

FM: Didn't need RBI surplus to finance fiscal deficit target

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FINANCE MINISTER Arun Jaitley told the Lok Sabha today that the Government did not need the Reserve Bank of India surplus to finance its fiscal deficit target. On the other hand, it wanted to utilise the money for accelerating poverty alleviation programmes and for recapitalising the state-owned banks.

Jaitley, who was replying to a debate on the second batch of Supplementary Demands for Grants, said: "This government has the best track-record than any other previous government in managing fiscal deficit. We do not need RBI reserves to manage the fiscal deficit... It is a priority of the Government to maintain fiscal discipline". The House later passed the Supplementary Demands for Grants for the current fiscal to permit gross additional expenditure of Rs 85,948.86 crore. Nearly half of this money, Rs 41,000 crore, would go in for capital infusion into public sector banks. An amount of Rs 2,345 crore would be invested in Air India.

As for the issues related to the Economic Capital Framework (ECF) of the RBI, he said that central banks in most countries kept a reserve of eight per cent, while some conservative central banks maintained 14 per cent reserves. Compared to them, the RBI was maintaining a reserve of 28 per cent. He said the expert committee will decide on the appropriate reserve of the RBI so that surplus funds could be utilised for financing poverty alleviation programmes and recapitalising the

'BEST RECORD IN MANAGING FISCAL DEFICIT'

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state-owned banks.

The Reserve Bank of India had a massive Rs 9.59 lakh crore worth of reserves. A six-member committee of experts under the leadership of former RBI governor Bimal Jalan had been constituted to decide on the optimum capital reserves that the RBI should hold. The decision to set up the committee had been taken when Urjit Patel was the Governor of the RBI. Amidst the economic capital framework controversy, Patel put in his papers on December 10. He was replaced by Shaktikanta Das.

Regarding the concerns expressed by some members over the agrarian situation, Jaitley declared, "Whatever steps need to be taken till the end, the Government will take". Charging the Congress with an "indiscriminate" lending, Jaitley said the asset quality review conducted by the Reserve Bank in 2015 showed that the amount of bad loans in the system was Rs 8.5 lakh crore, in total contrast to the UPA claim of Rs 2.5 lakh crore.

Jaitley also countered the UPA claim that the Modi regime had waived loans of 15 individuals. He said: "You looted the banks and lent money indiscriminately. The Modi government brought back Rs 3 lakh crore worth money,

threw out defaulting promoters through Insolvency and Bankruptcy Code and brought in improvement in balance sheets of banks". "We are trying to improve the recapitalisation of public sector banks," he added.

The Demonetisation and Goods and Services Tax (GST), according to him, had helped in the formalisation of economy and the number of income tax return filers had gone up from 3.8 crore when the UPA government left office to 6.86 crore currently. When the NDA government would complete its five-year term in 2019, the number of I-T return filers would double from 3.8 crore, he added. Jaitley said the availability of enhanced resources on account of formalisation of economy through demonetisation and GST had helped Government construct more rural roads and houses and launch sanitation and healthcare programme. He said: "Aayushman Bharat will complete 100 days tomorrow. Seven lakh people have taken benefit of the scheme so far and the number would go up."

On revision of back-series GDP data, Jaitley said such revision was carried out by the Central Statistical Organisation, which is a respectable organisation.