

RBI to transfer ₹99,122 crore surplus to central government



A security personal walks past an entrance of the Reserve Bank of India (RBI) headquarters in Mumbai on May 5, 2021. (Photo by Punit PARANJPE / AFP) (AFP) 2 min read . Updated: 21 May 2021, 04:11 PM IST [Staff Writer](#)

- RBI's dividend announcement will relieve some of the fiscal pressure on the government: Barclays

The Reserve Bank of India (RBI) has decided to transfer a surplus of ₹99,122 crore to the central government, the apex bank said on Friday. The decision to transfer the surplus was taken in the 589th meeting of the Central Board of Directors of Reserve Bank of India held today under the chairmanship of RBI governor Shaktikanta Das through video conferencing.

The Board in its meeting reviewed the current economic situation, global and domestic challenges and recent policy measures taken by the Reserve Bank to mitigate the adverse impact of the second wave of COVID-19 on the economy.

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With the change in the Reserve Bank's accounting year to April-March (earlier July-June), the Board discussed the working of the Reserve Bank of India during the transition period of nine months (July 2020-March 2021) and approved the Annual Report and accounts of the Reserve Bank for the transition period. The Board also approved the transfer of ₹99,122 crore as surplus to the Central Government for the accounting period of nine months ended March 31, 2021 (July

2020-March 2021), while deciding to maintain the Contingency Risk Buffer at 5.50%.

In a note, Barclays said RBI's "dividend announcement will relieve some of the fiscal pressure on the government, providing it with more room to spend in the current fiscal year. This could be particularly helpful in alleviating the impact of the second COVID-19 wave."

"In our projections, we had factored in a dividend of ₹65000 from the RBI, while the government's budget estimates included ₹45000 crore from the central bank. In our view, the upside surprise could have been driven by increased returns from domestic assets and changes in accounting practices by the central bank — the RBI recently allowed itself to book profits on its FX transactions from a weighted average cost perspective," Barclays said in a note.

"Our estimates show that this move could have helped the central bank boost yields on its foreign asset holdings. Further, increased holdings of domestic government securities likely further amplified the central bank's income for the year. "

Deputy Governors Shri Mahesh Kumar Jain, Dr. Michael Debabrata Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Sankar and other Directors of the Central Board viz. Shri N. Chandrasekaran, Shri Satish K. Marathe, Shri S. Gurumurthy, Ms. Revathy Iyer and Prof. Sachin Chaturvedi attended the meeting. Shri Debasish Panda Secretary, Department of Financial Services and Shri Ajay Seth, Secretary, Department of Economic Affairs also attended the meeting.