

## FM: JALAN PANEL WAS FINALIZED WHEN PATEL WAS RBI GUV

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**NEWDELHI:** Finance minister Arun Jaitley on Monday said the composition of the expert committee to suggest how the central bank should handle its reserves, and whether it can transfer its surplus to the government, was finalised when Urjit Patel was still the Reserve Bank of India (RBI) governor.

This is contrary to the belief that the composition of the high-level committee for examining the economic capital framework was finalised and a compromise to have a vice chairman in the panel was arrived at after Shaktikanta Das took charge as the RBI governor on December 12, following Patel's resignation over his differences with the government.

During a debate on the second supplementary demands for grants in the Lok Sabha, Jaitley said he does not need part of the RBI reserves to meet the fiscal deficit target of 3.3% of gross domestic product for 2018-19.

"There were three expert committees set up earlier—in 1997, 2004 and 2013—on how much reserves the RBI should keep. There are many central banks in the world that need only 8% reserves of the assets, while conservative central banks need 14%. The question is does the Indian central bank need 27-28% reserves of its assets," he asked.

Blaming the government for Patel's resignation, Trinamool Congress MP Saugata Roy said the former RBI governor was "polite, humble and had a spine".

Jaitley said part of the RBI reserves can be used to recapitalise public sector banks and eliminate poverty.

Last week, the central bank had set up an expert committee, headed by former RBI governor Bimal Jalan.