Though reserve bank of India transfer is a much needed buffer for the economy there is a risk in depending on these surpluses - Analyse (200 Words)

RBI has transferred a surplus money to Government of India which is around 99,000 Crores. It earned the surplus between July - March 2021. This surplus has occured though there is a 11% fall in income, due to 63% sharp contraction in expenditure. Thus this kind of earned surplus when transferred may cause issues

Concerns regarding transferring surplus

→ Could create imbalance in RBI balance sheet this will affect the recapitalising measures in future when needed.

→ RBI needs to maintain its realised equity at appropriate level which could affect monetary policy

→ Using surpluses to fill deficit of government affects country's saving for future crisis

Thus in the ~~is~~ high time

like pandemic these surpluses could help government offering Stimulus packages, Government must be ~~vi~~ vigile enough while spending surplus with help of RBI.

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→ Expecting a large amount into circulation the ~~existing~~ monetary policy must be properly designed by RBI

→ Fiscal measures must trickle down to grass root level to mitigate current crisis

→ RBI must ensure maintaining 5.5 – 6.5% of Risk Contingency buffer as recommeded by Bimal Jalan Committee

Government should understand that RBI is last resort lender during a crisis, Improper use of surplus could swell the balance sheet of RBI. Government & RBI could follow 8–10% of Risk contingency buffer recommended by Narasimhan committee for safer path.