

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

STARRED QUESTION NO.\* 67.

TO BE ANSWERED ON FRIDAY, DECEMBER 14, 2018 {AGRAHAYANA 23, 1940  
(SAKA)}

**EXCESS RBI RESERVES**

QUESTION

\* 67. SHRI GOPAL SHETTY: SHRI B. VINOD KUMAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) during its recent Board meeting has taken any decision to constitute a Committee/panel to decide on the issue of transfer of excess reserves to the Government and examine the Economic Capital Framework (ECF) to determine the appropriate level of reserves the Central Bank should hold and if so, the details thereof;
- (b) whether the said Committee has been constituted and if so, the details thereof indicating the membership and terms of reference of the Committee/ Panel;
- (c) the time by which the Committee/ Panel is likely to take a decision to transfer excess reserves to the Government;
- (d) whether the Government is examining the option of using the powers of the RBI Board to override the Governor; and
- (e) if so, the details thereof and the reasons therefor?

ANSWER

MINISTER OF FINANCE  
(SHRI ARUN JAITLEY)

(a) to (e): A statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOKSABHA STARRED QUESTION No. \*67 FOR 14<sup>th</sup> DECEMBER, 2018 RAISED BY SHRI GOPAL SHETTY: SHRI B. VINOD KUMAR REGARDING EXCESS RBI RESERVES.**

(a) to (c): The Central Board of Reserve Bank of India, in its meeting held on November 19, 2018, has decided to constitute an Expert Committee to examine the Economic Capital Framework (ECF) of RBI and make recommendations on appropriate level of reserves the Central Bank should hold as well as other connected matters.

As per the decision of the Central Board of Reserve Bank of India in its meeting held on November 19, 2018, the membership and terms of reference of the Expert Committee will be jointly determined by the Government and the RBI.

The time within which the Committee would be expected to submit its report would be included in the order constituting Committee along with its terms of reference.

(d) and (e): No, Sir. The Reserve Bank of India Act, 1934 entrusts the general superintendence and direction of the affairs and business of Reserve Bank of India in the Central Board which is empowered to exercise all powers of RBI under section 7 and to make all regulations under section 58 of the Reserve Bank of India Act, 1934.