

(b) if so, the details thereof and the reasons therefor;

(c) whether the above rule will facilitate competition between Bank and NBFCs; and

(d) if so, the details thereof and the steps taken to ensure stability of financial system in the proposed new rules?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) To promote financial inclusion and further infuse competition in the banking sector, the Reserve Bank of India (RBI) has released “Guidelines for licensing of New Banks in Private Sector” *vide* Press Release dated February 22, 2013. As per these guidelines the (i) Entities/groups in the private sector that are ‘owned and controlled by residents’ [as defined in Department of Industrial Policy and Promotion (DIPP) Press Note 2, 3 and 4 of 2009/FEMA Regulations as amended from time to time] and entities in public sector shall be eligible to promote a bank through a wholly-owned Non-Operative Financial Holding Company (NOFHC); and (ii) Promoters/Promoter Groups with an existing non-banking financial company (NBFC) will be eligible to apply for a bank licence.

(c) and (d) Competition amongst various financial institutions is aimed at product innovation, reduction in cost of intermediation, increase in efficiency and better customer services. The NOFHC structure has been envisaged in the guidelines for licensing of new banks to ring fence the regulated financial services entities of the Group from the other activities of the Group, *i.e.*, commercial, industrial and financial activities not regulated by the financial sector regulators and also that the bank should be ring fenced from other regulated financial activities of the Group. Further, all prudential and regulatory norms of RBI applicable to existing banks will also be applicable to the new banks.

Increase in fiscal deficit

2385. SHRI M.P. ACHUTHAN:

SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the RBI Governor has cautioned the country that the fiscal deficit will go up in the country during the current fiscal year;

- (b) if so, the details thereof;
- (c) whether Government has enquired about the reasons for the increase in fiscal deficit;
- (d) if so, the details thereof; and
- (e) the details of Government's actions to bring down the fiscal deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No sir. The RBI Governor has not cautioned the country that the fiscal deficit will go up in the country during the current fiscal year. However, in the Annual Monetary Policy Statement 2012-13, the RBI has stated that—"the fiscal deficit of the Central Government has remained elevated since 2008-09. The fiscal slippage in 2011-12 was also significantly high. Even though the Union Budget envisages a reduction in the fiscal deficit in 2012-13, several upside risks to the budgeted fiscal deficit remain.

(c) and (d) Fiscal Deficit in 2007-08 was brought down below the target level of 2007-08. However, in 2008-09 and 2009-10, due to the stimulus measures given by the Government, the fiscal deficit increased as per the policy design of the Government. In 2010-11, Government adopted a calibrated and gradual exit from the stimulus measures. Due to the calibrated withdrawal and certain one-time receipts, the fiscal deficit came down in 2010-11. However, the signs of economic recovery subsided in 2011-12 and Government had to take certain measures like eliminating duty on petroleum products to insulate common man from rising oil prices. Due to less than estimated receipt and more than estimated expenditure, the deficit in 2011-12 increased. Government has taken various measures to reign in fiscal deficit in 2012-13 to 5.2% of GDP.

(e) To contain the Fiscal Deficit at a sustainable level in the current Financial Year 2012-13, the Government has imposed economy measures like rationalization of expenditure and optimization of available resources with a view to improve macroeconomic environment which include 10% mandatory cut on Non Plan expenditure in the current financial year, ban on holding of meetings and conferences at five star hotels, ban on creation of Plan and Non Plan posts, restrictions on foreign travel, restrictions on re-appropriation of funds, observance of discipline in fiscal transfers to States, Public Sector Undertakings, Autonomous

Bodies such as releases to any entity shall be based on furnishing of Utilization Certificates, no release of funds will be made in relaxation of conditions attached to such transfers (matching funding), etc. Similarly, Government undertook measures to mop up resources from Tax and Non-Tax revenue. As a result, fiscal deficit was, contained at 5.2 percent in RE 2012-13.

The Government has reverted back to the path of fiscal consolidation with gradual exit from the expansionary measures in a calibrated manner Government has introduced 'Medium-term Expenditure Framework Statement', setting forth a three-year rolling target for expenditure indicators with a view to undertaking a de-novo exercise for allocating resources for prioritized schemes and weeding out others that have outlived their utility. It would also encourage efficiencies in expenditure management. In the financial year 2013-14, the fiscal deficit has been targeted at 4.8 percent. The Finance Minister has also recently announced a fiscal roadmap to bring down the fiscal deficit to 3 % of GDP by 2016-17.

Bringing back black money

‡2386. SHRI KAPTAN SINGH SOLANKI: Will the Minister of FINANCE be pleased to state:

- (a) whether Government is committed to bring the black money stashed in foreign countries back to the country;
- (b) if so, the action taken by Government so far in this regard;
- (c) whether the pace of the enquiry being done in this regard is very slow;
- (d) whether Government has fixed the accountability of anyone in this regard; and
- (e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Drive against tax evasion is an ongoing process and appropriate action under Direct Taxes laws including levy of penalty and launching of prosecution are taken on detection of cases of tax evasion. The Government has taken various steps

‡ Original notice of the question was received in Hindi.