

RBI GOVERNOR TO PARLIAMENTARY STANDING COMMITTEE ON FINANCE

‘Economy robust; to submit views on NPAs in 10 days’

ENS ECONOMIC BUREAU

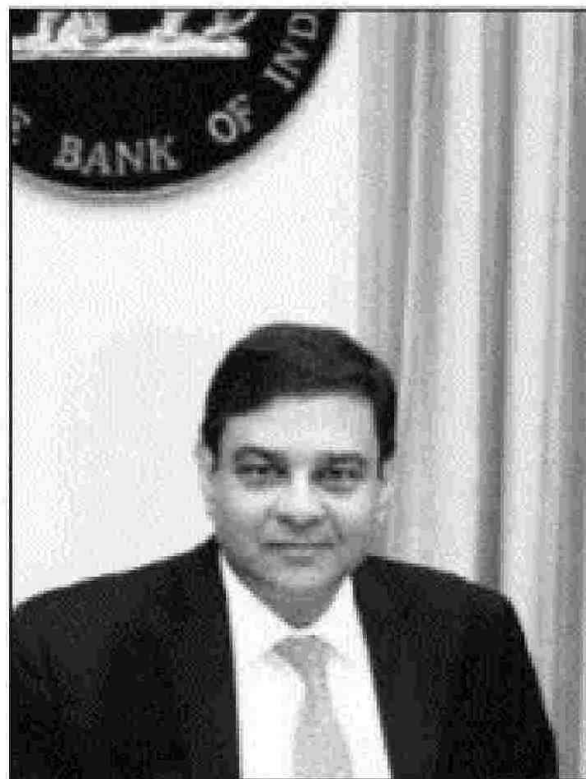
NEW DELHI, NOVEMBER 27

RESERVE Bank of India Governor Urjit Patel on Tuesday is learnt to have told a parliamentary committee to give in writing his views on a range of issues including non-performing assets (NPAs) and state of the economy.

Sources said, Patel, who appeared before the 31-member Parliamentary Standing Committee on Finance, said the fundamentals of the Indian economy are robust and there is healthy credit growth. Patel did not reply to questions relating to autonomy of the RBI and reserves, sources added. The Governor is expected to submit his written replies in 10-15 days.

Patel made a presentation about the state of the domestic and the world economy to the committee and several members asked questions. Sounding optimistic about the state of Indian economy, Patel said credit was growing at 15 per cent annually and demonetisation had a transient impact on the economy, sources said. However, he did not answer specific questions on the government invoking Section 7 of the RBI Act, the autonomy of the central bank and other contentious issues, the sources said.

The agenda of the



URJIT PATEL

Governor, Reserve Bank of India

Committee’s meeting included briefing by the RBI on subjects including impending reforms relating to the RBI and resolution of NPAs and stressed assets, critical appraisal of implementation of the Insolvency and Bankruptcy Code, ramifications of demonetisation. RBI was also to brief members on state of Indian economy — pitfalls and challenges.

Patel was earlier scheduled to appear before the panel on November 12, but the meeting was postponed. The Committee members also asked questions on the implementation of the Basel III capital adequacy norms for banks, the sources said. Patel appeared before the Committee

days after a standoff with the finance ministry over multiple issues including the demand for easing curbs on banks under Prompt Corrective Action (PCA), appropriate size of the RBI reserves, a package for MSMEs and providing additional liquidity to non-banking financial companies.

Former Prime Minister Manmohan Singh is also a member of the committee, which is headed by senior Congress leader and former Union minister M Veerappa Moily. The Committee is also expected to examine the issues arising out of defaults by Infrastructure Leasing & Financial Services on December 3-5. The panel is likely to meet all related financial institutions in Mumbai in this regard, the sources said.

In its report on banking sector released in September, the Committee made various suggestions to the RBI to resurrect the bleeding public sector banks, which include relaxation in capital adequacy rules to free up excess capital, easing of the PCA framework, separate treatment of NPAs due to wilful defaulters and those where defaults are because of extraneous reasons, among others. The Committee had emphasised that the present banking sector crisis, which is transient, should not become an alibi for privatisation of public sector banks.