

Production of defence equipment entails large amount of initial capital investment. At present the domestic defence research and production is largely confined to DRDO, OFB and Defence Public Sector Undertakings.

In an effort to strengthen the indigenous defence production base, the Government has announced a Defence Production Policy in January, 2011. Additionally, the Defence Procurement Procedure-2013 lays emphasis on providing the desired boost to the Indigenous Defence Industry by mandating a higher preference to the 'Buy (Indian)', 'Buy and Make (Indian)' and 'Make' categorizations in Capital Procurement.

#### **Setting up of holding company by SBI**

172. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether there is a proposal to float a holding company by the State Bank of India (SBI) to facilitate funding of capital required by its subsidiaries;

(b) what is the total estimated amount of capital required to meet the requirement under the Basel III capital adequacy framework for all its subsidiary banks; and

(c) the details of pattern of share-holding of the proposed subsidiary company to facilitate funding of capital for the SBI subsidiaries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (c) State Bank of India (SBI) has informed that there is no such proposal under process. SBI has estimated ₹ 32,831 crore as total capital requirement under the BASEL-III capital adequacy framework for all SBI subsidiary banks, during the Financial Year 2015 to financial year 2019.

#### **CSO suggestion for bringing down retail inflation**

†173. SHRI PRABHAT JHA:

SHRI VIJAY GOEL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a research paper has been prepared by the Central Statistical Organization (CSO) on the basis of analysis of the data of retail inflation on national level as well as State-wise and therein several suggestions have been given to bring down retail inflation rate;

(b) if so, the details thereof;

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†Original notice of the question was received in Hindi.

(c) whether Government is contemplating to implement the suggestions of the CSO with a view to bring down the rate of inflation; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) Central Statistics Office (CSO) has not prepared any such paper. However, two officers who are presently working in the CSO have prepared a paper entitled "Opposite Behaviour of Food Market from that of Other Commodities: A Cause of High Inflation".

(b) Main findings of the paper regarding bringing down the inflation are:

- (i) Five commodities, namely Rice, Wheat/wheat atta, Liquid Milk, Potato and Onion, together contribute about 20.57 % to the total expenditure per household. Therefore, 5% fall of inflation on these items would result in decline of overall inflation by 1%.
- (ii) Eight States, namely, Uttar Pradesh, Maharashtra, West Bengal, Andhra Pradesh, Tamil Nadu, Gujarat, Rajasthan and Karnataka contribute about 64.29% of the total consumer expenditure at all India level.

(c) and (d) The paper doesn't suggest any specific measures to contain inflation, but quantifies the impact of a 5 per cent fall in inflation in certain items on headline inflation and indicates that a strategic targeting of some key items and States for price control would bring down headline inflation.

#### **IT exemption limit for working women**

174. SHRIMATI WANSUK SYIEM: Will the Minister of FINANCE be pleased to state:

(a) whether Government proposes to raise the IT exemption limit for working women as an incentive for saving and economic security;

(b) whether there is also a proposal to reduce the age for tax exemption for senior citizens to 60 years from the present 65 years; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) Any such proposal can be considered only during the Annual Budgetary exercise. The Budgetary exercise for the year 2014-2015 is currently under progress. Government's response in this regard shall be reflected in the Finance (No.2) Bill, 2014.