

WILL THE RBI TRANSFER RS 1 LAKH CRORE TO THE GOVERNMENT?

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The Centre may have windfall gains this fiscal in the form of higher [central bank](#) dividend at Rs 1 lakh crore, [Deutsche Bank](#) said in an internal report to its clients before a key panel makes public its recommendations on the reserves at North Block's money manager.

"The [RBI](#) may give a larger share of dividend to the [government](#) of India in this fiscal," Kaushik Das, chief economist at Deutsche Bank India, said in the report. "There is a possibility that the authorities will likely use the Rs 1 trillion one-off transfers from RBI to fund social welfare programmes and boost the expenditure side of the budget."

Das expects allocation for several development-focused areas, such as agriculture, rural infrastructure, health and education, to be increased in the upcoming budget.

The Bimal Jalan Committee's recommendations on the central bank's economic capital framework are likely to be submitted soon, and those suggestions may contain pointers to the likely fate of central bank reserves.

"We think the government will budget a sizable portion of the likely transfer in this budget itself, which will be reflected in the non-tax revenue component," the Deutsche report said.

On economic expansion and India moving into the \$5-trillion club, Deutsche said the rupee needed to stay stable in the 71-72 per dollar range. At the same time, India needs to maintain a real GDP growth of 7.1-7.3 per cent through the forecast horizon until 2024.

Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

The global bank sought to allay apprehensions over excessive market borrowing by the government, a move that usually sends benchmark rates higher, distorting the bond market.

"Overall, we do not expect major surprises either regarding the fiscal deficit projection or market borrowing estimates," Das said in the note.

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