

X

GOVERNANCE, HUMAN RESOURCES DEVELOPMENT AND ORGANISATIONAL MANAGEMENT

The multiplicity of the functions and increasing complexities in the operating environment necessitated continued efforts by the Reserve Bank to upgrade its human resources. Apart from maintaining high governance standards, focus was also placed on capacity building, further improving communication and transparency and fine-tuning the organisational framework. The Bank continued to encourage research and knowledge sharing through publications, conferences, seminars and outreach programmes. To ensure business continuity and effectively managing the other risks faced by it, the Reserve Bank has undertaken several initiatives toward enterprise-wide risk management. These are expected to lower operational risks and strengthen the central bank's ability to meet various contingencies, should they arise, thus providing services in the nature of public goods.

X.1 The Reserve Bank continued to strengthen its human resources by recruiting new staff as well as through imparting training to existing staff members. The Reserve Bank's communication policy focussed on transparency, dissemination of knowledge to a wider public and creating awareness about the financial risks faced by them in their day-to-day lives. There was increased recourse to use of technology in attaining the intended objectives of the communication policy. Another major focus of the initiatives for the organisational framework was on operational risk management and ensuring business continuity through the enterprise-wide risk management (ERM) framework. Considerable progress was made during 2013-14 towards making the ERM framework fully functional.

INITIATIVES FOR IMPROVED GOVERNANCE

Governance Structure

X.2 The Reserve Bank of India being the central bank of the country is driven by the principles of public interest, transparency and public accountability and considerations of equity and fairness as well as to become responsive to the needs of the common person and to move towards diversity and inclusiveness. Accordingly, in the Reserve Bank the governance structure is represented by the Central Board of Directors as the apex body, which aims to ensure that the Reserve Bank's general policy, strategy,

administration and business are attuned to the role assigned to it and meet the challenges before the country's economy. The Governor presides over the meetings of the Central Board and he is assisted by four Deputy Governors and nine Executive Directors in managing the affairs of the Reserve Bank.

X.3 As against the full strength of 21 Directors, the Central Board presently has 17 Directors with four positions rendered vacant due to retirements/resignations. Besides, the Bank has four Local Boards constituted by the Government for the Northern, Southern, Eastern and Western areas of the country. The Government of India appoints/nominates the Directors to the Central Board and Members to the four Local Boards. At present the Central Board has three Committees (Committee of the Central Board, Board for Financial Supervision and Board for Regulation and Supervision of Payment and Settlement Systems) and four sub-committees (Audit and Risk Monitoring Sub-Committee, Human Resource Management Sub-Committee, Building Sub-Committee and Information Technology Sub-Committee) of the Central Board.

Meetings of the Central Board and its Committees

X.4 With a view to improving governance, efforts have been made to make the meetings of the Board and its Committees streamlined, focused and effective. The number of meetings of the Central

Board has been reduced to the statutory minimum and technology is being leveraged to save resources and time. The Central Board held six meetings during 2013-14 (July 2013-June 2014). Of these, four were held at the traditional centres (Chennai, Mumbai, Kolkata and New Delhi) and two at non-traditional centres (Raipur, Shimla). Shri P. Chidambaram, Hon'ble Finance Minister addressed the post vote-on-account meeting of the Central Board held on March 7, 2014 in New Delhi. Discussions at meetings of the Central Board covered matters pertaining to general superintendence and direction of the affairs of the Reserve Bank and issues relating to its role in supporting socioeconomic goals and development of the nation in line with its mandate.

X.5 Forty six weekly meetings of the Committee of the Central Board (CCB) were held during the year (July 2013 to June 2014) in Mumbai. The Committee attended to the current business of the Reserve Bank, including approval of the Bank's weekly accounts pertaining to the Issue and the Banking Departments.

X.6 On the sidelines of the Central Board's meetings held at various places, the Governor interacted with the Chief Ministers and senior officials of state governments, commercial banks and financial institutions in the respective states. In general, discussions with these officials covered issues like extension of banking services in unbanked/under-banked areas, use of information technology (IT) enabled banking services/measures to promote financial inclusion, enhancing credit flow, electronic benefit transfer (EBT) schemes, developing self-help groups (SHGs), improving the credit-deposit ratio and currency management issues.

DIRECTORS/MEMBERS OF THE CENTRAL BOARD/LOCAL BOARDS-CHANGES

Nominations

X.7 Shri Gurdial Singh Sandhu, Secretary, Department of Financial Services, was nominated

as a Director on the Central Board with effect from April 1, 2014 vice Shri Rajiv Takru under Section 8(1)(d) of the RBI Act, 1934. Shri Azim Premji ceased to be Director of the Central Board with effect from September 20, 2013.

X.8 Shri K. Venkatesan, Shri D. V. Salgaocar and Shri J. B. Patel ceased to be Members of Western Area Local Board with effect from January 27, 2014 and Dr Ram Nath ceased to be Member of the Northern Area Local Board with effect from February 18, 2014 in terms of the provisions of Section 9(3) of RBI Act, 1934.

Appointments

X.9 Shri R. Gandhi was appointed as Deputy Governor of the Bank with effect from April 3, 2014; and he assumed office on the same day.

X.10 Harun R. Khan has been re-appointed as Deputy Governor with effect from July 4, 2014 for a period of two years or until further orders, whichever is earlier.

X.11 Shri S.S. Mundra has been appointed as Deputy Governor of the Bank for three years from the date of his taking over, that is, July 31, 2014 or until further orders, whichever is earlier. He took charge of the office of Deputy Governor on the same day.

Retirements/Resignations

X.12 Shri Anand Sinha laid down office as Deputy Governor of the Reserve Bank on January 20, 2014 on expiry of his term.

X.13 Dr K.C. Chakrabarty demitted office of the Deputy Governor of the Reserve Bank on April 25, 2014.

X.14 Professor M.V. Rajeev Gowda ceased to be a member of the Southern Area Local Board of the Bank and also a Director of the Central Board consequent upon his election to the Rajya Sabha with effect from June 12, 2014 in terms of the provisions of Section 11(5) of the RBI Act, 1934.

Appointment/Retirement of Executives

X.15 Shri S. Karuppasamy, Executive Director, retired from service as at the close of business on January 31, 2014.

X.16 Shri G. Gopalakrishna, Executive Director voluntarily retired from the Reserve Bank on April 20, 2014.

X.17 Shri N.S. Vishwanathan, Shri U.S. Paliwal and Shri Chandan Sinha, PCGMs were promoted as Executive Directors with effect from April 25, 2014.

Visits of Foreign Dignitaries

X.18 During the year, 38 delegations from 20 countries visited the Bank. The delegations interacted with the top management on a wide spectrum of issues including reviews of the global economic scenario, framework for sustainable and balanced global growth, mutual trade and bilateral relations as well as the Bank's policy initiatives in different areas of its functioning. The list of the foreign dignitaries who visited the Reserve Bank during 2013-14 is given in Annex I.

INITIATIVES IN COMMUNICATION PROCESSES

X.19 Transparency, timeliness and credibility have been the mainstay of the Reserve Bank's communication strategy. A wide range of information in the form of notifications, press releases, data and speeches is disseminated through the Bank's website. In its effort to reach out to the maximum number of stakeholders, the Reserve Bank also uses available technology. Monetary policy communication, including the Governor's live statement and press conference, for instance, are now being disseminated through mobile phones along with live streaming of the announcements on monetary policy through television channels and webcasting.

X.20 During the year, the Reserve Bank issued over 2,500 press releases. The total size of the website increased to almost 75 GB. Feedback being

an important part of the Reserve Bank's communication activity, 3 draft reports and 5 draft guidelines on regulatory as well as market related issues were released on the website for public comments.

Awareness campaigns held during the year

Non-Banking Finance Companies (NBFC) Depositors

X.21 The Reserve Bank undertook an awareness campaign for NBFC depositors after some fraudulent deposit schemes came to light during the year. The awareness programme involved publication of 'frequently asked questions' on the entire gamut of issues relating to NBFCs and a series of advertisements beginning September 2, 2013. As the next step, the Reserve Bank brought together on a public platform all the regulators of NBFCs in a town hall in Chandigarh to interact with customers of these companies. The objective of this initiative was to sensitise the regulators and the public about issues relating to NBFCs. The Reserve Bank also collaborated with the Ministry of Corporate Affairs and Department of Consumer Affairs for joint campaigns. Two rounds of advertisements were released in the same set of 217 newspapers published in 11 vernacular languages (apart from English and Hindi). The publicity campaign will be an on-going exercise.

Fictitious Offers

X.22 To spread awareness about fictitious offers, the Reserve Bank of India released two rounds of advertisements in English, Hindi and 11 regional language newspapers on an all-India basis (the first round covered 608 newspapers on April 9, 2013 and the second round covered 210 newspapers on June 19, 2013). This was done jointly with the Department of Consumer Affairs, in the Ministry of Consumer Affairs under its 'Jago Grahak Jago' series. The Reserve Bank also issued notice warnings in May 2014 about the fake website in its name started by some unknown persons offering various banking facilities and asking members of

the public to apply online for opening 'RBI savings accounts'. To widen the reach of the awareness campaign on fictitious offers, audio spots of 30-seconds each on the fictitious offers were broadcast on 59 All India Radio (including *Vividh Bharti* Channels) and 145 private FM radio stations of 22 private FM channels.

Inflation Indexed Bonds

X.23 To create awareness about inflation indexed national savings securities-cumulative (IINSS-C), the Reserve Bank released one introductory advertisement and 3 follow-up advertisements during December 21-31, 2013 in 14 languages in 23 largest circulating newspapers and again in 46 newspapers in 13 languages including English and Hindi during March 2014. An awareness programme was carried on popular radio FM channels and in investors' conferences.

Self-assessment

X.24 Broadly, the Reserve Bank's communication on monetary policy was successful in sensitising financial market participants and in improving the acceptance of its monetary policy stance. However, some gaps were identified in communication during the period of financial market stress in H1 of 2013-14 while assessing its communication policies internally. The Reserve Bank intends to follow-up its internal assessment with an institutionalised process of assessing its communication policies.

Seminars

X.25 In order to enhance the reach of its publications, the Reserve Bank conducted 4 outreach seminars covering the 4 zones of the country during the year. The seminars were attended by students from colleges, universities and senior faculty members.

Educational Visits to the Reserve Bank

X.26 The Department of Communication has been organising educational visits to the Reserve Bank since 2006 as part of its financial literacy initiatives. Over the years the visits have been

gaining popularity among colleges and management schools. Between July 2013 and June 2014, the Department conducted 40 such visits covering over 2,000 students. The participation was mainly from schools, colleges, non-governmental organisations (NGOs), senior citizens groups, women's group and also students from foreign universities.

Research and Endowment Schemes

X.27 Research publications of the Reserve Bank's staff *viz.*, the Reserve Bank Occasional Papers and the web-based Reserve Bank of India Working Paper Series (RBIWPS) continued as major platforms for disseminating in-house technical and analytical research on a wide array of macroeconomic and policy issues. In order to take the research initiatives forward, the Reserve Bank, in February 2014, allowed its staff to publish jointly authored papers with external researchers in the RBIWPS and Reserve Bank Occasional Papers, which were earlier restricted to Reserve Bank staff members only. Under RBIWPS, initiated in March 2011, 56 papers covering a wide range of issues had been uploaded till June 2014.

X.28 In addition to in-house research, the Reserve Bank encourages and promotes external research activities in academic and research institutions through endowment scheme including establishing RBI professorial chairs in universities/research institutions, funding medium-term research projects/conferences/workshops/seminars/publication of journals/scholarship scheme for faculty members from academic institutions and organising development research group (DRG) studies (collaborative). So far, 40 DRG studies have been published and 4 papers under scholarship schemes for faculty members from academic institutions have been completed.

X.29 The Reserve Bank of India under the *Programme Funding Scheme* has initiated the ISI-RBI (DSIM) Research Collaboration, wherein Indian Statistical Institute (ISI), Kolkata has agreed to work on four proposals for validation and improvement of various surveys undertaken by the Bank for a

period of one year. The Bank awarded the first fellowship in the series under the Prof. K.N. Raj Memorial National Fellowship Scheme, instituted in 2012 to Dr. Ravi Kanbur, Professor of Economics, Cornell University, USA for research on 'Informality: Causes, Consequences and Policy Responses'. The research paper was released by the Bank in June 2014.

HUMAN RESOURCE INITIATIVES

Initiatives towards training and skills enhancement

X.30 The Reserve Bank imparts necessary knowledge and skill upgradation to develop its human resources' technical and behavioural skills. The 6 training establishments of the Bank, *viz.*, Reserve Bank Staff College (RBSC), Chennai, College of Agricultural Banking (CAB), Pune and four Zonal Training Centres at Mumbai, New Delhi, Kolkata and Chennai cater to its internal training requirements (Table X.1).

Training at external institutions

X.31 The Reserve Bank deputed 798 officers during 2013-14 to training programmes, seminars and conferences organised by external

Table X.1 : Reserve Bank Training Establishments-Programmes Conducted

Training Establishment	2011-12 (July-June)		2012-13 (July-June)		2013-14 (July-June)	
	No. of Pro-grammes	No. of Parti-cipants	No. of Pro-grammes	No. of Parti-cipants	No. of Pro-grammes	No. of Parti-cipants
1	2	3	4	5	6	7
RBSC, Chennai	125	2,492	126	2,676	140	3,302*
CAB, Pune	190	5,647	164	5,105	168	5,149@
ZTCs (Class I)	116	2,098	116	2,526	116	2,559
ZTCs (Class III)	35	639	64	1,492	92	2,006
ZTCs (Class IV)	65	1,237	58	1,184	56	1,076

*: Includes 58 foreign participants.

@: Includes 48 foreign participants.

Table X.2: Number of Officers Trained in External Training Institutions in India and Abroad

Year	No. of officers trained in India (external institutions)	No. of officers trained abroad
1	2	3
2011-12	1,072	511
2012-13	874	510
2013-14	798	530

management/banking institutions in India. It also deputed a number of Class III and Class IV employees for training in external institutions in India during the year. The Bank also deputed 530 officers abroad to attend various training courses, seminars, conferences and workshops conducted by banking and financial institutions and multilateral institutions (Table X.2).

X.32 Seven officers of the Bank availed study leave under different schemes for pursuing higher studies during the year. Further, 442 employees pursued select part-time/distance education courses during 2013-14.

SAARC Finance Scholarship

X.33 Effective 2013, the Reserve Bank introduced a scholarship scheme for officials of central banks/ministries of finance of South Asian Association for Regional Cooperation (SAARC) member countries for pursuing higher studies in economics in identified universities/institutions in India. Under the scheme, the Bank selected 2 officials, one each from the Bangladesh and Maldives Monetary Authority, for pursuing Ph.D. in Economics and Masters in Economics respectively during 2014-15.

South East Asian Central Banks (SEACEN)

X.34 The Bank, which became a member of SEACEN in January 2013, actively participated in its research activities during the year and has deputed one officer as a 'Visiting Research Economist' to lead research studies in 'Building on the Counter Cyclical Buffer Consensus: Asian Empirical Test'.

Grants and Endowments

X.35 For supporting activities in the fields of research, training and consultancy for the banking and financial sector during 2013-14, the Reserve Bank provided financial support of ₹ 220 million to the Indira Gandhi Institute of Development Research (IGIDR), Mumbai; ₹ 60.5 million to the Centre for Advanced Financial Research and Learning (CAFRAL), Mumbai; ₹ 15.9 million to the National Institute of Bank Management (NIBM), Pune; ₹5.10 million to the Indian Institute of Bank Management (IIBM), Guwahati; and ₹ 10 million for setting up the London School of Economics (LSE) India observatory and the IG Patel Chair.

RBIQ

X.36 In 2013, RBIQ, an all-India inter-school quiz launched in 2012, was held at 42 different locations all over India with zonal and national finals in Mumbai, with almost 2,000 schools and 4,000 students participating in it. The telecast of the zonal and national finals on Doordarshan's national channel also gave substantial publicity to the event and the Bank's efforts in putting it together.

INITIATIVES IN ORGANISATION MANAGEMENT

X.37 Apart from skill enhancement of its existing staff, the Reserve Bank also undertook initiatives towards strengthening its organisational framework and acquiring new talent during the year.

Industrial Relations

X.38 For a healthy relationship between the management and workmen, the Reserve Bank held periodic meetings with recognised associations/federations of officers and employees/workers during the year to discuss matters related to staff welfare and service conditions. The employee-management relationship remained healthy and peaceful during the year.

Right to Information (RTI) Act, 2005

X.39 The Reserve Bank received 7,041 requests for information and 1,130 first appeals under the

RTI Act during the year, all of which were attended to. The Bank conducted 4 training programmes at its training centre for its staff on RTI Act.

Recruitments

X.40 During 2013 (January-December), the Reserve Bank recruited 574 employees. Of this, 92 belonged to Scheduled Castes (SCs) and 39 to Scheduled Tribes (STs) categories, constituting 22.8 per cent of the total recruitment (Table X.3).

Staff Strength

X.41 The Reserve Bank's total staff strength as on December 31, 2013 was 17,360 as compared to 17,714 as on end-December 2012. Of the total staff strength, 20.1 per cent belonged to Scheduled Castes and 7.0 per cent belonged to Scheduled Tribes (Table X.4).

X.42 During 2013 (January-December), the Reserve Bank's management and the representatives of the All India Reserve Bank Scheduled Castes/Scheduled Tribes and the Buddhist Federation met 4 times and discussed issues relating to the implementation of the reservation policy in the Reserve Bank. The representation of other backward classes (OBCs) (recruited after September 1993) in the Reserve Bank stood at 1,513 as on December 31, 2013. Of these, 429 were in Class I, 554 in Class III and 530 in Class IV. The total strength of ex-servicemen in

Table X.3: Recruitment by the Reserve Bank -2013*

Category of recruitment	Category-wise strength				
	Total	of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	90	10	9	11.1	10.0
Class III	406	71	28	17.5	6.9
Class IV	78	11	2	14.1	2.6
a) Maintenance Attendant	16	2	0	12.5	0.0
b) Others	62	9	2	14.5	3.2
Total	574	92	39	16.0	6.8

*: January-December.

Table X.4: Staff Strength of the Reserve Bank

Category	Category-wise strength						Per cent to total strength	
	Total Strength		SC		ST		SC	ST
	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2013	Dec 31, 2013
1	2	3	4	5	6	7	8	9
Class I	8,132	7,864	1,154	1,133	563	499	14.4	6.3
Class III	3,716	3,916	603	586	395	252	15.0	6.4
Class IV	5,866	5,580	1,874	1,764	660	463	31.6	8.3
Total	17,714	17,360	3,631	3,483	1,618	1,214	20.1	7.0

Note: SC: Scheduled Castes. ST: Scheduled Tribes.

the Reserve Bank as of end-December 2013 stood at 923. Out of these 178 are in Class I, 145 in Class III and 600 in Class IV. The total number of physically handicapped employees in Class I, Class III and Class IV cadres in the Reserve Bank stood at 200, 92 and 99 respectively at end-December 2013.

X.43 The total staff strength as on June 29, 2014 was 17,334 as compared with 17,449 a year ago. The category-wise composition of the staff strength is given in Table X.5.

X.44 The office/location-wise distribution of staff strength indicates that the Reserve Bank's offices in Mumbai (including the central office departments) with 29.5 per cent of total staff strength continued to have the maximum number of staff members followed by Kolkata at 8.4 per cent, Chennai at 7.1 per cent and New Delhi at 6.5 per cent (Table X.6).

Comprehensive Human Resource System (CHRS) Project

X.45 The Reserve Bank has undertaken a project to carry out business process re-engineering (BPR) of prevailing human resource (HR) systems and implementing a comprehensive human resource system for it. A consultant has been engaged for the BPR exercise and also for providing end-to-end consultancy for implementing the project. The consultant has submitted a BPR report and suggested various changes in the existing HR processes. The Reserve Bank has formed an internal group to examine these suggestions. It has

also been decided to set up a centralised processing centre to facilitate the processing of all HR related operations. A system integrator has been identified for the purpose. The project is likely

**Table X.5: Category-wise Actual Staff Strength
(as on June 29, 2014)**

Class	Actual Strength
1	2
Class I	
1. Senior Officers in Grade F	96
2. Senior Officers in Grade E	333
3. Senior Officers in Grade D	306
4. Officers in Grade C	1,097
5. Officers in Grade B	1,449
6. Officers in Grade A	4,466
7. Treasurer	3
8. Deputy Treasurer	2
9. Assistant Treasurer	0
10. Executive Interns	69
Total (A)	7,801
Class III	
1. Senior Assistant	262
2. Assistant	1,888
3. Secretarial Assistant	47
4. Word Processor Assistant	210
5. Special Assistant (Teller)	964
6. Class III (Others)	367
Total (B)	3,738
Class IV	
1. Maintenance Staff	1,545
2. Service Staff	3,357
3. Technical Staff	157
4. Other Staff	736
Total (C)	5,795
Total Strength in the Reserve Bank (A+B+C)	17,334

Table X.6 : Reserve Bank's Office-wise Staff Strength
(as on June 29, 2014)

Office (including sub-offices)	Class I	Class III	Class IV	Total
1	2	3	4	5
Agartala	5	3	0	8
Ahmedabad	300	177	233	710
Bangalore	452	163	233	848
Belapur	138	59	197	394
Bhopal	167	97	126	390
Bhubaneswar	157	94	184	435
Chandigarh	197	70	130	397
Chennai	487	339	399	1,225
Dehradun	22	5	2	29
Gangtok	7	0	0	7
Guwahati	210	134	202	546
Hyderabad	327	135	263	725
Jaipur	253	127	193	573
Jammu@	97	46	61	204
Kanpur	242	167	298	707
Kochi	37	37	27	101
Kolkata	537	428	498	1,463
Lucknow	178	77	127	382
Mumbai	650	354	1042	2,046
Nagpur	258	194	253	705
New Delhi	578	234	321	1,133
Panaji, Goa	18	2	3	23
Patna	192	108	218	518
Pune-CAB-CRDC-ITP	67	24	79	170
Raipur	18	4	0	22
Ranchi	15	7	0	22
Shillong	7	3	0	10
Shimla	12	3	0	15
Thiruvananthapuram	214	93	144	451
Total	5,842	3,184	5,233	14,259
CODs #	1,959	554	562	3,075
Grand Total	7,801	3,738	5,795	17,334

CAB : College of Agricultural Banking.
CRDC: Central Records and Documentation Centre.
ITP : IMF Training Programme, Pune.
@ : Includes Srinagar Sub-Office.
: Central office departments including DICGC.

to be completed in 2014-15 in two phases; first phase will cover implementation of payroll and benefit administration from a centralised location and second phase will cover recruitment, talent management and training and development modules.

Code on Ethics & Governance

X.46 Integrity has been one of the core strengths of the Reserve Bank. Beginning November 2013, the Bank adopted an ethics code, titled 'ethics@work'. This code, applicable to all employees at all levels in the Bank, seeks to explicitly inform both the new entrants and the serving staff members about the ethical standards expected of them.

Dealing with Sexual Harassment Complaints

X.47 The Reserve Bank had introduced a formal Grievance Redressal Mechanism in 1998 to deal with complaints of sexual harassment of women, in compliance with the Supreme Court Guidelines of August 13, 1997. These guidelines need to be revisited in conformity with the provisions of the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013 and Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Rules, 2013. The Bank is, therefore, in the process of preparing a new comprehensive set of guidelines for dealing with such complaints. These guidelines are proposed to be issued during 2014-15.

Rajbhasha

X.48 The Reserve Bank kept up its efforts towards promoting the use of Hindi in its working during 2013-14. Apart from meeting the statutory requirements of the Rajbhasha Policy, all statutory and other publications were published in bi-lingual form. The revised edition of the Banking English-Hindi Glossary was reprinted during the year in view of an increased demand for it.

X.49 The Bank organised a number of inter-bank and internal Hindi competitions as well as several Hindi functions during the year. The two days Rajbhasha Officers' Conference was held in May 2014 and a one-day Rajbhasha seminar on translation was held in October 2013 at Reserve Bank Staff College (RBSC), Chennai. An annual report covering the activities of the department was also published for the first time.

X.50 The Bank conducted intensive Hindi typing training programmes for staff members other than typists (including officers) during the year and 120 trainees successfully passed the Hindi typing examination conducted by the Government of India. Two special issues of '*Banking Chintan-Anuchintan*' a quarterly Hindi magazine on banking containing original Hindi articles, were published during the year. One special issue on *Grahak Seva* (October-December 2013) and the other to mark the completion of 25 years of the publication of the magazine were also released. This was in addition to the quarterly newsletter *Rajbhasha Samachar* and a Hindi booklet on noting titled *Tippan Margdarshika*.

X.51 The Parliamentary Committee on Official Language visited the Bank's central office on July 3, 2013 in order to inspect the progress made in the use of Hindi. The committee appreciated the overall performance of the Bank with regard to implementation of the Rajbhasha Policy and gave some suggestions to improve the use of Hindi.

Management of the Reserve Bank Premises

X.52 The Premises Department looks after the maintenance and upgradation of physical infrastructure of the Bank, with the department's major focus on strengthening the security system, undertaking environment friendly initiatives and improving its electrical infrastructure.

Improvements in physical security infrastructure

X.53 The Bank has started work on putting in place an integrated security system in the central office building in Mumbai. The existing closed circuit television (CCTV) systems will be replaced by an internet protocol (IP) based CCTV system in a phased manner in all offices within the next 2 years. In order to enhance the perimeter security in the Bank's central office premises, an access control card based turnstile system has been commissioned and a similar system will be

installed in the other offices also. To provide enhanced security in the cash handling areas in the Bank's premises, a shooting bolt interlocking system is being implemented in all the offices after its successful completion in the Mumbai regional office. Installation of the radio frequency identification (RFID) system for vehicle entry in the Bank's premises has been taken up as a pilot project in the Bangalore office.

Green initiative

X.54 In order to conserve natural resources, to protect the environment and also to improve employee wellness and productivity, a green policy for the Bank has been formulated and has been placed before the Committee of the Central Board for approval.

X.55 In order to harness solar energy and for reducing carbon emissions, a pilot project of installing a grid interactive rooftop solar power plant (2x6.24 KWp) was undertaken for one of the Bank's office building in Mumbai. The plant was commissioned in July 2013. The power plant has generated 14,000 units of electricity amounting to a reduction of about 11,000 kg of CO₂. Subsequently, Chennai office has also commissioned a solar power plant of 10 KWp capacity. Such projects are being taken up for other offices in a phased manner.

Upgradation of electro-mechanical systems

X.56 In order to save energy and mitigate fire risks in offices, energy efficient centralised uninterruptible power supply (UPS) systems for the entire office have been commissioned in all the offices of the Bank.

X.57 In order to improve energy efficiency and ride quality, energy efficient variable voltage variable frequency (V3F) lifts have been installed in the Ahmedabad office and work is in progress in other offices at Thiruvananthapuram, Kochi, New Delhi and the Bank's colonies in Mumbai at Dhanashtra, Malad, Gokuldharm and Vasant Vihar.

The procurement process for replacing lifts in the Bhopal office is in progress. Work of installing an energy efficient central air-conditioning system at the Reserve Bank offices in Patna and Nagpur has been completed.

ENTERPRISE-WIDE RISK MANAGEMENT IN THE BANK

X.58 The Reserve Bank is exposed to a sizeable amount of risk in the course of performing its public policy functions. In order to strengthen its internal risk management systems, the Reserve Bank rolled out the ERM framework in 2012, which comprises of a 'risk governance structure'¹ as well as a 3-tier 'risk management structure'². This framework will enable the Bank to take a holistic view of the risks faced by it at an organisational level and to manage these risks in conformity with its risk policies and risk tolerance limits.

X.59 A combination of a top-down and a bottom-up approach is being pursued in implementing the ERM framework. As a part of the top-down approach, the top risks of the Reserve Bank have been identified and articulated. Further, ERM risk policies and methodologies are also being put in place to bring about uniformity in identifying and assessing risks across the Bank. As a part of the bottom-up approach, preparing risk registers for business areas has started.

X.60 During the year, the Risk Monitoring Department introduced a Risk Assessment Methodology for Operational Risk to enable the various business areas to assess and rate operational risks on a uniform basis and also to enable the preparation of heat maps. A Risk

Glossary and a Risk Taxonomy were prepared to provide a common language for identifying and classifying risks across the Bank. Also, guidelines and computerised formats have been issued by the Risk Monitoring Department for preparing risk registers and also for strengthening risk-related MIS. An online incident reporting format has also been put in place for creating an institutional memory of incidents/near misses. Concomitantly, efforts have been made to strengthen the risk culture in the Bank. Towards this end, teams of risk officers have been appointed in all central office departments/regional offices with well defined roles and responsibilities. In order to ensure that the development of the risk management framework is in line with international best practices, the Reserve Bank joined the International Operational Risk Working Group (IORWG) in 2014. IORWG is a group of 57 central banks that provides a platform for sharing best practices and approaches in risk management in central banks.

X.61 With regard to financial risks, on the balance sheet of the Bank a sound counterparty risk management regime is in place; most exposures are backed by high quality collateral. Market risk is managed by portfolio optimisation techniques. In the case of the monetary/exchange rate policy operations, the Reserve Bank does not weigh the risks/costs of its policy actions while deciding upon the course of action, as balance sheet considerations remain subordinate to monetary and financial stability considerations. The Reserve Bank, nevertheless, does maintain an overarching view of risks faced by it to ensure that it has the financial resilience to absorb these risks. The Bank maintains

¹ The risk governance structure comprises of the Central Board at the apex level, supported by the Audit and Risk Management Sub-Committee of the Board (chaired by an Independent Director of the Bank) and the Risk Monitoring Committee which is a top-level executive committee headed by the Deputy Governor-in-charge of RMD.

² The risk management structure refers to the 3-tier structure comprising of the business area which is the first line of defence and is primarily responsible for managing its risks while the risk monitoring and the risk assurance (audit /inspection) functions represent the second and third lines of defence, respectively.

contingency reserve for meeting various risks including those arising from monetary/exchange rate policy operations.

X.62 Given the importance of the business continuity management (BCM) function, a dedicated BCM framework has been approved to strengthen the Reserve Bank's existing business continuity processes and the Bank is in the process of putting this in place. This framework will also provide it with the capability to recover and continue with its operations, following any disruptive event.

Internal audit/inspection in the Bank

X.63 In order to accomplish its objectives, the Bank adopts a systematic and disciplined approach to examining, evaluating and reporting on the adequacy and reliability of its risk management, internal controls and governance processes under a robust risk-based internal audit (RBIA) framework and provides regular feedback to the Audit and Risk Management Sub-Committee (ARMS) of its Central Board. Apart from assessment of risks in operations, the 'value for money' approach to audit built on the 3E principles of economy, efficiency and effectiveness has been adopted as a fundamental attribute of the RBIA methodology. The Inspection Department carried out audit/inspection of 16 regional offices (including branch offices), 9 Banking Ombudsman offices, 14 central office departments and one training establishment during the year. All financial operations of the Bank are covered under the concurrent audit system. The Bank's currency management functions and processes were evaluated end to end through a vertical audit process. As a part of the regular RBIA, information system (IS) audits were also conducted at all the offices (including 3 data centres) during the year.

X.64 The Bank also carries out vulnerability assessment-penetration testing (VA-PT) of its information technology systems, website and databases as a part of the RBIA framework. A

compliance audit of VA-PT of the human resource management system and the public website of the College of Agricultural Banking was also carried out during the year. Considering the revamped IS architecture with enhanced security features, a system of self-assessment certification of IT applications/systems used by regional offices/departments using internal resources has been introduced in five metro centres replacing the erstwhile continuous assurance audit arrangement.

X.65 The ARMS, which is mandated to assist the Central Board in its oversight function by reviewing and monitoring the inspection and audit process, held four meetings during the year at quarterly intervals and reviewed the internal audit function of the Bank and gave general directions.

Further initiatives planned to turn the Bank into an exemplary central bank

X.66 In 2013-14, the Bank continued to take initiatives to meet the challenges faced by a central bank operating in a continuously evolving financial and economic environment. The Bank has planned several further initiatives to turn itself into an exemplary central bank amongst the global bests. In this direction, it has taken internal initiatives to draw a blueprint for organisational restructuring to better serve the evolving financial sector which in turn can foster growth with stability in the country. As part of this, it is proposed to adopt a cluster approach by clubbing closely related work-areas. This will bring greater managerial synergies and also allow the staff to better develop their expertise in various key work-areas. The Bank is also focussing on assessing its human resources in relation to newer challenges being faced by the central bank by bringing about changes in HR policies to improve motivational levels and to align organisational resources with the evolving work content and policy orientation for greater efficiency. With a view to create a talent and leadership pipeline, the Reserve Bank plans to reorient its

training and capacity building policies and strengthen the training and development ecosystem in the ensuing year through a bouquet of training programmes focusing on cutting edge functional knowledge and skills and a broad set of behavioural competencies. With a view to effectively managing operational and financial risks and ensuring business continuity, the Bank is in the process of identifying key risks in various areas which will become the focus of its internal risk management strategies. The initiatives towards implementing the enterprise-wide risk management framework in this regard are in line with international best practices. The Bank also plans to bring out a vision statement

to provide a clear exposition of its core purposes and values or shared principles which may guide organisational decisions and employee actions. Core purposes could include those related to macroeconomic and financial stability, while principles depicting organisational values could include public interest, integrity, independence of views, transparency and accountability, responsiveness, exploration and innovation, besides pursuit of excellence. The most fundamental change being advocated is in terms of instituting a governance framework for monetary policy decision making in the backdrop of contemplated revised monetary policy framework.