of Petroleum and Natural Gas, Government of India, has positioned itself well at the confluence of the rising currents of two developments: ‘*Rise of India as an energy destination*’ and ‘*the pressing need for greater technological collaboration in the energy sector*’. Petrotech has become a benchmark for technology exposition in this part of the world. I understand that its rising significance in the global oil and gas calendar has meant increasing participation over the years.

As technology changes rapidly, it is imperative that such events deliberate on what has been, what is, and what can be. PETROTECH plays a very crucial role in connecting energy strategists. This gathering brings together government leaders, policy makers, entrepreneurs, corporate leaders and professionals across the world on a common platform to further advance their cooperation in the energy sector through dialogue and discussion on issues that affect the energy industry.

The theme for PETROTECH 2014, ‘**Vision 2030: Emerging Global Energy Basket – Challenges & Opportunities**’, was topical. The energy scene is changing radically and rapidly on account of a host of factors, including development of breakout technology that has enabled monetizing new categories of hydrocarbon reserves that were hitherto not commercially viable.

I understand that the Plenary Track of Petrotech – 2014 focussed on the changing energy landscape. I am sure that the last three days have seen thought-provoking discussions among global hydrocarbon experts and energy gurus. What you take away from conferences such as Petrotech 2014 can be incorporated into shaping the future energy agenda of countries in a more holistic and sustainable manner. They will also determine the roadmap of growth of oil and gas in times that are both challenging and promising. The fact that such a distinguished and geographically diverse fraternity came together gives us confidence that there is a widely shared sense of solidarity on the challenges that we face.

I am told that the thirty theme-based technical sessions offered an opportunity for scientists and technologists to deliberate on cutting-edge technological developments. In addition, the Conference featured a digital paper presentation track that covered the entire gamut of the hydrocarbon sector, addressing issues like demand management, development

of talent pipeline, sustainability and local community development, carbon management and disaster management. The Conference also reviewed technological advancements in Upstream, Midstream, Downstream, LNG and Unconventional hydrocarbons. I am confident that your participation in the technology track made it intellectually enriching for all participants.

I congratulate the Ministry of Petroleum and Natural Gas and ONGC for organizing this event.

Let me now share a few thoughts with you on our energy and security concerns.

After years of rapid growth, the global economy hit a speed breaker and, following the global financial crisis of September, 2008 quickly descended into what is now called the Great Recession. Recovery has been slow, especially in Europe. The signals from other advanced industrial economies, except the US and Germany, are mixed. Among the emerging economies, there is still uncertainty and a sense of crisis. According to the World Economic Outlook, 2014 promises to be a slightly better than 2013. Let us hope that, going forward, there will be a steady recovery.

As the international economy recovers and regains its balance, one thing is certain: demand for oil will pick up. Whatever supply overhang is there will be quickly absorbed. The old dilemma will raise its head once again. Oil consuming countries will demand lower and stable prices. Oil producing countries will demand high and assured prices. I recall the time in 2008 when crude oil prices touched USD 147 a barrel and, if I may say so, virtually robbed every developing country of about 1 to 2 percent of its growth rate.

Concern about energy security is, therefore, not a thing that we can claim has been put behind us for good. As long as the oil market is defined by asymmetry between the demands of oil consumers and oil producers, the concerns about energy security will remain. And as long as these concerns remain, I am afraid there will be volatility in global crude oil prices. Market-unfriendly and so-called strategic deals will only further muddy the waters by either over valuing or under valuing oil assets. I wonder if we can hope for a day when oil consumers and oil producers will read from the same script.

I may also point out that the global energy basket is changing radically on account of developments in the advanced economies as well as emerging economies. These changes could significantly impact, as well as potentially alter, conventional energy global trade routes.

How does the situation that I have described affect India for the better or for the worse?

India remains one of the fast growing large economies of the world. If you take the September 2008 global financial crisis as a watershed, in the years that followed we have grown at 8.6 percent in 2009-10; 9.3 percent in 2010-11 and 6.2 percent in 2011-12 which, I am told, is likely to be revised upward. It is true that there has been a further slowdown in 2012-13 and in the current year. The slowdown reflects a worldwide trend. As the global economy recovers and as our new measures take effect, I am confident that the Indian economy will also get back, step by step, to the high growth path within three years.

We are acutely aware that growth can be secured only on a strong financial foundation. We are aware of the need to raise adequate resources, expend them wisely, and remain within prudent fiscal limits. On more than one occasion I have reiterated our

unflinching commitment to contain the fiscal deficit to 4.8 percent of GDP in the current year, and I do so again today. We will then reduce it by 0.6 percent every year until we reach the target of 3 percent in 2016-17.

Our efforts to contain the current account deficit (CAD) have yielded splendid results. Last year, we faced a daunting number of USD 88 billion. Of the total imports of USD 491 billion, the oil import bill alone amounted to USD 164 billion. Needless to say, a developing country like India cannot afford such a huge import bill or such a high level of CAD. Therefore, we were constrained to take some hard measures, including conservation measures, and these measures have helped us contain the CAD. I am glad to be able to say that the CAD in the current year will be approximately USD 50 billion.

Any developing country that grows at a fast rate will need resources. Energy is a key resource and the hydrocarbon sector has become the focus of all policy planners in every large country. We need to discover and exploit our own energy resources. We also need to secure energy supplies from abroad. Given the size of our economy, our potential and our need, India has become one of the essential focal points of the oil and gas business in the Asia Pacific region. Consequently, India is also fast becoming an important player in the global arena. Initiatives taken by our oil companies, in recent years, have been quite impressive.

Nevertheless, India will remain an energy deficit country for many more years. The deficit has affected us in many ways. 24,147 MWs of power capacity is stranded for lack of gas. Nearly 3.4 million tonnes of fertilizer cannot be produced for lack of gas. Our foremost challenge is therefore to bridge the energy deficit and, going forward, to ensure our energy security. To our friends gathered here from oil producing countries, let me say that India is a good long term bet as your partner for cooperation in the energy sector.

However, consumption is not the only story that we bring to the energy table. India is a globally recognised state-of-the-art refining centre. Our refining capacity has increased from 62 MMTPA in 1998 to 215 MMTPA today. Besides, our energy companies have proven expertise in the entire oil and natural gas value chain. We offer ourselves as both a huge market for energy products and as an investment and technology partner in the oil and gas sector. I am sure that many of you have already recognised these attributes of India and we look forward to working with countries and companies that acknowledge India's status and contribution.

Once again, let me offer my congratulations to the Ministry of Petroleum and Natural Gas and ONGC. Let me also offer all of you my felicitations and gratitude for your participation in this important Conference. I hope you have had a pleasant stay in India and I wish all of you a safe journey home and the very best for the future."

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