

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2818
ANSWERED ON:19.12.2003
SECURITIES HELD BY RBI
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to increase the securities held by RBI;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether this increase will affect the open market operations of RBI and bring about a reduction on liquidity in the country; and
- (d) if so, the details thereof and its impact on different section of the society who need funds?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

(a) and

(b) Government proposes to raise equivalent rupee resources for prepayment of specified external loans through private placement of securities with RBI during the current year.

(c) and (d) RBI utilizes the securities in its portfolio for open market operations as part of its monetary policy to manage liquidity in the economy. Such operations impact on liquidity at aggregate level and are undertaken keeping in view the overall requirement of funds in the economy.