

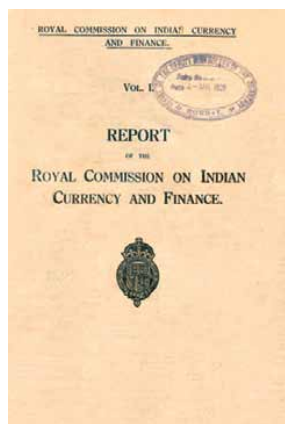


# Reserve Bank of India: An Overview

*Vision Statement:  
"The Reserve Bank of  
India is committed to  
pursue the public interest  
and common good as  
a leading central bank  
that is recognised for its  
credible, transparent and  
proactive policies."*



# Origins & Evolution



The origin of the Reserve Bank can be traced to 1926, when the Royal Commission on Indian Currency and Finance—also known as the Hilton-Young Commission—recommended the creation of a central bank to separate the control of currency and credit from the government and to augment banking facilities throughout the country. The Reserve Bank of India Act of 1934 established the Reserve Bank as the banker to the central government and set in motion a series of actions culminating in the start of operations in 1935. Since then, the Reserve Bank's role and functions have undergone numerous changes keeping pace with the changing nature of the Indian economy.

As Reserve Bank commences operations today I take [the] opportunity to...express my confidence that this great undertaking will contribute largely to the economic well being of India and...its people.

*- Excerpt from telegram sent by Viceroy to Mr Osborne Smith, first Governor of the Reserve Bank, 1935*

From ensuring stability of interest rates and exchange rates to providing liquidity and an adequate supply of currency and credit for the real sector; from ensuring banking penetration and safety of depositors' funds to promoting and developing financial institutions and markets, and maintaining the stability of the financial system through continued macro-financial surveillance, the Reserve Bank plays a crucial role in the economy. Its decisions touch the daily life of all Indians and help chart the country's current and future economic and financial course.

Over the years, the Bank's specific roles and functions have evolved. However, there have been certain constants, such as the integrity and professionalism with which the Reserve Bank discharges its mandate.



To know more, refer to 'History of the Reserve Bank of India' - a definitive account of the organisation's evolution and journey - released by the Bank in multiple volumes.

## Our Balance Sheet – Then and now!

RESERVE BANK OF INDIA (Amount in ₹ billion )			
Liabilities		Assets	
Notes Held in the Banking Department	0.215	Gold Coin and Bullion	0.445
Notes in Circulation	1.718	Foreign Securities	0.662
		Rupee Coin	0.571
		Government of India Rupees Securities	0.255
Banking Department's Liabilities (Capital Paid Up, Reserve fund, Govt. and Bank deposits etc.)	0.455	Banking Department's Assets (Balance held abroad, Investments etc.)	0.455
<b>Total Liabilities</b>	<b>2.39</b>	<b>Total Assets</b>	<b>2.39</b>

1935

### RESERVE BANK OF INDIA BALANCE SHEET AS ON JUNE 30, 2020

(Amount in ₹ billion)

Liabilities	Schedule	2018-19	2019-20	Assets	Schedule	2018-19	2019-20
Capital		0.05	0.05	<b>Assets of Banking Department (BD)</b>			
Reserve Fund		65.00	65.00	Notes, Rupee Coin, Small Coin	5	0.09	0.13
Other Reserves	1	2.30	2.32	Gold Coin and Bullion	6	882.98	1,428.75
Deposits	2	7,649.22	11,758.60	Investments-Foreign-BD	7	6,964.53	10,234.00
Other Liabilities and Provisions	3	11,624.51	15,166.21	Investments-Domestic-BD	8	9,898.77	11,720.27
				Bills Purchased and Discounted		0.00	0.00
				Loans and Advances	9	931.87	3,222.07
				Investment in Subsidiaries	10	19.64	19.64
				Other Assets	11	643.20	367.32
<b>Liabilities of Issue Department</b>				<b>Assets of Issue Department (ID)</b>			
Notes Issued	4	21,687.97	26,355.75	Gold Coin and Bullion (as backing for Note issue)	6	792.04	1,131.46
				Rupee Coin		8.28	7.85
				Investment-Foreign-ID	7	20,887.65	25,216.44
				Investment-Domestic-ID	8	0.00	0.00
				Domestic Bills of Exchange and other Commercial Papers		0.00	0.00
<b>Total Liabilities</b>		<b>41,029.05</b>	<b>53,347.93</b>	<b>Total Assets</b>		<b>41,029.05</b>	<b>53,347.93</b>

2020

### Income and Expenditure

The main components of Reserve Bank's income are 'Interest Receipts', which forms the major portion and 'Other income' including (i) Discount (ii) Exchange- Domestic and Foreign Sources (iii) Commission (iv) Amortization of Premium/Discount on Foreign and Rupee Securities (v) Profit /Loss on Sale and Redemption of Foreign and Rupee Securities (vi) Depreciation on rupee securities inter portfolio transfer (vii) Rent Realised (viii) Profit or loss on sale of Bank's property and (ix) Provisions no longer required and Miscellaneous Income. The Bank's total income in 2019-20 stood at ₹1,496.72 billion.

The Reserve Bank incurs expenditure in the course of performing its statutory functions by way of agency charges/commission, printing of notes, expenditure on remittance of currency besides staff related and other expenses. The total expenditure of the Bank in 2019-20 stood at ₹925.40 billion.

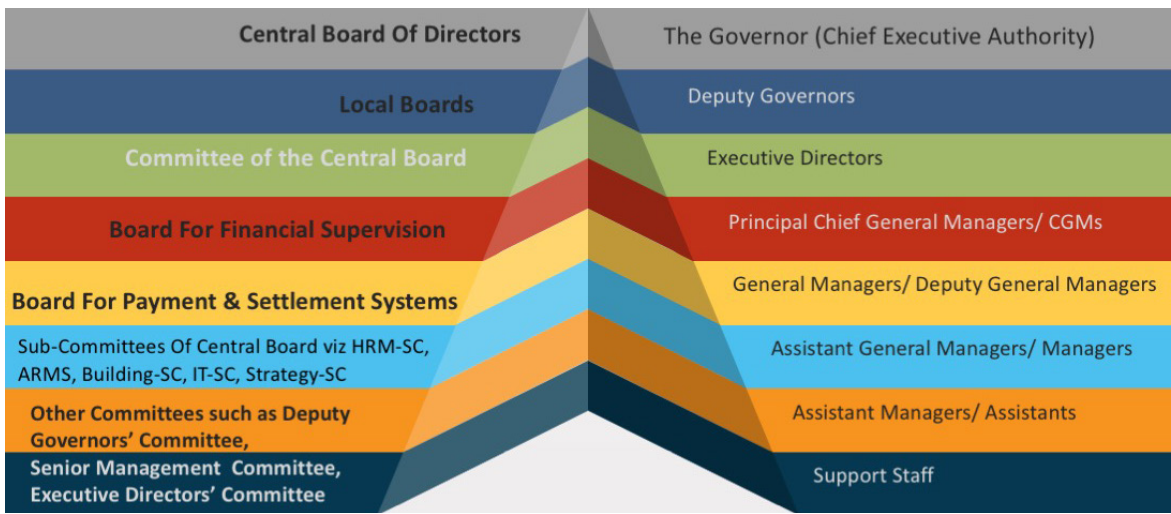
Instead of July-June, the Bank's accounting year would henceforth be from April to March.

# Presence

The Reserve Bank of India has Regional Offices (ROs) including sub-offices at 31 locations spread across the country.



# Organisational Structure



The Bank's total staff strength comprises around 13,000 full time employees working different locations across the country.

# Functions & Working

## A. Regulation, Supervision and Enforcement

### Legal Framework:

The regulatory and supervisory activities of the Bank derive authority from various provisions contained in the BR Act, 1949 & BR Act (AACS), 1949, RBI Act, 1934, the Regional Rural Banks Act, 1975, SARFAESI Act, 2002 and other related statutes in order to protect depositors' interests, to ensure safety and soundness of the banking system and to safeguard financial stability.

### Organisational Set-up:

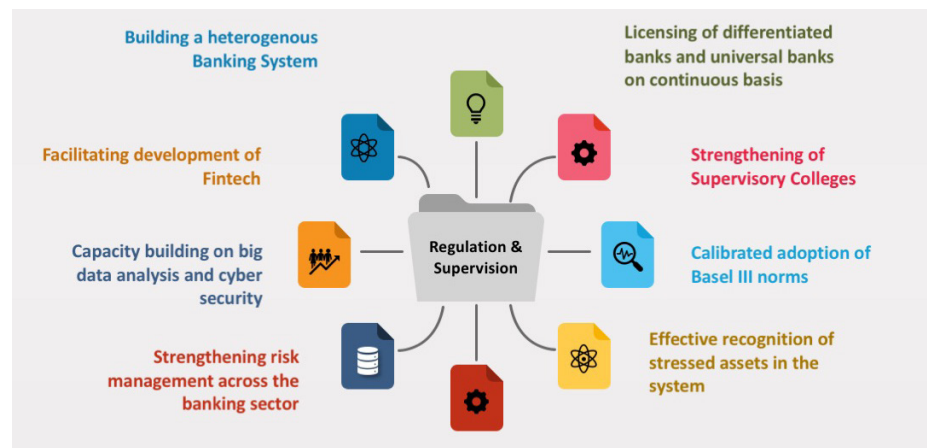
Viewing the different entities within its domain in a unified manner and in order to derive regulatory / supervisory synergies, the Bank has set up two new Departments – the Department of Regulation (DoR) and the Department of Supervision (DoS) in 2019 thereby bringing commercial banks, cooperative banks and NBFCs under a single umbrella.

**Regulation:** The Department of Regulation exercises regulatory powers over Commercial banks, Small Finance Banks, Payments Banks, Cooperative Banks, All India Financial Institutions, Regional Rural Banks, Local Area Banks and select categories of Non-Banking Financial Companies. The tools used for regulation are statutory and prudential regulation, other regulatory guidelines and moral suasion. Broadly the banking regulation strategies relate to ex ante strategies such as entry regulations, activity regulations, prudential regulations, governance regulations, conduct regulations and information regulations and ex post regulations such as resolution policies.

**Supervision:** The Department of Supervision is responsible for enforcement of rules and regulations at individual entity level that are formulated by the regulator to govern their behaviour. In banking supervision, from a compliance-based approach, the framework has evolved into a risk-based or risk-focused approach with Basel's Core Principles for Effective Banking Supervision serving as the benchmark. The dual control issue in Urban Cooperative Banks has been addressed through setting up of Task Force (TAFUBS) in all States while strengthening of offsite capacities is playing a key role in supervision of NBFCs.

**Enforcement:** Recognising the need for effective enforcement of supervisory policies, a separate Enforcement Department (ED) was set up in 2017. The Department is responsible for developing sound policy framework for enforcement, identifying actionable violations on the basis of bank examination reports, both onsite and offsite, and market intelligence reports and conduct further investigations/verifications.

### Focus Areas:



### Job roles for officers in Grade 'B':

- Policy formulation, Onsite and Offsite Supervision, Data Collection and Analysis thereof
- Processing risk assessment report, Preparing and Issuing SCNs for enforceable violations

Want to know about 5 key attributes of a good supervisory framework? Read IMF Staff Position Note titled, "The Making of Good Supervision: Learning to Say 'No' "

## B. Financial Markets & Foreign Exchange

### Legal Framework:

FMRD & FMOD	Chapter III D, Section 45U, 45W RBI Act, 1934
IDMD	Government Securities Act, 2006/Rules 2007, Public Debt Act, 1944/ Rules 1947
DEIO	RBI Act, 1934
FED	Schedule 3, Sections 6-11 and 15 of FEMA , 1999.

### Organisational Set-up:

**FMRD:** Set up with a mandate to regulate, develop and oversee financial markets, Financial Markets Regulation Department looks after regulation, development, oversight and surveillance of the money, government securities, foreign exchange markets and related derivative markets; as also of Financial benchmarks for interest rates and foreign exchange markets.

**IDMD:** The main activities of the Internal Debt Management Department include managing the Government's debt in a risk efficient and cost-effective manner, and building a robust institutional framework of primary dealers (PDs).

**FED:** Main objective of the Foreign Exchange Department is to facilitate external trade and payments and promote orderly development and conduct of foreign exchange market in India. FED works in line with the stipulations under FEMA 1999 and compounding of contraventions thereof.

**FMOD:** The Financial Markets Operation Department conducts operations in the money market, government securities and forex markets. As a part of this responsibility, FMOD also undertakes analysis of various market segments and provides inputs to the top management for informed decision making.

**DEIO:** The Department of External Investment & Operations is responsible for managing the Bank's reserves. It also undertakes certain foreign exchange transactions on behalf of the Government and plays a role in international co-operation arrangements involving foreign exchange reserves.

### Focus Areas:

Financial Markets Departments are committed to further developing and deepening the money, G-secs, foreign exchange and especially the interest rate and currency derivative markets and ensuring effective liquidity management and FX operations. There is an enhanced thrust on ramping up IT infrastructure for effective monitoring and surveillance e.g. Public Registry, Integrated Market Surveillance System etc. FED aims at rationalisation of cross-border borrowing and lending regulations, improving information management in the context of foreign investment inflows while facilitating outward flows.

### Job roles for officers in Grade 'B':

#### FMRD

- Market regulation and development-Data collection, analysis & research
- Oversight/ Surveillance reports
- Secretarial support to FMCC, RBI-SEBI TC

#### DEIO

- Data collection and analysis
- IT infrastructure & Back office work, preparation of reports/publications
- Handling operations

#### FED

- Examination of applications/ requests for exchange transactions.
- Correspondence with Governments / Departments/Ministries.
- Policy notes on Regulations/ Directions

#### FMOD

- Market development-Data collection, analysis & research
- Open & Special Market operations
- Analysis of LAF, MSF, MSS, REER, NEER etc.

#### IDMD

- Conducting auctions on behalf of Central and State Governments.
- Regulation of primary dealers
- Providing inputs for policy making
- Back office work, preparation of reports/publications



The Impossible Trinity is a concept in International Economics which states that it is impossible to have all three of the following at the same time: a fixed foreign exchange rate, free capital movement (absence of capital controls) and an independent monetary policy. Figure it out for yourself!

## C. Banking, Payments, Financial Inclusion & Currency Management

### Legal Framework:

DGBA	Core Banking Functions as per Sections 20-21 & 21A RBI Act, 1934
DPSS	Payment and Settlement Systems Act, 2007/Regulations 2008
DCM	Chapter-III, Section 22-26, RBI Act, 1934
FIDD	Section 17, RBI Act, 1934, Section 26A, BR Act, 1949

### Organisational Set-up:

**FIDD:** Financial Inclusion and Development Department formulates policies for financial inclusion through supply side intervention for credit flow to productive sectors of the economy viz. Agriculture and Micro, Small and Medium Enterprises (MSME), demand side interventions by promoting financial education and financial literacy and strengthening the institutional arrangement for effective implementation. The Department has presence at Regional level also.

**DGBA:** The Department of Government and Bank Accounts discharges the core central banking function of acting as Banker to the Government and Banker to banks. Main functions include arranging & monitoring Government business, authorization & oversight of agency banks, etc. DGBA operates through General Banking divisions at Regional Offices.

**DPSS:** The Department of Payment and Settlement System undertakes regulation and supervision of the payment and settlement systems and matters related therewith under the Payment and Settlement Systems Act, 2007. It also works as secretariat to the Board for Regulation and Supervision of Payment & Settlement System (BPSS).

**DCM:** The Department of Currency Management looks after design, demand, logistics and issue of banknotes and circulation of coins. The department is committed to ensuring availability of banknotes and extending coins related service. DCM operates through Issue Departments at Regional Offices.

#### Focus Areas:

**DGBA:** E-Kuber Integration with Governments/ Treasuries, Internal Accounting Review and monitoring

**DPSS:** E-Kuber Module expansion, Enterprise Access Management, Next-gen NEFT 24X7, Cyber security

**DCM:** Capacity enhancement, Indigenisation of Banknotes, Varnished banknotes-field trial, etc.

**FIDD:** Strengthening Credit flow to Priority Sectors, better implementation of Lead Bank Scheme, deepening of financial literacy and financial inclusion drive

### Job roles for officers in Grade 'B':

#### FIDD

- Drafting/ revising Priority Sector Guidelines, preparing and implementing National Strategy for Financial Inclusion, Development of MSME.
- Interactions with Governments/Industries/ SCBs, etc.
- Nodal officer for Lead Bank Schemes in ROs.

#### DGBA

- Policy related work for Opening of Current Accounts for Banks & Governments , Internal Accounting, etc.
- Appointments/ performance of Agency Banks.
- Weekly Statement of accounts for Issue and Banking departments.

#### DPSS

- Policy formulation for regulation and supervision of regulated entities such as PPIs, Wallets, Payment Banks etc.
- Monitoring developments including innovations, frauds, etc.
- Oversight of SWIFT India, ensuring smooth operations of NEFT/ RTGS/Cheques, etc.

#### DCM

- Demand -Supply Analysis of Currency in Circulation, preparation of Weekly Statement of Accounts for Issue Dept.
- Review of Security and logistics.
- Custodian of Vault in Issue Departments, Managing sections such as Resource, Remittance, Accounts, etc.

India has been at the forefront in the field of Payments & Settlement. To find out more, refer to BIS paper (106) titled- "The design of digital financial structure : Lessons from India".





## D. Monetary Policy, Research & Financial Stability

### Legal Framework:

Preamble to the Reserve Bank of India Act, 1934, "...to regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage; to have a modern monetary policy framework to meet the challenge of an increasingly complex economy, to maintain price stability while keeping in mind the objective of growth".

### Organisational Set-up:

**MPD:** Monetary Policy Department acts as a secretariat for the Monetary Policy Committee (MPC) and assists the MPC in formulation of monetary policy.

**DEPR:** Department of Economic & Policy Research undertakes policy supportive research on macroeconomic issues specifically in the areas of monetary policy, financial markets, forecasting of macroeconomic variables, etc.

**DSIM:** The mandate of Department of Statistics & Information Management is to manage comprehensive statistical systems relating to monetary, banking, corporate and external sector; conduct structured surveys and carry out specialised statistical analysis and forecasting.

**FSU:** The Financial Stability Unit was set up keeping in view both international and domestic initiatives for resolving financial crises and strengthening international financial architecture. FSU provides the Secretariat to the Sub-Committee of the Financial Stability Development Council.

**INTD:** International Department is responsible for international financial diplomacy, Bank's participation in formulation of global regulatory standards and international economic cooperation. It also looks after Bank's external services and relations including on matters of technical cooperation with other Central Banks.

### Focus Areas:

**MPD:** Refining liquidity forecasting framework and its operating aspects, spatial study of inflation, Monetary Policy transmission, analysis of sectoral credit flows

**DEPR:** Big data applications for improving inflation and growth projections, payments system innovations and currency demand; global liquidity and impact of trade policy measures determinants of total factor productivity; supply chain and food inflation dynamics

**DSIM:** Public Credit Registry, Centralised Information Management System (CIMS), Central Information System for Banking Infrastructure (CISBI), metadata driven data maintenance and dissemination system

**INTD & FSU:** Finance track under G20, Article IV 2019 with IMF, FSB's annual monitoring exercise, Analytical policy briefs at BIS and CGFS meetings, SAARCFINANCE

### Job roles for officers in Grade 'B':

#### MPD

- Providing technical inputs to the MPC such as growth and inflation projections; Preparing Monetary Policy Report (MPR); Organising pre-policy consultations with stakeholders.

#### DSIM

- Collecting, processing and analysing granular data; Conducting research and statistical studies
- Technical support to other departments.

#### DEPR

- Research on macroeconomic issues and primary statistics and indicators; Publishing various reports viz., the Annual Report and the Report on Trend and Progress of Banking in India; Organising Memorial Lectures, Conferences, etc.

#### INTD & FSU

- Research oriented work on global economic cooperation, managing exposure visits, etc.



Want to know more about evolution of monetary policy making in India? Go through our Governor's speech titled, 'Seven Ages of India's Monetary Policy' delivered on January 24, 2020.



## E. Governance, Human Resource, Support & Customer Service

### Organisational Set-up:

**HRMD:** Human Resource Management Department facilitates the Bank's functioning by creating an enabling environment, building trust and enhancing efficiency through effective HR policies.

**CEPD:** Consumer Education and Protection Department acts as a nodal point for all external service related complaints against RBI & regulated entities, enforcing ethical behaviour and spreading consumer awareness.

**RMD:** Risk Monitoring Department has been constituted for implementation of Enterprise-wide Risk Management System in the Bank. The department has separate divisions looking after operational risk and financial risk.

**DIT:** Department of Information Technology is responsible for all IT related services to the Bank and the banking sector. It provides broad policy guidelines in critical areas, such as Information security and other related areas.

**CSBD:** Corporate Strategy and Budget Department is responsible for formulation of Bank's budget, expenditure rules, corporate strategy, Business Continuity Policy, management of superannuation funds, etc.

**Premises Department:** The Department's responsibility is to create and maintain premises related infrastructure. It frames policies and guidelines on physical infrastructure, acquisition, maintenance, consolidation, etc.

### Job roles for officers in Grade 'B':

**HRMD**  
Evolving and Implementing policies on Recruitment, Placement, Promotions, Employee Wellness, Training & Development, Performance appraisal, Mobility, Wage structure and Welfare measures; maintaining HR database, etc.

**CEPD**  
Overseeing the grievance redressal mechanism, Administering Banking Ombudsman Scheme, Works related to Banking Codes and Standards Board of India, handling queries through RIA, CPGRAMS, Parliamentary Questions, etc.

**RMD**  
Providing inputs to Risk Management Committee (RMC) and Audit & Risk Management Sub-Committee; Working on Risk Tolerance Framework; Modelling Credit Risk & Operational Risk; Monitoring Risk Dashboards for Risk Reporting.

**DIT**  
Providing inputs for policy matters such as IT Architecture and Information Security, etc. and their implementation; support services for IT applications and IT projects such as RTGS, PDO, NDS, etc; Maintenance of Data Centres and Local Area Networks.

**CSBD**  
Data Collection, Collation of responses for Budget Preparation, providing inputs for strategy framework, BCP, expenditure rules, actuarial study of the Bank's liabilities, liaising work with other departments.

**Premises Department:**  
Planning and preparation of estimations, capital budget and general insurance, handling tax and accounting related queries of ROs & CODs, works related to E-tenders for the Bank's properties such as preparation of estimates, RFQs, Data collection & compilation, etc.

*Departments such as Inspection Department, Secretary's Department, Department of Communication, Legal Department and Rajbhasha Department also extend important support services that are vital for smooth functioning of the Bank.*

The Bank's Economic Capital Framework (ECF) -developed in 2014-15 to provide an objective, rule-based, transparent methodology for determining the appropriate level of risk provisions - was reviewed recently. For details, visit 'Reports' section of the Bank's website, <https://rbi.org.in>

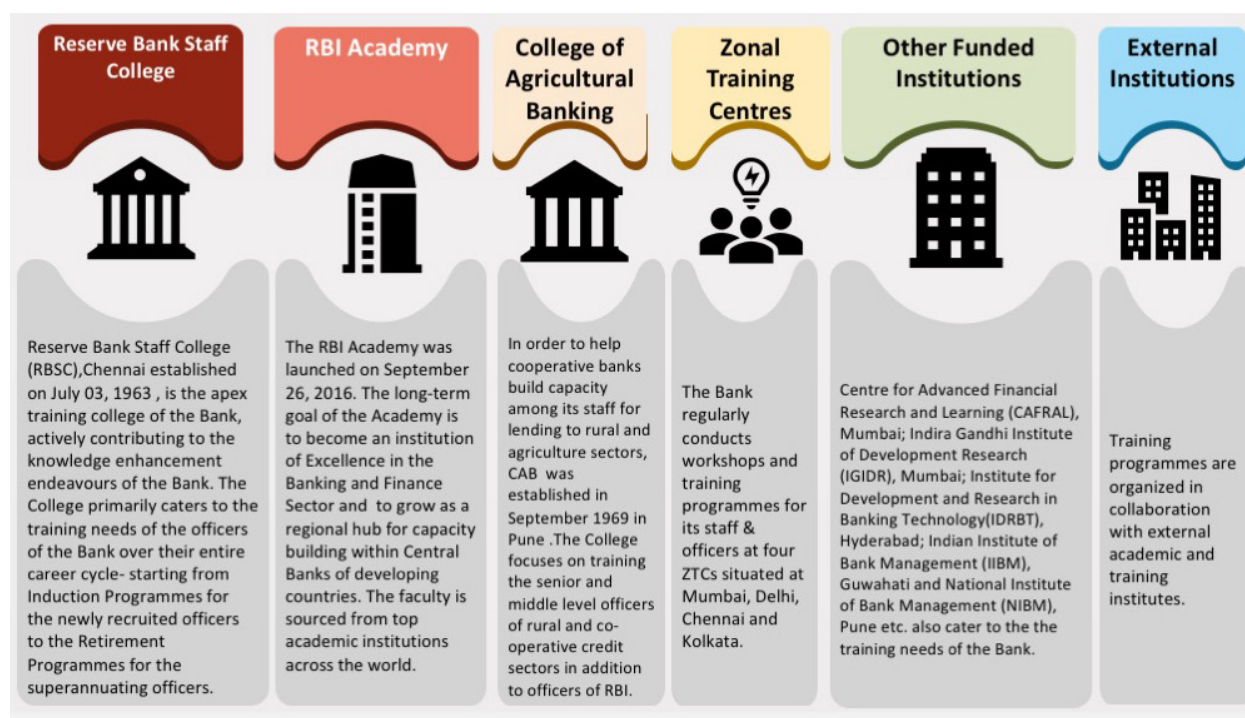


# Opportunities For Learning

**Approach:** At RBI, learning is facilitated at all levels and in different ways. The Bank has adopted the following approach for catering to the training needs of its staff:

**On-the-job learning** | **Mentoring schemes** | **In-house training** | **Demand-Driven Training** | **Individual study**

**Infrastructure:** The Bank is committed to providing state of the art training infrastructure to all its employees in every stage of their career as given below:



## Key T&D schemes available for officers:

Scholarship Scheme	Scholarship for pursuing higher studies abroad for candidates selected after a rigorous process.
Incentive Scheme for Higher Education - Bridging the Skill Gaps	Employees are encouraged to take up specialised educational courses. The fees are reimbursed.
Structured e-learning	Available on Learning Management System platform on the Bank's intranet and include basic as also advanced modules on a host of areas.

As one progresses in the organisation, mandatory trainings and Leadership courses are also arranged for at appropriate levels.

# Some Useful Resources

**Central Library:** The Bank's Central Library at Mumbai subscribes to a host of online subject databases, electronic journals, e-books and online news updates. The Library also offers information services and technical support to training colleges and libraries attached to other offices of the Bank.

**RBI Archives:** The Archives at Pune preserves invaluable records of the Reserve Bank of India as part of its archival resources and makes them available for reference and research to the present and future generations.

**Database on Indian Economy:** The Bank has set up a public website viz., 'Database on Indian Economy' (DBIE) for data dissemination. The DBIE can be accessed through the URL- <https://dbie.rbi.org.in>

## Major Publications

Annual	Half-yearly	Quarterly	Bi-monthly	Monthly	Weekly	Reports, Working Papers, etc.
<ul style="list-style-type: none"><li>• Annual Report</li><li>• Report on Trend and Progress of Banking in India</li></ul>	<ul style="list-style-type: none"><li>• Financial Stability Report</li><li>• Monetary Policy Report</li><li>• Report on Foreign Exchange Reserves</li><li>• Occasional Papers</li></ul>	<ul style="list-style-type: none"><li>• Variation to Foreign Exchange Reserves</li><li>• Surveys - Consumer Confidence, Inflation Expectation, Industrial Outlook, Capacity Utilisation</li></ul>	<ul style="list-style-type: none"><li>• Survey of Professional Forecasters on Macroeconomic Indicators</li></ul>	<ul style="list-style-type: none"><li>• RBI Bulletin</li><li>• Monetary &amp; Credit Information Review</li></ul>	<ul style="list-style-type: none"><li>• Weekly Statistical Supplement</li></ul>	<ul style="list-style-type: none"><li>• Various Committee Reports, Research Papers, etc.</li></ul>

For further reference, please visit the Bank's website. In particular, the following documents may be perused:

- Annual Report: RBI website homepage->Publications->Annual
- RBI Functions and Working: RBI website homepage->Publications->Occasional