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## Govt gets fiscal deficit cushion, RBI to pay Rs 500-bn dividend for FY18

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Abhijit Lele | Mumbai

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Reserve Bank of India

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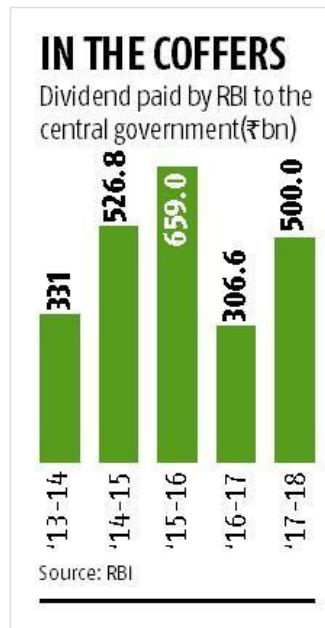
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includes the interim dividend of Rs 100 billion the central bank paid the government in March 2018.

“The central board of directors of the RBI, at its meeting on August 8, approved the transfer of the surplus, amounting to Rs 500 billion for the year ended June 30, 2018, to the Government of India,” the central bank said in a statement. The RBI’s financial year extends from July to June.



The RBI had last year transferred a surplus of Rs 306 billion as dividend to the government for the year ended June 30, 2017, which was less than half of what it paid in 2015-16 (Rs 658.76 billion). The surplus payout in June 2017 (for 2016-17) was low on account of expenses incurred on printing new currency notes following demonetisation in November, 2016.

Madan Sabnavis, chief economist, CARE Ratings, said this is an assured amount, which will provide cushion against shortfall in revenue, especially in the election year.

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The sizeable transfer of surplus from the RBI to the government will ease fears regarding potential shortfalls in the budgeted amount of dividends and surplus. Nevertheless, the dividends to be transferred by financial and non-financial corporates entities will remain the key, Aditi Nayar, principal economist, Icra, said.

The government has projected Rs 548.2 billion as the transfer amount of surplus from the RBI, dividends from public sector banks, and financial institutions to the exchequer in FY19.

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