

Communication Policy of RBI



**Department of Communication
Reserve Bank of India
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Communication Policy of the Reserve Bank of India (Version 2.0, July 2021)

I. Introduction

Communication is a key element in functioning of modern central banks, who are placing greater emphasis on transparency and accountability. The increasing preference for a collegial method of monetary policy decision making and thrust on financial stability have laid more emphasis on structured policies/strategies for communication in the realm of central banking.

2. The Reserve Bank's communication policy follows the guiding principles of relevance, transparency, clarity, comprehensiveness and timeliness: it strives to continuously improve public understanding of developments in the multiple domains under its ambit.

II. Objectives

3. The framework of central banking policy in India has evolved around its objectives specified under the Reserve Bank of India Act, 1934, viz. "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; and to operate a modern monetary policy framework to meet the challenge of an increasingly complex economy, where the primary objective is to maintain price stability while keeping in mind the objective of growth."

4. Consistent with the above, the Reserve Bank's macroeconomic and monetary policy has focussed on maintaining price stability, ensuring adequate flow of credit to sustain the growth momentum, and securing financial stability. The financial stability objective are enabled by the powers vested with it for regulation and supervision of the Indian financial system and its constituents, the money, debt and foreign exchange segments of the financial markets and the country's payment and settlement system support. These are augmented by the critical functions relating to maintenance of foreign exchange reserves and the role as the lender of last resort. The Reserve Bank pursues its core function of issuance of bank notes and currency management as well as its agency functions such as management of public debt, banker to Government (Centre and States) and banker to the banking system, including regulation of bank reserves. As a full-service central bank, it also propels

the development and consolidation of the country's financial system and supports inclusive growth.

5. The Reserve Bank's approach is to communicate its policy stance and its assessment of the evolving situation by providing rationale as well as supporting information and analysis to all stakeholders.

6. In its medium-term Vision Statement for 2019-22, termed as 'Utkarsh 2022', the Reserve Bank has set out for itself the following mutually reinforcing objectives:

- i) excellence in performance of statutory and other functions;
- ii) strengthened trust of citizens and other institutions in the RBI;
- iii) enhanced relevance and significance in national and global roles;
- iv) transparent, accountable and ethics-driven internal governance;
- v) best-in-class and environment friendly digital as well as physical infrastructure; and
- vi) innovative, dynamic and skilled human resources.

7. The strategies to meet these objectives are essentially well-thought-out actions to consolidate gains of the past, capitalise on emerging opportunities and meet future challenges. The strategic goals are aimed to be achieved through one or more tangible and time-bound milestones.

III. The Goals

8. Transparent communication, clear interpretation and accurate articulation of the multifarious objectives of the Reserve Bank are the goals of its communication policy. The composite mandate necessitates open, clear and structured communication for its effective functioning as well as for supporting the expanding boundaries of its policy instruments.

9. The communication policy of the Reserve Bank has the following principal goals:

- i) providing clarity on its role and responsibilities;
- ii) building confidence in its policy measures;
- iii) improving transparency and accountability;
- iv) anchoring expectations of all economic agents to enhance the efficacy of monetary policy and to minimise undue speculation;

- v) increasing awareness about financial stability;
- vi) dissemination of information with minimum time lag;
- vii) ensuring timeliness and credibility through effective communication; and
- viii) deepening engagement with the multi-lingual and multi-cultural society.

IV. The Principles

10. The above broad goals of communication policy are pursued through the following guiding principles:

- i) elucidation of the policy stance with rationale, information and analysis;
- ii) coherence and credibility in articulation through structured and periodic statements, speeches of the top management, statutory and other regular publications, research publication, committee reports as well as dissemination of regular information on important developments;
- iii) disseminate customised communication depending on the target audience (e.g., regulated entities, researchers, analysts, academics, rating agencies, media, other central banks, multilateral institutions, market participants, Government agencies and the members of public including women, senior citizens, defence personnel and school children in both urban and rural areas) through public awareness initiatives and microsite on the RBI website in eleven major regional languages apart from Hindi and English;
- iv) dissemination of market related information on near real time basis through the website;
- v) dissemination of important information emanating from the Reserve Bank through social media; and
- vi) Pre-announcement of the dates of future structured communication through advance release calendars to bring predictability.

V. Aspects of Communication:

11. The Communication Aspects of the Reserve Bank includes strategies on:

- i) Monetary Policy communication;
- ii) Financial Stability communication;
- iii) Communication relating to other functional domains;
- iv) Communication during times of crisis;
- v) Dissemination through flagship publications; and

vi) RBI staff as ambassadors of RBI.

a) Monetary Policy communication

12. The Reserve Bank explains the monetary policy measures and stance with the rationale, information and analysis to enable market participants and other stakeholders to provide clarity about its assessment of the evolving situation. The Reserve Bank of India Act, 1934 was amended in 2016 to provide statutory basis for a monetary policy framework, the MPC and the inflation target to be set by the Government of India, in consultation with the Reserve Bank, once in every five years.

13. The monetary policy framework aims at (a) setting the policy (repo) rate based on an assessment of the current and evolving macroeconomic situation and, (b) modulation of liquidity conditions on a day-to-day basis through appropriate actions to anchor money market rates. The operating framework responds to the evolving monetary and financial market conditions, consistent with the monetary policy stance. The Reserve Bank also holds pre-policy consultations with economists, bankers, industry groups and other stakeholders to ascertain their views on aggregate / sector-specific assessments and their policy expectations.

14. The resolution of the MPC is released on the Bank's website and other communication channels, followed by a press conference that is broadcast live on various public media platforms. In the spirit of transparency, the data used in monetary policy formulation are put in public domain after the release of the MPC resolution.

b) Financial Stability communication

15. The Reserve Bank's communication on financial stability has the following broad dimensions:

- i) publication of the statutory annual report on 'Trend and Progress of Banking in India' and half-yearly 'Financial Stability Report', to provide an assessment of performance of the Indian banking system as well as the soundness, risks and resilience of the Indian financial system, supplemented by press releases on important developments in the financial sector;
- ii) organising informal press briefings and media workshops, at both central and regional office levels, to explain the supervisory and regulatory aspects

pertaining to the financial sector and to help explaining macro-prudential policy actions to stakeholders; and

- iii) making communication an integral part of financial stability framework to highlight the underlying messages, beyond data and measures, to the broader audience and developing communication capacity by keeping all stakeholders apprised of the developments in the financial sector.

c) Communication relating to other functional domains

16. The Reserve Bank releases information on the macroeconomic conditions as well as developments in the regulatory and other domains mentioned in para 4 above through traditional and non-traditional channels (e.g., press releases, notifications, publications – regular and occasional and multi-media public awareness initiatives). Speeches, press conferences and media interviews of the Top Management articulate Bank’s view on issues of importance. For equitable distribution of market sensitive information, the Reserve Bank uses embargoed releases through news agencies.

d) Communication during times of crisis

17. In an event of unexpected and sudden detrimental situation arising in the economy, and particularly in the financial sector, the primary objective of the Reserve Bank is to move quickly with relevant policy response, give assurance to mitigate the situation and remove any undue speculation. In such times, internal communication is as important as external communication.

e) Dissemination through flagship publications

18. All major publications of the Reserve Bank are released on its website to ensure simultaneous reach of information to all the stakeholders. The statutory publications include the Bank’s ‘Annual Report’, the ‘Report on Trend and Progress of Banking in India’ and the ‘Monetary Policy Report’. The list of important publications is given in [Annex](#).

f) RBI Staff as Ambassadors of RBI

19. The staff of the Reserve Bank are its ambassadors for creating awareness on issues, which are important for the society: their communication is structured, with internal approvals, to obviate any reputational risk. Only the authorised staff can communicate on the affairs of the Reserve Bank to the press. Independent research

papers and documents on focussed topics, contributed by RBI staff members, are released on its website with relevant disclaimer.

VI. Two-way Communication

20. The Reserve Bank has established the practice of two-way communication. Consultation with stakeholders generally precedes introduction of any new regulation or a major change in existing regulation. Its website is a major channel for two-way communication, which is supplemented by the social media channels and a mobile application of the website. It conducts workshops for regional media to demystify policy making and to facilitate informed reporting by the regional press. The Bank has open channels for responding to queries from the stakeholders and the members of public. Given the preference for general dissemination over responding to individual requests, more frequent queries are responded on the website under the 'frequently asked questions' section for different domains.

VII. Operational Practices

21. The Reserve Bank has formulated broad internal guidelines and operational practices for communication from the perspective of the organisation and goals of communication. These are:

- i) The Directors of the Central Board of the Reserve Bank do not communicate or divulge any matter or information, which may come to their knowledge as members of the Central Board or its Committees.
- ii) The Governor and the Deputy Governor in charge of monetary policy are the only spokespersons on issues relating to monetary and exchange rate policy;
- iii) Deputy Governors are the spokespersons in their respective areas of responsibility;
- iv) Executive Directors and Heads of Departments speak in their respective domain with explicit authority from the Governor/Deputy Governors;
- v) Regional Directors clarify local issues;
- vi) Ombudsmen speak on local grievance redressal issues;
- vii) The head of the Department of Communication (DoC) is the general spokesperson of the Reserve Bank;
- viii) All press releases except those relating to regional matters – which are rare – are centrally issued by the Department of Communication;

ix) All information releases – in print or digital form – are placed in public domain simultaneously.

VIII. Responsibility for Communication

22. Good external communication assumes intensive internal coordination between different departments/offices and the DoC, which is the nodal department in RBI for external communication. Media persons and others having queries or seeking clarification connect with the DoC.

IX. Review

23. Communication is a dynamic process and it keeps evolving with the changing times and situations. As such, the Bank's Communication Policy will be reviewed every three years, unless a situation warrants its review earlier.

Publications of Reserve Bank of India

1. Publications/ Reports

i) Annual Report

The Annual Report of the Reserve Bank is a statutory publication released within two months from the close of annual accounts. It is a report by the Central Board on the state of the economy, the working of the Bank during the year and the balance sheet of the Reserve Bank. It also presents an assessment of the Indian economy and its prospects in the period ahead.

ii) Report on Trend and Progress of Banking in India

This is also a statutory annual publication of the Bank, which reviews the policies for and performance of the financial sector. The publication covers the data from April to March and is generally released around November/December every year.

iii) Monetary Policy Report

It is a bi-annual statutory publication of the Bank, generally released in April and October. It gives the macroeconomic outlook and forecasts on growth and inflation. It also covers the balance of risks, prices and costs, financial market and liquidity conditions and the developments in external global environment.

iv) Financial Stability Report

It is a bi-annual Report that is being published since Global financial crisis and its aftermath, *i.e.*, March 2010 onwards. It provides an assessment of stability of India's financial system; reviews the nature, magnitude and implications of risks; results of stress tests and resilience; provides key signal for pre-emptive policy responses and mentions ways for development and regulation of the financial sector.

v) State Finances: A Study of Budgets

A thematically dedicated release, this publication provides a comprehensive analytical assessment of the finances of all State Governments. Consolidated data of all State Governments are analysed in addition to State-wise analysis to draw policy implications. It contains an analysis of fiscal position at the sub-national level, assessment of risks, progress on the targets under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003. It is widely referred by Central/State governments, international institutions such as IMF, and academicians.

vi) Reserve Bank of India Bulletin and its Weekly Statistical Supplement

The monthly RBI Bulletin publishes the Monetary Policy Statements, Top management speeches, research articles, current statistics on key monetary and financial indicators, first data release on forex market intervention and other areas that may be of topical interest. Other useful inclusions in the Bulletin are important press releases and circulars issued by different departments of the Reserve Bank and data relating to economy, finance and banking.

Major reports released by the Bank, including the Annual Report and the Report on Trend and Progress of Banking in India are issued as supplements to this monthly publication.

The weekly statistical supplement (WSS) to the Monthly RBI Bulletin is a premier high frequency data dissemination source and publishes information like major items of the RBI balance sheet, reserve position, consolidated balance sheet of scheduled commercial banks, monetary and financial market indicators and market borrowings of the Government. The document is usually released in the evening of every Friday.

2. Statistical Publications

Major data publications of the Bank include:

i) Handbook of Statistics on Indian States

It is a comprehensive single point dataset that contains socio-economic indicators of States covering their social and demographic characteristics. It covers key economic sectors including banking and is useful for researchers, academic circles and state governments.

ii) Handbook of Statistics on Indian Economy

This document comprises dataset on a longer time horizon. It is a real-time on-line version (available on web-portal DBIE). The publication provides time-series data (annual/quarterly/monthly/fortnightly/daily) pertaining to a broad spectrum of economic variables pertaining to data on national income, output and prices, money and banking, financial markets, public finance, trade and balance of payments, currency and coinage and socio-economic indicators.

iii) Basic Statistical Returns

The Basic Statistical Return (BSR) publications consists of (a) bank credit classified according to occupation/activity and organisational sector of the borrower, type of account, and interest rates (BSR-1) on quarterly basis; (b) ownership and maturity pattern of bank deposits as well as employment details (BSR-2) on annual basis; and (c) bank credit and deposits as per geography and type (BSR-7) on quarterly basis.

iv) Statistical Tables Relating to Banks in India

This comprises banks' annual statements and contains key information on banks' performance. It covers SCBs, rural co-operative banks, NBFs, FIs and PDs. The document publishes balance sheet and financial indicators of these entities and gives progress on regulatory norms like CRAR, priority sector lending. The data are presented bank group-wise and state-wise. It is the only publication that provides bank-level data.

v) Surveys

The Bank conducts the following regular quick surveys, the results of which are presented to the MPC and are subsequently released in the public domain:

- i) Industrial outlook survey (IOS) of manufacturing sector – quarterly
- ii) Order book, inventory and capacity utilisation survey (OBICUS) of manufacturing sector – quarterly
- iii) Services and Infrastructure outlook survey (SIOS) – quarterly
- iv) Inflation expectations survey of households (IESH) – bi-monthly
- v) Consumer Confidence Survey (CCS) – bi-monthly
- vi) Survey of professional forecasters (SPF) – bi-monthly

The results of these surveys are released immediately after the release of resolution of the Monetary Policy Committee (MPC). Unit level data of the household surveys (*i.e.*, IESH and CCS) are also released to promote research.

3. Research Publications

i) RBI Occasional Papers

These are quarterly research journals that cover subjects of topical interest. They comprise contributions from staff and reflect their views. Working papers are research work in progress of staff that are published to elicit comments and further debates on the subject under study. These documents are referred by researchers, academia and media.

ii) RBI Working Papers

The RBI Working Papers series, introduced in March 2011, presents research in progress of the staff members of RBI and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not that of RBI.

iii) Development Research Group (DRG) Studies

These studies serve as accent on policy-oriented research and cover subjects of topical interest. They are primarily contributed by the Bank's research staff in collaboration with outside experts. They are released for wider circulation as also to generate discussion among professional economists and policy makers.

iv) Mint Street Memos

Mint Street Memos (MSM) is a series of documents that are in the form of brief reports and analysis on contemporary topics, prepared by the staff of RBI and Centre for Advanced Financial Research and Learning (CAFRAL), or drawn from one of the recent publications of the Bank.

4. Other Releases

- i) Monetary Policy Statement;
- ii) MPC minutes;
- iii) Top Management Speeches/ Interviews;
- iv) Working Group /Committee Reports;
- v) Technical/Discussion Papers;
- vi) Manuals;
- vii) Vision Documents;
- viii) Memorial Lectures;
- ix) Monetary and Credit Information Review – monthly;
- x) Official press releases/ notifications, articles; and
- xi) Films, videos, comic books and other content on public awareness.

5. Daily Releases

The Bank issues press releases relating to its operations through its web-site for use by market participants, wire agencies and other sections of media. Its daily press release on money market operations of the previous day gives a summary position of liquidity in the system to market participants. The results of the Liquidity Adjustment Facility (LAF) and other liquidity operations are posted on the website on the same day.

6. Database on Indian Economy (DBIE): RBI's Data Warehouse

The Bank generates and compiles a large volume of data on various aspects of the economy, with focus on banking and financial markets. The scope and volume of data released by the Bank has increased substantially over time and the manner of their release has also changed from hard copy print to electronic version, including through web-based interactive database.

All the detailed statistics released by the Bank are made available on its data warehouse known as the 'Database of Indian Economy' (DBIE) portal (<https://dbie.rbi.org.in>). DBIE allows users to (a) access data through pre-formatted reports, where users can specify time period; and (b) create new data reports for desired variables and time period from query facilities. All data could be downloaded in Excel/CSV/PDF file format.
