

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 125

TO BE ANSWERED ON THE 14th September 2020/ Bhadrapada 23, 1942 (SAKA)
Banks Reserves with RBI

125. SHRI SRIDHAR KOTAGIRI:
SHRI M.V.V. SATYANARAYANA:
SHRI POCHA BRAHMANANDA REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether it has come to the notice of the Government that despite the accommodative monetary policy stand of the Government, the Banks instead of lending money are parking their reserves with the Reserve Bank of India (RBI);
- (b) if so, the details of reserves of the Government banks as well as private sector banks held with RBI during each of the previous three financial years;
- (c) whether the Government has instructed the RBI to dis-incentivise the banks to park their reserves with RBI and instead start lending to kick start the economic cycle; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a): No, sir. As per RBI master circular on Basel III Capital Regulations, dated 1.7.2015, reserves of a bank form part of Common Equity Tier 1 (CET1) capital and, as such, being long-term resources, they are deployed in long-term assets like long gestation infrastructure projects and not parked with RBI.

(b) to (d): Questions do not arise.
