

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5927
ANSWERED ON:11.05.2012
AUCTION OF GOVERNMENT CASH SURPLUS
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has plans to auction Government cash surplus;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken so far in this direction?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b) and (c) : As per existing arrangements and agreement signed between Government of India and Reserve Bank of India (RBI), any excess balance in cash over the requisite minimum cash balance, up to a maximum extent of ₹ 50,000 crore could be invested by the RBI on behalf of Government in the securities held by them in their portfolio. Any cash surplus over and above the limit of ₹ 50,000 crore remains idle with the RBI. The investment limit is fixed from time to time by RBI in consultation with the Government. Due to increase in size of Government expenditure over the years, it has been felt that the maximum limit of investment of ₹ 50,000 crore may be revised so that any surplus funds over the limit could also be invested meaningfully to reduce net expenditure on interest payment.