

X

COMMUNICATION, INTERNATIONAL RELATIONS, RESEARCH AND STATISTICS

During 2023-24, the Reserve Bank maintained transparency, clarity and timeliness in its communications. India's G20 Presidency was conducted to a successful conclusion. The Reserve Bank also persevered with efforts towards bringing more efficiency in the government's cash management system, and the sound management of foreign exchange reserves. Economic policy analysis and research and information management systems were further refined to strengthen policy inputs. Legislative initiatives and amendments were pursued to strengthen the legal framework necessary for a stable and vibrant financial sector.

X.1 During 2023-24, the Reserve Bank's communication policy, based on the principles of relevance, transparency, clarity, comprehensiveness and timeliness, remained focused on anchoring of the expectations of the public with the objective of enhancing the effectiveness of policy actions. The Reserve Bank strengthened economic and financial relations with international organisations and multilateral bodies, and effectively articulated India's position at various international fora. Measures were initiated for an efficient government cash management system through gradual onboarding of all stakeholders on the integrated platform. Prudent principles of forex reserve management (*viz.*, safety, liquidity, and return) were followed. Research studies were undertaken on a wide range of contemporary macroeconomic and financial issues to provide effective and timely analytical inputs for policy formulation. Information management system was further strengthened through development of the next generation data warehouse [*viz.*, centralised information management system (CIMS)]. The year also witnessed a number of amendments/introduction of legislations pertaining to the financial sector.

X.2 Against this backdrop, the rest of the chapter is divided into eight sections. Section 2

presents major initiatives of the Reserve Bank with regard to its communication policy and processes. Section 3 discusses the Reserve Bank's international relations, including interactions with international organisations and multilateral bodies. Section 4 deals with the activities of the Reserve Bank as a banker to governments and banks. Section 5 analyses the conduct of foreign exchange reserves management. Section 6 focuses on research activities, including statutory reports and frontline research publications. Section 7 outlines the activities of the Department of Statistics and Information Management (DSIM), whereas Section 8 presents the activities of the Legal Department. Concluding observations are provided in the last section.

2. COMMUNICATION PROCESSES

X.3 The centrality of communication in the strategy toolkit of a central bank has attained growing significance in maintaining macroeconomic and financial stability in an environment of protracted geopolitical tensions and global volatility spillovers. Given the key role of expectations in shaping actual outcomes, effective communications by the central bank can strengthen the efficacy of its policy measures and foster price and financial

stability. Apart from mainstream media, websites and speeches, central banks continued using innovative methods through social media, multimedia and direct engagement with the public. Globally, while monetary policy related communication dominated mainstream media headlines during 2023-24 due to elevated level of global inflation, supervisory concerns in select advanced economies also underlined the need for prompt and timely communication to prevent amplification of one-off incidents through social media. Heightened vigil acquires significance for central banks in the age of social media to pre-empt spread of misinformation through proactive two-way communication channel.

X.4 During the year, the Reserve Bank's structured communication on the website and social media platforms was supplemented by verbal communication through speeches and interviews by top management, press conferences, and informal media interactions and media workshops. The Reserve Bank's communication strategy encompasses the specialised audience dominated by regulated entities and financial markets as well as a much more diversified audience, who are connected directly through social media. Communication in non-technical and easy to comprehend manner has not only made it more effective, but also helped in building public trust and anchored the expectations of the public.

X.5 The Reserve Bank in its role as a full-service central bank, also conducted 360-degree public awareness campaigns (PACs) under the 'RBI *Kehta Hai*' and 'RBI Says' banners. The focus of these campaigns - executed across print, digital, television (TV), short-messaging-service (SMS), out-of-home (OOH), social media,

sports programmes and other high-impact shows - is to create awareness on new initiatives of the Reserve Bank, alert people against fraudulent players/schemes and improve financial literacy. The campaigns under the overarching theme of 'RBI *Kehta Hai... Jaankaar Baniye, Satark Rahiye*' (RBI Says... Be Aware, Be Alert) aim to protect customers from usurious practices and unregistered players, along with making them aware of their rights. These campaigns are customised in 14 different languages and target all sections of the society.

Agenda for 2023-24

X.6 The Department had set out the following goals for 2023-24:

- Completion of impact assessment of the Reserve Bank's public awareness campaigns (*Utkarsh* 2.0) [Paragraph X.7];
- Launch of redesigned website, capable of communicating effectively with all stakeholders (*Utkarsh* 2.0) [Paragraph X.7]; and
- Completion of the second phase of 'The RBI Museum' at Kolkata (*Utkarsh* 2.0) [Paragraph X.8].

Implementation Status

X.7 The Reserve Bank completed the impact assessment analysis of the public awareness campaigns in May 2023. The learnings from the assessments are being used for fine-tuning the strategy for public awareness campaigns. The Reserve Bank's website has been revamped to provide a more organised and user-friendly interface. The redesign and development of the Reserve Bank's new website and mobile application has been completed and the same

has been launched for all the stakeholders on April 5, 2024.

X.8 The setting up of the second phase of 'The RBI Museum' at Kolkata, depicting the role and functions of the Reserve Bank, has been completed. The museum was inaugurated and dedicated to the nation on December 12, 2023, by Shri M. Rajeshwar Rao, Deputy Governor, RBI. The innovative exhibits in 'The RBI Museum' comprise a wide array of interactive tools. The Museum elucidates the concept of money, its evolution and role in the economy, currency behaviour of the public, and continuing importance of gold in the society, in an interactive fashion (Box X.1). As on March 31, 2024, the

Museum had over 35,270 visitors since its inception.

Major Developments

X.9 During 2023-24, Department of Communication (DoC) disseminated customised communication using various media, viz., TV, print, radio, digital, OOH, SMS and cinema in 12 major regional languages apart from Hindi and English (Table X.1).

X.10 Apart from these thematic customised campaigns, the Reserve Bank participated in high impact events/programmes like the Indian Premier League (IPL), *Kaun Banega Crorepati* (KBC), Asian Games, and International Cricket Council

Box X.1

Central Bank Museums

A museum acts as a treasure house of knowledge, which preserves the culture and history of a country/organisation and also acts as an important mode of communication. Central banks' museums are aimed to communicate their role and functions to the common public. Understanding this importance, many central banks have developed their own museums for depicting history; evolution and functions; displaying the currencies used by the country; and their public awareness and financial literacy initiatives. These include: Banco Central do Brasil (Banco Central Museum), Bank of England (Bank of England Museum), Bank of Italy (Money Museum), Bank of Japan (Currency Museum), Bank of Russia (The Bank of Russia Museum), Deutsche Bundesbank (Money Museum), Federal Reserve (Money Museum), Monetary Authority of Singapore (MAS) [MAS Gallery], and Reserve Bank of Australia (The Reserve Bank of Australia Museum). These museums depict the currencies, coins and other monetary instruments, the history of the central bank and its functions, knowledge about money, and the evolution of currency.

The Reserve Bank of India has three museums, viz., (i) The RBI museum at Kolkata; (ii) The Monetary museum at Mumbai; and (iii) The RBI Archives museum at Pune. While the museum at Mumbai mainly exhibits collection of

banknotes and coins from different eras, the museum at Pune showcases rich collection of documents pertaining to the Reserve Bank's journey through the years.

'The RBI Museum' at Kolkata is the Reserve Bank's first full-fledged museum, which has artefacts on currency, exhibits of the evolution of central banking in India, the Reserve Bank and its functions, financial literacy and public awareness messages. Phase I of 'The RBI Museum' was opened to the public in March 2019, which depicts fascinating stories of money, gold and the genesis of the Reserve Bank. The museum also has an interactive gaming zone, which facilitates financial learning among young visitors. Phase II of 'The RBI Museum' at Kolkata depicts various functions of the Reserve Bank of India through 75 innovative exhibits comprising electronic flipbooks, interactive electronic panels, radio frequency identification (RFID) sensor-based exhibits, mural displays, interactive games, holographic displays, dioramas and artefacts. 'The RBI Museum' at Kolkata uses social media extensively for taking its messaging and information to the public. It has a very active presence on the Facebook page - [therbimuseum](#) and Instagram page of RBI - [@reservebankofindia](#).

Source: RBI and central banks' websites.

Table X.1: Customised Campaigns: 2023-24

Campaign Details	Period
1	2
1. Exchange of Notes	April - June 2023
2. Reserve Bank Integrated Ombudsman Scheme (RB-IOS)	June - July 2023 September - October 2023 November 2023 - January 2024
3. Retail Direct Scheme	July - August 2023
4. Forex Trading Platform	September - November 2023
5. Digital Lending Platform	October - December 2023
6. Account Aggregator	October - December 2023
7. Forex Trading Platform	December 2023 - January 2024
8. Misinformation on Coins	December 2023 - January 2024
9. Central Banking Digital Currency	December 2023 - February 2024
10. Digital Payment-UPI or Card, Say Bye to Fraud	January 2024
11. Financial Literacy Week	February 2024
12. CEPD SMS Campaigns	April - August 2023 December 2023 February 2024
13. Digital Payment Awareness Week	March 2024
14. Retail Direct Scheme	March 2024

UPI: Unified Payments Interface.
CEPD: Consumer Education and Protection Department.
Source: RBI.

(ICC) Men's Cricket World Cup for disseminating information to the public. For greater reach in tier 3 and 4 cities, campaigns were also released through national broadcasters, viz., *Akashvani* and *Doordarshan*.

X.11 These public awareness messages were also released on social media platforms on a weekly basis. For better recall, two mascots, 'Money Kumar' and 'Ms. Money', are used in all PACs. These campaigns through digital media supplement the 360-degree campaign (involving all the mass media including TV, print, radio, digital, SMS, OOH and cinema).

Other Initiatives

Workshop for Regional Media Persons

X.12 The Reserve Bank conducts regular workshops and interactions with the regional

media persons to enable them to appreciate the central bank's functioning and to be aware about the latest developments, concepts and rationale behind its policies. Two such workshops were conducted during the year in Jaipur and Bengaluru.

Post Monetary Policy Press Conferences

X.13 After the announcement of the bi-monthly monetary policy, the Governor and Deputy Governors interact with the media persons. Six such press conferences were conducted during the year.

Informal Media Interactions

X.14 The Reserve Bank conducts media interactions in an informal set-up as and when necessary. There were 17 such interactions during the year.

Social Media Command Centre

X.15 The Reserve Bank's presence on various social media platforms is well evidenced by the increasing number of followers, engagement, and information dissemination (Table X.2). The Reserve Bank expanded its social media presence to LinkedIn in December 2023, in addition to Facebook, Instagram, Public App, X (formerly Twitter), and YouTube.

RBI Website

X.16 During 2023-24, the Department released 2,146 press releases, 161 notifications, 19 Master Circulars and 16 Master Directions and uploaded 20 interviews and 48 speeches of the top management, seven RBI reports, seven working papers, 2,249 tenders and 46 recruitment-related advertisements and made 239 posts on X (previously Twitter).

Table X.2: Social Media Presence*

(Lakh)

Platform	Name of Social Media Handle/Page	Launch Date	Number of Followers/ Subscribers
1	2	3	4
1. X (formerly Twitter)	i. @RBI	January 2012	22.5
	ii. @RBIsays	August 2019	2.19
2. YouTube	Reserve Bank of India	August 2013	2.07
3. Facebook	i. @RBIsays	August 2019	0.13
	ii. @therbimuseum	February 2020	0.02
4. Instagram	@reservebankofindia	January 2022	3.75
5. Public App	@RBIsays	January 2023	0.49
6. LinkedIn	Reserve Bank of India (RBI)	December 2023	1.66

*: As on March 28, 2024.
Source: RBI.

Agenda for 2024-25

X.17 During 2024-25, the Reserve Bank's communication channels would be further strengthened, and efforts will be made to:

- Conduct workshops for media personnel on a periodic basis;
- Continue 360-degree public awareness campaigns on various themes;
- Comprehensively review Reserve Bank's communication policy;
- Commence RBI *Sunta Hai* (RBI Listens) programme;
- Effectively use social media platforms for spreading financial awareness and public awareness messages; and
- Develop 'The RBI Museum' microsite.

3. INTERNATIONAL RELATIONS

X.18 During 2023-24, the Reserve Bank strengthened economic and financial relations with international organisations (IOs) and multilateral bodies, through its International Department (ID). India's perspectives were articulated at various international fora such as the International Monetary Fund (IMF), the G20, the Bank for International Settlements (BIS), the Financial Stability Board (FSB), BRICS¹ and SAARCFINANCE². India's G20 Presidency concluded successfully on November 30, 2023, with Brazil assuming the G20 Presidency for 2024. The Reserve Bank has assumed the chair of the South-East Asian Central Banks (SEACEN) research and training centre for the year 2024.

Agenda for 2023-24

X.19 The Department had set out the following goals for 2023-24:

¹ Brazil, Russia, India, China, and South Africa.

² Network of Central Bank Governors and Finance Secretaries of the South Asian Association for Regional Cooperation (SAARC) countries (viz., Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka).

- G20 Presidency Finance Track (*Utkarsh 2.0*) [Paragraph X.20-X.24];
- IMF-World Bank (WB) Joint Quinquennial Surveillance - Financial Sector Assessment Programme (FSAP) for India 2024 (*Utkarsh 2.0*) [Paragraph X.26-X.27]; and
- The Reserve Bank, with the concurrence of the Government of India (GoI), would put in place a SAARC currency swap framework for 2023-26 (*Utkarsh 2.0*) [Paragraph X.29].

Implementation Status

X.20 The G20 Finance Track of the Indian Presidency accorded primacy to the broad themes of digitalisation, concerns of the Global South, and climate change with priorities cutting across various working groups. The Reserve Bank actively engaged with the Ministry of Finance (MoF), GoI, to pilot the work on several G20 Finance Track priorities under financial sector issues (FSI), international financial architecture (IFA), and on global partnership for financial inclusion (GPFI). This also involved close collaboration with IOs such as the FSB, the BIS, the IMF and the OECD. The Department prepared an e-Compendium on G20 Finance Track events under the India Presidency, titled ‘G20 Finance Track – Finance Ministers and Central Bank Governors: Memories and Outcomes’.

X.21 The GPFI prioritised leveraging digital public infrastructure (DPI) to enhance financial inclusion and productivity, in addition to completion of the Financial Inclusion Action Plan (FIAP) 2020, that focused on digital financial inclusion and finance for small and medium enterprises (SMEs). The FIAP 2023 was prepared with emphasis on moving towards quality access in place of basic access to financial services.

X.22 In the international financial architecture working group (IFA WG), the Reserve Bank piloted the work on (i) assessing macro-financial implications of central bank digital currencies (CBDCs); (ii) strengthening financial resilience through sustainable capital flows; and (iii) strengthening the global financial safety net (GFSN).

X.23 Under the FSI, the Reserve Bank piloted the G20 Presidency priorities on (i) interoperability of national fast payment systems for seamless flow of funds; (ii) strengthening financial institutions’ ability to manage third-party risks and outsourcing, *inter alia*, concerning BigTech and FinTech; and (iii) a reporting framework to strengthen financial sectors’ cyber resilience.

X.24 Adhering to a people-centric approach, the Reserve Bank took the lead in organising “*Jan Bhagidari*” (people’s participation) and domestic events to enhance public awareness about India’s G20 Presidency Finance Track priorities. The Reserve Bank also organised several side-events on the Presidency priorities alongside the G20 ministerial and working group meetings. In addition, a national level event on G20 priorities of the IFA and framework working group (FWG) was organised on August 11, 2023 in Mumbai. The G20 Leaders’ Summit took place in New Delhi during September 9-10, 2023, concluding with the adoption of the New Delhi Leaders’ Declaration (NDLD).

X.25 The IMF concluded the 16th General Review of Quotas (GRQ). On December 15, 2023, its Board of Governors (BoG) approved an increase in members’ quotas by 50 per cent (SDR 238.6 billion or US\$ 320 billion), which would bring total quotas of the IMF to SDR 715.7 billion (US\$ 960 billion). The increased quotas would be allocated to the members in proportion

to their existing quota shares. India's quota would increase to SDR 19.67 billion (US\$ 25.9 billion³). The 16th GRQ also envisages that once quota increases are in effect, Bilateral Borrowing Agreements (BBAs) would end and the New Arrangements to Borrow (NAB) would be reduced to maintain the IMF's current lending capacity.

X.26 The Department provided inputs for the Fund-Bank meetings of the International Monetary and Financial Committee (IMFC) held in April and October 2023. The Department facilitated the completion of the IMF's Article IV consultations held in September 2023. India's 2023 Article IV Consultation Staff Report was published on December 18, 2023.

X.27 When the FSAP program began in 1999, assessments were voluntary. In 2010, the IMF made it mandatory for 25 jurisdictions, including India with systemically important financial sectors to undergo FSAP assessments every five years. The work relating to FSAP 2024 for India has been initiated.

X.28 BRICS central banks successfully conducted a Contingent Reserve Arrangement (CRA) test run involving a liquidity instrument delinked from the IMF programme with payments in alternate currencies and an actual transfer of funds. The success of the test-run was a significant step in confirming the operational readiness of the BRICS CRA. The BRICS central banks continued their engagements with multiple knowledge sharing activities and study reports under various work streams, viz., BRICS Economic Bulletin, information security, payment systems and transition finance.

X.29 A bilateral swap agreement was signed by the Reserve Bank with the Royal Monetary Authority of Bhutan (RMAB) under the SAARC currency swap framework. The meeting of the 6th Joint Technical Coordination Committee (JTCC) between the Nepal Rastra Bank (NRB) and the Reserve Bank was held on November 28, 2023. The Reserve Bank supported SAARC central banks through technical assistance in various central banking areas including monetary policy and payment systems and by granting SAARCFINANCE scholarships for higher studies. The Senior Level Dialogue (SLD) between the Bank of Japan (BoJ) and the Reserve Bank was held on March 1, 2024.

X.30 As chair of the SEACEN Centre for the year 2024, the Reserve Bank of India hosted the 59th SEACEN Governors' Conference which focused on 'Navigating Economic Headwinds and Advancing Financial Inclusion: Perspectives and Challenges' and the 43rd SEACEN Board of Governors' Meeting on February 15 and 16, 2024 at Mumbai.

X.31 The Department supported various ministries of the government in over 40 international bilateral meetings/issues with comments/inputs.

Other Initiatives

BIS Activities

X.32 The Department provided analytical support for various meetings of the BIS, including the Governors' bimonthly meetings, the Committee on the Global Financial System (CGFS)⁴, the BIS annual meeting of Emerging Market Deputy Governors, the Hong Kong

³ Based on SDR/USD exchange rate as on November 7, 2023.

⁴ The CGFS assesses potential sources of stress in global financial markets and promotes improvements in their functioning and stability.

Monetary Authority High-Level Conference and the BIS annual conference. In addition, the Department participated at the BIS Preparatory Asian Consultative Council (ACC) meetings. The Department contributed to the BIS surveys such as the Financial Stability Institute's survey on non-bank lending and the Central Bank Governance Network (CBGN) survey on meeting protocols for central bank policy boards. The Department also coordinated the Reserve Bank's participation in the BIS Working Party on monetary policy, the CGFS working group on interest rate risk exposures, the CGFS workshop on macroprudential policy, the Joint Basel Committee on Banking Supervision-Markets Committee-CGFS (BCBS-MC-CGFS) working group on central bank reserves, regulation of liquidity and financial stability, and the BIS-Asian Development Bank round table discussion on climate finance among Asian Central Banks.

FSB Initiatives on Global Financial Regulation

X.33 The Department, contributed to the discussions of various standing committees of the FSB, presenting the Reserve Bank's views on a myriad of topics such as global cooperation on financial stability; resilience of non-banking financial institutions (NBFIs); crypto-assets; cross-border payments; cyber and operational resilience; and financial risks from climate change. During the year, the Department provided inputs on key FSB reports such as the G20 roadmap for enhancing cross-border payments; over the counter (OTC) derivatives market reforms; enhancing the resilience of NBFIs; global monitoring report (GMR) on non-bank financial intermediation; and global regulatory framework for crypto-asset activities.

X.34 Additionally, the Department contributed to various surveys conducted by the FSB including its annual monitoring exercise; survey on progress on implementing the recommendations on legal entity identifier (LEI) adoption; annual questionnaires on implementation of OTC derivatives market reforms, and the implementation of the FSB policy recommendations on securities financing transactions (SFTs). The Department was actively involved in providing inputs for the '12th India-UK Economic and Financial Dialogue-Joint Statement', and quarterly meetings of the 'India-USA Economic & Financial Partnership (EFP)'.

Agenda for 2024-25

X.35 During the year, the Department will focus on the following aspects of the Reserve Bank's international engagements:

- SAARC currency swap framework for 2024-26 (*Utkarsh 2.0*);
- IMF-WB Joint Quinquennial Surveillance - Financial Sector Assessment Program (FSAP) for India 2024 (*Utkarsh 2.0*); and
- As chair of the SEACEN Centre for the year 2024, the Reserve Bank would host the 17th SEACEN high-level seminar and the 23rd meeting of the SEACEN Executive Committee.

4. GOVERNMENT AND BANK ACCOUNTS

X.36 The Department of Government and Bank Accounts (DGBA) manages the functions of the Reserve Bank as the banker to banks and banker to governments, besides maintaining internal accounts and formulating accounting policies of the Reserve Bank.

Agenda for 2023-24

X.37 The Department had set out the following goal for 2023-24:

- Implementing payments under the centrally sponsored schemes (CSS) in phases through integration between *e-Kuber* and government system (Paragraph X.38).

Implementation Status

X.38 SNA-SPARSH⁵ for release of CSS funds through an integrated framework of public financial management system (PFMS), state integrated financial management and information system (IFMIS) and *e-Kuber* system of the Reserve Bank was implemented during the year (Box X.2). As on March 31, 2024, seven state

Box X.2

Initiatives for Ushering in Efficiency in Government Payment - Implementation of CSS

The Reserve Bank, in coordination with governments (centre and states) has been taking various initiatives for increasing efficiency in government payments, while applying the principle of 'Just-in-Time' release of funds to the extent possible to bring about more efficiency in government's cash management system. SNA-SPARSH is another alternative fund flow mechanism for releasing CSS funds at both centre and state levels through an integrated framework. The Department of Expenditure, Ministry of Finance, Government of India, had prescribed guidelines for SNA-SPARSH on July 13, 2023, the salient features of which are as under:

- The Reserve Bank functions as primary banker to the governments without involvement of agency bank;
- Ministry/Department concerned of the Government of India shall open a drawing account with the Reserve Bank under the existing User Defined Customer Hierarchy (UDCH) code;
- State government will designate a single nodal agency (SNA) for implementing each state linked scheme (SLS) corresponding to a CSS. State government shall open SLS-wise drawing accounts of SNA in the Reserve Bank;
- At the beginning of a financial year, the Ministries/Departments will create a 'mother sanction' in PFMS for a state for a CSS. The 'mother sanction' will define state-wise drawing limit of the Ministry/Department for that CSS;

- State government will share the consolidated (centre *plus* state share) payment file with PFMS for advance release of central share after which, the Ministry/Department concerned will generate sanction for the transfer of central share of funds from centre's drawing account to the state's drawing account. Relevant details of sanction will be informed by PFMS to *e-Kuber* in the form of an e-payment file. Thus, state's drawing account shall be pre-funded with central share. After release of central share of funds, the 'mother sanction' for the centre's drawing account for the scheme for the state will be reduced by an equivalent amount;
- Upon receipt of central share, the consolidated payment file will be auto pushed from state treasury system to *e-Kuber*, which will debit the state's drawing amount by the total amount of the payment file and release payments to vendors/beneficiaries as per the instructions contained in the payment file. The *e-Kuber* will share the debit notification of this payment with both PFMS and state IFMIS; and
- Funds will remain in respective consolidated funds and will be released to the beneficiaries/vendors 'Just-in-Time'.

Six schemes and ten states⁶ have been identified by the Ministry of Finance, Government of India as at end-December 2023 for pilot run of the project.

Source: RBI.

⁵ Single Nodal Agency - *Samayochit Pranali Akikrut Sheeghra Hastantaran* (SNA-SPARSH) is a real time system of integrated quick transfers.

⁶ Rajasthan, Karnataka, Odisha, Telangana, Jharkhand, Chhattisgarh, Gujarat, Andhra Pradesh, Bihar and Assam.

governments have gone live on this integrated platform along with the central government. Further expansion of the scheme will be done in consultation with Department of Expenditure, Ministry of Finance, Government of India.

Major Developments

Initiatives for Bringing in Efficiency in Government Reporting Systems

X.39 During the year, one state government went live for the functionality of receiving clearance memo and fax message reports in XML⁷ format through Secure File Transfer Protocol (SFTP). With this, three state governments (*viz.*, West Bengal, Tamil Nadu and Punjab) are now live for this functionality.

Stabilisation of Government Initiatives Already Undertaken

X.40 As part of the endeavour by the Reserve Bank to continuously upgrade and enhance the process of government banking by way of integration of various government payments and receipts with the Reserve Bank's *e-Kuber* system during the year, the Tax Information Network (TIN 2.0), which replaced the Online Tax Accounting System (OLTAS) with enhancements and modifications, has stabilised. The integration of state governments and union territories (UTs) with the Reserve Bank's system for processing of online Memorandum of Error (MoE) cases related to goods and services tax (GST) was taken forward by including the states of Goa and West Bengal in the list of states integrated for the same, while user acceptance testing process is underway for the state of Meghalaya and two UTs (Delhi and Lakshadweep).

Appointment of Agency Banks

X.41 The Reserve Bank has entered into agreements with scheduled commercial banks (SCBs) as its agents as per Section 45 of the RBI Act, 1934, which provides for the appointment of banks as agents at all places or at any place in India, for purposes that the Reserve Bank may specify. During the year, a foreign bank working as a wholly owned subsidiary in India was also appointed as an agency bank, thereby increasing the total number of agency banks to 33.

Initiatives for Interaction with all Stakeholders for Exchange of Feedback

X.42 A meeting was organised with the officials of Office of the Comptroller and Auditor General of India and all the Accountant Generals of states/UTs at New Delhi on September 22, 2023, which was the first such initiative by the Reserve Bank. Similarly, a meeting was organised with the government business heads of the 33 agency banks, and stakeholders from select states at New Delhi on December 1, 2023. These meetings were conducted for enabling broader discussions amongst the various stakeholders to resolve past pending issues, and steps to be followed by the agency banks for integrating with the Reserve Bank's *e-Kuber* system for various business processes.

Agenda for 2024-25

X.43 The Department proposes the following agenda for 2024-25:

- Implementation of centrally sponsored schemes through integration of *e-Kuber* with government system for the notified states (*Utkarsh 2.0*).

⁷ eXtensible Markup Language.

5. MANAGING FOREIGN EXCHANGE RESERVES

X.44 The reserve management function continued to be challenging with increased geopolitical risks and financial market volatility. The sequence of synchronised global monetary tightening in 2022-2023 impacted fixed income investors, leading to valuation adjustments. The expected cuts in policy rates by central banks in 2024 and other policy calibrations could bring new dynamics to risks and rewards in conducting investment operations of portfolio manager.

X.45 In sync with the broader principles of reserve management (*viz.*, safety, liquidity and return), the Department of External Investments and Operations (DEIO) continued to operate in that order for the management of foreign exchange reserves (FER). The FER increased by 11.7 per cent during 2023-24 as against a decrease of 4.7 per cent during 2022-23. The Department also sustained its endeavour to ensure diversification of forex reserves by exploring new asset classes/jurisdictions for deployment of foreign currency asset (FCA) as per its defined policy objectives.

Agenda for 2023-24

X.46 The Department had set out the following goals for 2023-24:

- To ensure effective execution of the reserve management functions by implementing the Next Generation Treasury Application (NGTA) [*Utkarsh 2.0*] (Paragraph X.47);

- As part of the Reserve Bank's quest for enhancing the role of the Indian Rupee (INR) globally, and given the Department's unique position in assessing the international economic and monetary environment, it would work towards further internationalisation of the INR. Further, the Department would promote the use of INR and other domestic currencies in the Asian Clearing Union (ACU) mechanism (*Utkarsh 2.0*) [Paragraph X.48-X.49]; and
- Continue to actively manage the forex reserves and adopt strategies for enhancing returns, while conforming to the broad objectives of reserve management (Paragraph X.50).

Implementation Status

X.47 The Department is in the process of implementing NGTA and made progress during the year.

X.48 Out of short-term goals identified in the report of the Inter Departmental Group (IDG) on internationalisation of INR, partial achievements in implementation of the recommendations have been made, *viz.*, provision of export incentives for trade settlement in INR through special rupee vostro accounts; inclusion of government bonds in JP Morgan GBI-EM Global Index from June 2024; recognition of INR as designated foreign currency by Central Bank of Sri Lanka; entering into a Local Currency Settlement (LCS) MoU with the Central Bank of UAE⁸ and Bank

⁸ The Reserve Bank signed a memorandum of understanding (MoU) with the Central Bank of UAE (CBUAE) on July 15, 2023, for establishing a framework to promote the use of local currencies, *viz.*, INR and UAE Dirham (AED) for cross-border transactions. The MoU aims to put in place a local currency settlement system (LCSS) to promote bilateral usage of INR and AED. The creation of LCSS would enable exporters and importers to generate invoice and pay in their respective domestic currencies, which in turn would enable the development of INR-AED foreign exchange market.

Indonesia (BI)⁹; and enabling UPI Quick Response (QR) Code, RuPay card issuance and acceptance of peer-to-peer (P2P) remittance through live fast payment systems in several countries.

X.49 The Reserve Bank conducted virtual workshops and shared an in-house booklet with member central banks of the ACU, providing a broad framework for the potential use of domestic currencies in the ACU mechanism.

X.50 With the objective of portfolio diversification, the Department has explored a few non-traditional markets and products/instruments for augmentation of returns.

Agenda for 2024-25

X.51 The Department has set the following goals for 2024-25:

- To adopt global processes and investment frameworks to provide a leadership role to central bank peers in reserve management;
- To encourage internationalisation of INR in its pursuit for bringing efficiency in the trade settlements through local currency; and
- To formulate an operational mechanism for trade settlement using INR under the ACU mechanism (*Utkarsh 2.0*).

6. ECONOMIC AND POLICY RESEARCH

X.52 As the knowledge centre of the Reserve Bank, the Department of Economic and Policy Research (DEPR) provides analytical and research-based inputs on an ongoing basis

for policy formulation. Various statutory and non-statutory reports of the Reserve Bank are prepared, besides compilation and dissemination of key primary and secondary data. The Department publishes research papers/articles on topical macroeconomic and financial issues, releases studies involving collaborative research by the Reserve Bank's staff with external researchers and supports the work of technical groups/committees constituted by the Reserve Bank from time to time.

X.53 The compilation and dissemination of primary statistics on monetary aggregates, balance of payments, external debt, effective exchange rates, combined government finances, household financial savings and flow of funds was completed within stipulated timeframes, while maintaining the data quality. An all-India survey of farmers, traders and retailers in *mandis* on understanding price dynamics of major agricultural commodities and identifying ways to improve value chains was undertaken to understand the price formation process in agricultural supply chains.

Agenda for 2023-24

X.54 During 2023-24, the Department had set the following goals:

- Publication of a minimum of 100 research papers while improving the quality of analysis with adequate coverage of emerging issues (*Utkarsh 2.0*) [Paragraph X.55-X.56];

⁹ The RBI and the BI signed a MoU on March 7, 2024 for establishing a framework to promote the use of local currencies, viz., INR and Indonesian Rupiah (IDR) bilaterally, for cross-border transactions. The LCSS MoU covers all current account transactions, permissible capital account transactions and any other economic and financial transactions as agreed upon by both countries. This framework would enable exporters and importers to invoice and pay in their respective domestic currencies, which in turn would enable the development of an INR-IDR foreign exchange market. Use of local currencies would optimise costs and settlement time for transactions.

- Studies on various topical issues having policy relevance (Paragraph X.56);
- Development of a global monetary policy and global spillovers dashboard and spillovers indices (*Utkarsh 2.0*) [Paragraph X.57]; and
- Development of a global supply chain monitoring framework (*Utkarsh 2.0*) [Paragraph X.57].

Implementation Status

X.55 During 2023-24, the Department released the Reserve Bank's flagship statutory reports, *viz.*, the Annual Report and the Report on Trend and Progress of Banking in India in a timely manner. The report titled "State Finances: A Study of Budgets – 2023-24", the Handbook of Statistics on Indian States 2022-23 and a study on Finances of *Panchayati Raj* Institutions were also released. In addition, the Report on Currency and Finance 2022-23, carrying the theme "Towards a Greener Cleaner India" was released.

X.56 The Department published 102 research papers/articles during the year covering issues like (a) fiscal costs and macroeconomic ramifications of reverting to the old pension scheme in states; (b) the impact of G-sec yield movements on bank profitability in India; (c) assessing the oil price trajectory; (d) COVID-19 pandemic and the resilience of India's research and development expenditure; (e) analysis of inflation expectations; (f) decoding monetary policy expectations from financial data; and (g) inflation forecasting in India with machine learning techniques. Various emerging areas such as the digital payments ecosystem were also covered as part of the Department's research.

X.57 The Department released the KLEMS (capital, labour, energy, material and services) data for the year 2021-22 along with manual in January 2024. A dashboard for global supply chain monitoring was developed by incorporating indicators such as freight rates, waiting time, a global supply chain pressure index (GSCPI) and an index of supply chain pressures for India (ISPI). The global monetary policy and spillovers dashboard was completed to strengthen measurement of external spillovers.

Other Initiatives

X.58 During the year, the DEPR Study Circle, an in-house discussion forum, organised 19 seminars/presentations of research papers on diverse topics. The Department also organised the Sixth Asia KLEMS International Conference at Lonavala in June 2023.

X.59 The Department organised a number of events during the year. The Eighteenth L. K. Jha Memorial Lecture was delivered by Professor Lawrence H. Summers, President Emeritus, Harvard University on "Global Economic Possibilities for Our Children" on September 26, 2023. The Eighteenth C. D. Deshmukh Memorial Lecture was delivered on December 15, 2023 by Professor Arvind Panagariya, Professor of Economics and the Jagdish Bhagwati Professor of Indian Political Economy at Columbia University, on "India at 125: Reclaiming the Lost Glory and Returning the Global Economy to the Old Normal". The Sixth P.R. Brahmananda Memorial Lecture was delivered on February 22, 2024 by Dr. Rakesh Mohan, President Emeritus and Distinguished Fellow, Centre for Social and Economic Progress (CSEP), New Delhi on "Escaping the Low Middle-Income Trap: The Imperatives of State Strengthening". Shri Vijay Gokhale, former Foreign Secretary, Government

of India, delivered a talk on “Geopolitics of the Indo-Pacific: Implications for the Next Decade” on August 24, 2023.

X.60 During the year, the Central Library facilitated uninterrupted online access to various databases and other reference resources required for undertaking research. The RBI Archives accessioned files and photographs from various central office departments, regional offices and training establishments, and digitised about 5.05 lakh pages during the year.

X.61 The Reserve Bank provides financial support for external research activities through the RBI Professional Chairs and Corpus Fund Scheme in pursuance of Section 17(15B) of the Reserve Bank of India Act, 1934. At present, 19 RBI Professional Chairs have been established at various research institutes/universities in India. During the year, the research activities by the RBI Chairs covered areas, such as monetary policy transmission, financial inclusion, unemployment, productivity, global value chains, micro, small and medium enterprises and fiscal policy, while also exploring new emerging areas of CBDC, digitalisation, machine learning and climate change-related risks.

Agenda for 2024-25

X.62 The Department’s agenda for 2024-25 will focus on achieving the following goals:

- Publication of a minimum of 100 research papers while maintaining and enhancing quality of analysis and coverage (*Utkarsh 2.0*);
- Preparation of a study on new digital economy and the productivity paradox (*Utkarsh 2.0*);

- Publication of a joint Report with ICRIER¹⁰ on “Food Inflation Projection Framework” (*Utkarsh 2.0*); and
- To strengthen inputs for policymaking, with studies on the “balance sheet channel of monetary policy transmission”, “dynamics of inflation surges in India”, “global value chain participation by India and its impact on productivity” and “financial inclusion and its impact on monetary policy effectiveness in India”.

7. STATISTICS AND INFORMATION MANAGEMENT

X.63 The Department of Statistics and Information Management (DSIM) continued with its core functions of compilation, analysis and dissemination of macro-financial statistics. It focused on refining data quality and data collection mechanisms and enhancing the information management system by deploying the latest technologies. The Reserve Bank’s next generation data warehouse, viz., Centralised Information Management System (CIMS), was launched to usher in a major shift in the Reserve Bank’s framework for handling increasingly large data flows, aggregation, analysis, public dissemination and data governance. The CIMS uses state-of-the-art technology to manage big data and will also serve as a platform for ‘power users’ to carry out data analysis and text mining, visual analytics and advanced statistical analysis of cross domain data. In addition, the Department extended the reach of its household surveys to cover rural and semi-urban areas on a pilot basis. Availability of detailed banking statistics with higher frequency was ensured, while reducing publication lags and reporting burden on banks.

¹⁰ Indian Council for Research on International Economic Relations.

Further, the Department actively engaged in statistical and analytical research and provided inputs for policy formulation.

Agenda for 2023-24

X.64 The Department had set out the following goals for 2023-24:

- Building an advanced analytical environment in a state-of-the-art data portal and customised dashboards for users (*Utkarsh 2.0*) [Paragraph X.65];
- Implementing the remaining modules of CIMS; providing query and visualisation tools; onboarding all the regulated entities; and decommissioning old systems [centralised database management system (CDBMS) and an eXtensible business reporting language (XBRL) portal] (Paragraph X.65);
- Extending the Reserve Bank's regular household surveys to rural and semi-urban areas (*Utkarsh 2.0*) [Paragraph X.66];
- Refining data quality for banking returns using artificial intelligence (AI)/machine learning (ML) techniques (*Utkarsh 2.0*) [Paragraph X.66]; and
- Building additional high-frequency indicators of economic activity by using non-traditional data (Paragraph X.66).

Implementation Status

X.65 The Reserve Bank's next generation data warehouse, viz., CIMS, was launched on June 30, 2023 for reporting by SCBs. It was extended for data submission by other regulated entities [such as cooperative banks and non-banking financial companies (NBFCs)] in a phased manner. Several seminars, workshops and awareness

sessions were organised for various stakeholders to ensure a smooth transition to the new system.

X.66 In order to complement the regular urban household surveys, a new bi-monthly survey covering both consumer sentiments and expectations on major economic parameters is being conducted in rural and semi-urban areas on a pilot basis. The coverage of the rural consumer confidence survey (RCCS) has been gradually extended to 74 districts in 26 states/union territories, involving over 8,000 households in each survey round. Data quality validation, including outlier detection techniques for banking returns, was refined on the basis of tree-based ML algorithms and deep learning methods as part of a toolbox with a user interface. Exploration of non-traditional data sources was enhanced to complement the existing statistical efforts. A natural language processing (NLP) and ML based system for regular tracking of business outlook from media communications by large corporates has been developed to complement the regular enterprise surveys. In-season periodic crop production assessment was also carried out for select major agricultural commodities using remote sensing data.

Other Initiatives

X.67 The frequency of the Basic Statistical Return - 2 (BSR-2), i.e., survey on deposits with SCBs excluding regional rural banks (RRBs) has been changed to quarterly from annual since the March 2023 round. Age-group distribution of individuals' deposits has been introduced in BSR-2 and information on the same is being released since the March 2023 round.

X.68 The comprehensive credit information repository (CCIR) system has been developed and it is ready for pilot runs with select SCBs. A

statistical data and metadata eXchange (SDMX) manager module has been developed in CIMS. Element-based repository (EBR) has been developed, with about 1,000 data elements and related SDMX artefacts.

X.69 Big data technologies, including AI/ML techniques, are increasingly being used to analyse unstructured and high frequency information to derive relevant results and support policy making. These, *inter alia*, include development of media sentiment indices for key macroeconomic indicators and regular assessments of the Reserve Bank's policy communication through different channels, including media reception and impact on financial markets, by using NLP techniques.

X.70 The Department continued with its efforts to refine the methodologies for assessment and forecasting of key macroeconomic indicators. This, *inter alia*, included detailed analysis of inflation variations across states in view of repeated adverse supply shocks (please refer to Section II.3: Price Situation).

X.71 The Reserve Bank signed a memorandum of understanding (MoU) with the India Meteorological Department (IMD) on March 14, 2024 for more collaboration on climate and weather services with seamless sharing of information, and augmenting analytical and forecasting capabilities especially for production and prices of agricultural commodities. It would bring together observational as well as research capacities of the two institutions to improve collective understanding of extreme events and their impact analysis, and explore future areas of mutual interest aimed at fostering the development of a forward-looking knowledge base.

Agenda for 2024-25

X.72 The Department will focus on the following goals during 2024-25:

- Development and implementation of standard data query engine (DQE) for metadata-based data access and visual analytics;
- Statistical data and metadata eXchange (SDMX) standard data reporting by major regulated entities, comprising 90 per cent of banking business (*Utkarsh 2.0*);
- Mobile-based application for public access of the Database of Indian Economy (DBIE) portal;
- Development of framework for domestic/foreign borrowing of major companies and financial accounts linkage (*Utkarsh 2.0*);
- Development of high-frequency indicators of economic activity using non-traditional data, including non-text data such as satellite imagery data (*Utkarsh 2.0*); and
- Refining the Reserve Bank's data governance framework (DGF) by implementing global data quality assessment framework (*Utkarsh 2.0*).

8. LEGAL ISSUES

X.73 The Legal Department is established for examining and advising on legal issues, and for facilitating the management of litigation on behalf of the Reserve Bank. The Department functions as the secretariat to the Appellate Authority under the Right to Information Act, 2005 and represents the Reserve Bank in the hearing of cases before the Central Information Commission. The Department extends legal support and advice to the Deposit Insurance and Credit Guarantee

Corporation (DICGC), CAFRAL¹¹, and other RBI-owned institutions on legal issues, litigation and court matters.

Agenda for 2023-24

X.74 The Department had set out the following goals for 2023-24:

- Upgrading the Case Management System (CaMS) to CaMS 2.0 for enabling: (a) integration with external judicial websites for real time case status; (b) access to CaMS over internet, facilitating 'work from anywhere' mode (*Utkarsh 2.0*) [Paragraph X.75];
- Drafting and publishing a Legal Department Manual for the internal use of the Reserve Bank (*Utkarsh 2.0*) [Paragraph X.75]; and
- Digitisation of available/existing legal records and providing their access to the users (Paragraph X.75).

Implementation Status

X.75 All modules of CaMS - the workflow automation process application of the Legal Department developed by Reserve Bank Information Technology Private Ltd. (ReBIT) - have been deployed. Work on the Legal Department's Manual is at an advanced stage, and shall be published shortly.

Other Developments

X.76 The following important legislations/regulations concerning the financial sector were brought in/amended during the year:

- *Enactment of the Digital Personal Data Protection Act, 2023*: The Digital Personal Data Protection Act, 2023 received the

assent of the President on August 11, 2023. The Act, according to its Preamble, provides for the processing of digital personal data in a manner that recognises both the right of individuals to protect their personal data and the need to process such personal data for lawful purposes and for matters connected therewith or incidental thereto. The Act shall come into force on such date, or different dates for different provisions, as the central government may notify in the official gazette;

- *Enactment of the Jan Vishwas (Amendment of Provisions) Act, 2023*: The *Jan Vishwas (Amendment of Provisions) Act, 2023*, which amends certain enactments for decriminalising and rationalising offences to further enhance trust-based governance for ease of living and doing business, received the assent of the President on August 11, 2023. The Act makes amendments to certain provisions of the following legislations which are administered by the Reserve Bank or which are related to the functions of the Reserve Bank: (i) Government Securities Act, 2006; (ii) the High Denomination Banknotes (Demonetisation) Act, 1978; (iii) the Public Debt Act, 1944; (iv) the Deposit Insurance and Credit Guarantee Corporation Act, 1961; (v) the Factoring Regulation Act, 2011; (vi) the National Bank for Agriculture and Rural Development Act, 1981; (vii) the National Housing Bank Act, 1987; (viii) the Payment and Settlement Systems Act, 2007; and (ix) the Prevention of Money Laundering Act, 2002. The Act

¹¹ Centre for Advanced Financial Research and Learning.

shall come into force on such date, or different dates for different enactments, as the central government may notify in the official gazette; and

- *Amendment to the Multi-State Co-operative Societies Act, 2002*: The Multi-State Co-operative Societies (Amendment) Act, 2023 amended the Multi-State Co-operative Societies Act, 2002. The amendment aims to, *inter alia*, strengthen governance and enhance transparency in the multi-state cooperative societies by supplementing existing legislation and incorporating the provisions of Ninety-seventh Constitutional Amendment. A proviso has been inserted in Section 120B of the Act, stating that in case of a multi-state co-operative society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949 shall also apply.

Agenda for 2024-25

X.77 In 2024-25, the Department will focus on the following goals:

- Digitisation of court case files of the Reserve Bank for getting uploaded on VIDHICaMS and updation of case status (*Utkarsh 2.0*);
- Organising training programmes on drafting of regulation; and

- Harmonisation of the Reserve Bank's statutory regulations.

9. CONCLUSION

X.78 The Reserve Bank deployed multiple channels of communication covering a wide spectrum of audience to maintain and strengthen public confidence in its policy actions for a more effective policy implementation. The international economic and financial relations were deepened through regular engagement with the international organisations and multilateral bodies. The Reserve Bank organised several events to enhance public awareness about the G20 and India's G20 Presidency priorities. An integrated framework was created for transfer of funds for centrally sponsored schemes (CSS) on a real time basis through gradual onboarding of all concerned stakeholders. The foreign exchange reserves, which provide cushion in managing the exchange rate volatility, were managed prudently. Economic research activities were sustained and sharpened by undertaking studies on a gamut of topical and emerging macroeconomic and financial issues. The statistics and information management system was further strengthened by upgrading data warehouse with state-of-the-art technologies. A robust legal framework for the financial sector was also ensured through relevant amendments in the extant regulations.