

POLICY WATCH FINANCE

Have requested RBI for interim surplus transfer for FY19: FinMin

SURPLUS PAID BY RESERVE BANK TO THE GOVERNMENT OF INDIA

Financial of Government	Amount Recd. (₹ Crore)	Date of credit in Govt A/c	Surplus Year for the financial year of RBI
2016-17	65,876	11-08-2016	2015-16
2017-18	40,659*	10-08-2017 & 27-03-18	2016-17
2018-19	40,000	08-08-18	2017-18

ENSECONOMIC BUREAU
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IN LINE with the interim surplus transfer last year, the government has requested the Reserve Bank of India (RBI) for an interim surplus in 2018-19, Minister of State for Finance P. Radhakrishnan said in Rajya Sabha on Tuesday.

The government has received Rs 40,000 crore in this financial year as surplus transfer from the RBI, lower than the budgeted amount of Rs 45,000 crore for 2018-19, he said.

“...in BE (Budget estimates) 2018-19, estimated dividend/surplus from RBI, PSBs and financial institutions was considered at Rs 54,817.25 crore, including Rs 45,000 crore as surplus transfer from RBI, whereas the actual amount of surplus received is Rs 40,000 crore in financial year 2018-19 of the government ... the government has requested RBI for an interim surplus on the analogy of previous year when interim surplus was requested by government and transferred by RBI to the government,” Radhakrishnan said in a written reply in Rajya Sabha.

The RBI, which follows the July-June financial year, at its board meeting held on August 8, 2018, had approved the transfer of surplus amounting to Rs 50,000 crore for the year ended June 30, 2018 that will be accounted in the government's financial year from

April 2018-March 2019.

The surplus transfer of Rs 50,000 crore by the RBI to the Centre included an interim transfer of Rs 10,000 crore done in the previous financial year, taking the effective dividend for the current year to Rs 40,000 crore. While the total surplus paid by RBI was higher than Rs 30,659 crore for 2016-17, it was lower than the amount transferred in the previous three years.

The Centre has maintained that it will stick to its target of fiscal deficit of 3.3 per cent of GDP, as pick up in disinvestment revenues and higher direct tax collections will aid revenues, but concerns remain about meeting the fiscal deficit target. Government finances are under strain, with the Centre's fiscal deficit for April-November period rising to Rs 7.17 lakh crore or 114.8 per cent of the full-year target of Rs 6.24 lakh crore. One of the contentious issues in the RBI-Centre conflict was the size of the RBI's reserves, which at Rs 9.6 lakh crore was reckoned as excessive by the government.

Of the RBI's total reserves of Rs 9.6 lakh crore, the currency and gold revaluation reserves alone account for Rs 6.9 lakh crore. Other components of the reserves include the contingency fund of Rs 2.31 lakh crore, the asset development fund of Rs 22,811 crore, the investment revaluation account of Rs 13,285 crore and foreign exchange forward contracts valuation account at Rs 3,282 crore.