

RBI has also clarified that any permission issued by it in this regard is independent of the approval process of the overseas regulators.

- (c) RBI has given permission to 28 companies to open subsidiaries abroad.

Measures for cutting non-plan expenditure

4250. SHRI N.K. SINGH : Will the MINISTER OF FINANCE be pleased to state:

- (a) whether it is a fact that the non-plan revenue and capital expenditure is on the rise in the recent times;
- (b) if so, the details of such expenditure during each of the last three years and the current year, year-wise;
- (c) the steps taken or proposed by Government to cut down such expenditure;
- (d) if so, the details thereof; and
- (e) the estimated savings to accrue on the implementation of such measures?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) The details of non-plan expenditure during the last three years *i.e.* 2009-2010, 2010-2011, 2011-2012 (RE) and 2012-2013 (BE) are as under:

	(₹ in crore)			
	Actuals		RE	BE
	2009-10	2010-11	2011-12	2012-13
Revenue	657925	726491	815740	865596
Capital	63171	91808	76376	104304
Total	721096	818299	892116	969900
As % of GDP	11.2%	10.7%	10.0%	9.5%

Therefore, while the non plan expenditure has gone up in absolute terms over last three years, however, as a percentage of GDP, it has shown declining trend.

(c) and (d) Government is committed to carry on the process of fiscal consolidation vigorously. In order to adhere to the fiscal targets set in Budget and for better expenditure management, Government has issued orders in May and July, 2011 for enforcing 10% cut on budgetary allocations for holding seminars, workshops and conferences, ban on holding meetings and conferences at 5 star hotels, ban on purchase of vehicles except for the operational requirements of Defence Forces, Central

Paramilitary Forces and security related organisations, restrictions on foreign travel and adhering to the quarterly ceilings under foreign travel expenses, ban on creation of Plan and Non Plan posts, except for new organisations which are set up based on approved schemes, strict discipline in employing consultancy assignments. Fiscal transfers to States, Public Sector Undertakings and Autonomous Bodies at Central/ State/Local level are also required to be monitored strictly for default in furnishing utilisation certificates, fulfilment of conditionalities attached to releases of Plan funds in case of matching funds and adjustment of unspent balances in the current releases.

(e) Steps have been taken for greater fiscal discipline and may not be quantifiable.

Liquidity crunch at banks

4251. SHRI RAJEEV CHANDRASEKHAR : Will the Minister of Finance be pleased to state:

(a) whether it is a fact that most of the banks in the country are facing a liquidity crunch even after the RBI cutting CRR;

(b) if, so the details thereof; and

(c) the remedial measures taken or proposed to be taken by the RBI and Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) : (a) and (b) Reserve Bank of India (RBI) has reported that liquidity conditions remained in a deficit mode throughout 2011-12. RBI reduced the Cash Reserve Ratio (CRR) by 125 basis points (50 basis points effective January 28, 2012 and 75 basis points effective March 10, 2012), injecting primary liquidity of about Rs. 0.8 trillion. The reduction in CRR was undertaken in order to mitigate tight liquidity conditions and to ensure smooth flow of credit to productive sectors of the economy. This along with the open market operations conducted by the Reserve Bank (of about 1.3 trillion) combined with decline in government cash balances have resulted in an improvement in the liquidity conditions. Resultantly, the net injection of liquidity under the Liquidity Adjustment Facility (LAF), which had peaked at Rs 2.0 trillion on March 30, 2012, declined to about Rs.1.2 trillion on May 10, 2012.

(c) RBI has informed that they have been constantly monitoring the situation and has initiated prompt corrective action from time to time. RBI has taken the following measures to manage banking system liquidity:

(i) RBI has ensured that adequate liquidity is injected on a daily basis by accepting all bids on the LAF window (RBI can use discretion in terms of the amount of injection under daily (LAF). RBI has taken care of the