

underlying the above guidelines would also be applicable as appropriate to the Public Sector Banks (PSBs).

The current policy of the Government on consolidation among the Public Sector Banks (PSBs) leaves the initiative for consolidation to come from the managements of the banks themselves. However, while examining any merger proposal, Government keeps in view the interests of the stakeholders and employees of merging banks.

(c) The Competition Act, 2002 has been enacted to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in the market in India. However, for expeditious resolution of a troubled or failing banking entity by way of merger with another bank, the Government has issued a Notification dated 08.01.2013, exempting a banking company which is being compulsorily amalgamated under section 45 of the Banking Regulation Act, 1949 from the applicability of the provisions of Section 5 and 6 of the Competition Act for a period of 5 years from the date of publication of the Notification in the Official Gazette, *i.e.*, 08.01.2013.

Factors responsible for widening current account deficit

809. DR. JANARDHAN WAGHMARE: Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has asserted that the widening current account deficit has become a major constraint on easing monetary policy;
- (b) if so, the factors responsible for widening current account deficit;
- (c) whether Government proposes to revamp its fiscal policies to bridge the widening current account deficit; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) The Reserve Bank of India (RBI) in its third Quarter Review of Monetary Policy 2012-13 has identified high current account deficit (CAD) as one of risks pertaining to macroeconomic management in India. It was stated that the widening of the CAD in the context of a large fiscal deficit and slowing growth exposes the economy to the risks from twin deficits. Financing the CAD with increasingly risky and volatile flows increases the economy's vulnerability to sudden shifts in risk appetite and liquidity preference, potentially threatening macroeconomic and exchange rate stability. Large fiscal deficit accentuates the CAD

risk, apart from crowding out the private investment and restraining growth impulses. It implies that the CAD has implications for inflation and therefore for the conduct of monetary policy.

(b) Subdued economic and financial conditions due to euro-zone crisis led to weak external demand for India's exports. This together with higher imports of petroleum, oil lubricants (POL) and gold & silver led to widening of trade and current account deficits.

(c) and (d) Government has announced the roadmap for fiscal consolidation by containing the current year's fiscal deficit at 5.3 per cent of the GDP and reducing it to 4.8 per cent next year. The Government has revised diesel prices and capped subsidized LPG cylinders to consumers to contain the fiscal burden of subsidies in September 2012. Oil marketing companies (OMCs) have been permitted to raise diesel prices in small measures periodically. These measures are expected to contain fiscal deficit and demand for oil imports. Beside, Government has also taken a number of measures to boost exports and reduce imports of gold to lower the trade and current account deficits.

Report of Kelkar Committee

†810. SHRI DHARMENDRA PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government has received the report of the Kelkar Committee constituted for fiscal consolidation;

(b) if so, whether Government has studied the report;

(c) if so, the main recommendations of the report; and

(d) the action being taken by Government on the recommendations of the Committee?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Yes, Sir.

(c) The recommendations of the Committee mainly emphasize on adjusting the price of petroleum products on regular basis in incremental steps towards eventual deregulation of diesel and an affordable level of subsidy on LPG and

†Original notice of the question was received in Hindi.