

X

COMMUNICATION, INTERNATIONAL RELATIONS, RESEARCH AND STATISTICS

During the year, with the intensification of uncertainty following the war in Ukraine, the thrust of communication was on greater transparency and clarity, and an endeavour to improve effectiveness by reaching out to a wide spectrum of the audience. Economic policy analysis and research work in the Reserve Bank covered wide-ranging contemporary and strategic issues to aid in policy making and communication. The information management systems were further improved. India took over the G20 Presidency from December 1, 2022, where the Reserve Bank's focus would be on the Finance Track priorities and related deliverables. Efforts were also made towards effective cash management on behalf of the government and sound management of foreign exchange reserves. Legislative initiatives/amendments were pursued during the year to ensure a robust legal framework.

X.1 The Reserve Bank's communication strategy, which adheres to the principles of relevance, transparency, clarity, comprehensiveness and timeliness, has facilitated in effectively managing public perception about its various policies and actions. Further, the verbal and informal way of communication, supplementing structured and written communication, are gaining prominence as they provide an opportunity to communicate directly with the public. During the year, the Reserve Bank strengthened the economic and financial relations with the international organisations and multilateral bodies, and also presented the Indian perspective at various international fora. From December 1, 2022, the Reserve Bank is actively engaged in the G20 Finance Track events in collaboration with the Ministry of Finance for India's G20 Presidency. With the objective to provide greater convenience to taxpayers and to improve the ease of doing business, the Reserve Bank facilitated the migration of the existing process of direct tax collection through online tax accounting system (OLTAS) to Tax Information Network (TIN) 2.0 and promoted the Electronic Cash Ledger (ECL) framework for indirect tax collections (including

customs duty) through Indian Customs Electronic Gateway (ICEGATE). In managing the country's forex reserves, the Reserve Bank continued to operate with the overarching objective of safety, liquidity and return, in that order. Alongside, the Reserve Bank sustained its focus on conducting research on contemporary themes that are critical for policy making and communication, strengthened its publications through release of the fifth volume of 'Reserve Bank of India's History' covering the period 1997-2008 and the maiden 'Report on Municipal Finances', besides ensuring timely release of its flagship publications. Information management system was further strengthened through development of the next generation data warehouse [viz., centralised information management system (CIMS)] and use of non-traditional data sources and advanced statistical and artificial intelligence (AI)/machine learning (ML) techniques. Further, the Reserve Bank's Basic Statistical Returns (BSR)¹ system, which provides the distributional aspects of Indian banking, successfully completed fifty years of operation in 2022. The year also witnessed a number of amendments/introduction of legislations pertaining to the financial sector.

¹ Introduced in 1972, it has metamorphosed into a sound and comprehensive reporting system, generating a wide array of useful statistics.

X.2 Against this backdrop, the rest of the chapter is divided into eight sections. The next section 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 given in the last section.

2. COMMUNICATION PROCESSES

X.3 In the wake of the dynamic and uncertain global economic conditions following events like the war in Ukraine, climate risk, and synchronised tightening of the monetary policy across central banks, the communication strategy of the central banks has witnessed a distinct shift. Central bank communication, which earlier primarily aimed at conveying the policy actions and their rationale, is now increasingly being used for perception management, recognising the role of adverse and undue shifts in market expectations on tampering the effectiveness of policies. Managing public perception, when dealing with policies and actions relating to complex and technical central banking topics like monetary and macro-prudential policies, regulation and supervision and financial inclusion, is continuing to be a challenge for the central banks.

X.4 For greater transparency, providing a forward guidance in monetary policy

communication has become an important policy tool for most of the central banks in the recent past. With the emerging domestic and global economic and financial conditions, some of the central banks are, however, refraining from giving explicit forward guidance. Monetary policy communication is, thus, undergoing a shift amidst an environment of volatility, uncertainty, complexity and ambiguity.

X.5 Structured and written communication, which used to be the only way to communicate to the financial markets and other related stakeholders, is now supplemented by verbal communication in terms of speeches and interviews, informal media interaction, and media workshops on important policy issues. The verbal and informal way of communication has become an effective way of communication as they provide an opportunity for the central bank to communicate directly with the public and provide the rationale behind its policies and actions and the way ahead. This two-way communication, wherein clarifications are also sought on the spot during the question and answer session, is becoming the new norm. The language of speeches and interviews is non-technical and easy to comprehend. Studies have shown that communication is more effective when the central bank uses simple and relatable language as this helps in building public trust and anchoring the expectations of the public. Of late, central banks are using such formal and informal verbal communication to mitigate reputational risk, build trust and confidence in the central bank's operations and strengthen its transparency efforts.

X.6 The role of transparency in communication has risen significantly in recent decades. This trend accelerated with the advent of new-age digital platforms like social media, which allowed the dissemination of information faster and among a larger audience. The Reserve Bank also uses its

360-degree pan-India public awareness campaigns for demystifying the role and functions of the Reserve Bank, communicating policy actions of public interest in an informal and educative format, while aiming at greater engagement with the public. The overarching objective of the Reserve Bank's public awareness campaign (PAC) under the tagline - *RBI Kehta Hai... Jaankar Baniye, Satark Rahiye!* (RBI Says... Be Aware, Be Alert!) - was to create general awareness among bank customers about good practices, regulations and initiatives of the Reserve Bank towards enhancing customer protection while equipping them with the knowledge on how to protect themselves against fraudsters. Further, the process of communication is periodic, calendar-based, and systematic, and includes all social groups.

X.7 The Reserve Bank pursues a proactive communication policy, which is dynamic and aimed at a wide and diversified social spectrum with well-defined interlocutors to reach all groups within society. The messages are tailored to each group as PAC aims at channelising the Reserve Bank's awareness messages to targeted segments of society. The layering of the Reserve Bank's communication *via* social media helped in reaching out to various strata of society.

X.8 During 2022-23, the Department of Communication (DoC) disseminated customised communication using various channels, *viz.*, television (TV), print, radio, digital, out-of-home (OOH), short messaging system (SMS) and cinema, in 12 major regional languages apart from Hindi and English. The details of the customised campaign are set out in Table X.1.

X.9 Apart from these thematic campaigns, the Reserve Bank has also participated in high impact/unique events like the Indian Premier League (IPL), *Kaun Banega Crorepati* (KBC) and Fédération Internationale de Football Association

Table X.1: Customised Campaigns: 2022-23

Campaign Details	Period
1	2
1. Retail Direct Scheme	June 2022
2. Unclaimed Deposits	July - August 2022
3. Tokenisation	July - October 2022
4. Campaign on Coins	August - September 2022
5. Campaign on Forex Trading Platforms	September - October 2022
6. Repeat Campaign on RB-IOS	September - October 2022
7. CEPD SMS Campaign	November 2022
8. Frauds Using UPI/QR Code	November 2022
9. Limited Liability in Digital/ Banking Transaction	November - December 2022
10. Positive Pay System	November - December 2022
11. Exchange of Notes	November - December 2022
12. Financial Literacy Week	February 2023
13. Digital Payment Awareness Week	March 2023

RB-IOS : Reserve Bank - Integrated Ombudsman Scheme.
 CEPD : Consumer Education and Protection Department.
 UPI/QR : Unified Payments Interface/Quick Response.
Source: RBI.

(FIFA) World Cup, for using these platforms for disseminating information to the public. For greater reach in tier-III and IV cities, campaigns were also released through the national broadcasters, *viz.*, All India Radio and *Doordarshan*.

X.10 Public awareness messages are also released on social media platforms almost every week through engaging posters, short videos, infographics, animation clips, polls, graphics interchange formats (GIFs) and narratives. For better recall, a mascot 'Money Kumar' is used in all PACs. From January 2023, Ms. Money as a mascot is also being used. These campaigns through digital media supplement the 360-degree campaign involving all the modes of mass media. This communication initiative of the RBI is unique in all respects – with a focus on the larger public, deeply rooted in the nation's culture, still in sync with time and evolving technology (Box X.1).

Box X.1 Use of Social Media in Central Bank Communication

In today's fast-moving and technology-driven world, social media is an essential tool in central banking communication. Many central banks have now set up their own social media channels on popular platforms such as Instagram, Facebook, Twitter and YouTube. With each platform having its own functionalities and target audiences, central banks have become more specific in tailoring their messages to different social media. Social media has also enabled central banks to approach previously unreachable audiences such as people who do not consume news on traditional media. More fundamentally, social media has enabled central banks to speak directly to the public.

The Reserve Bank has made conscious efforts to effectively communicate through social media. The Reserve Bank has its presence on social media platforms such as Instagram, Facebook, Public, Twitter, and YouTube. The Reserve Bank has two Twitter handles (@RBI and @RBIsays), two Facebook accounts (@RBIsays and @therbimuseum), one YouTube channel (Reserve Bank of India) & one Instagram account (reservebankofindia). The Reserve Bank has also launched an account on the 'Public App' (@RBIsays) in January 2023. By using this App, public awareness messages and videos of the Reserve Bank can be targeted and shared in a particular area as per the requirement, that too in vernacular languages, so as to ensure last-mile reach and to make the campaigns more effective. Information on these platforms is updated constantly and consistently for wider dissemination among various stakeholders and the general public. Social media is also used as an important medium for promoting financial literacy, public awareness and information dissemination on the Reserve Bank's policy decisions to the public (Table 1). The introduction of Ms. Money, alongwith Money Kumar, has further enhanced the reach of PACs and their effectiveness (Illustration 1).

The Reserve Bank, through its social media command centre (SMCC), monitors its social media platforms on a regular basis and releases posts on these platforms. The

Table 1: Social Media Presence*

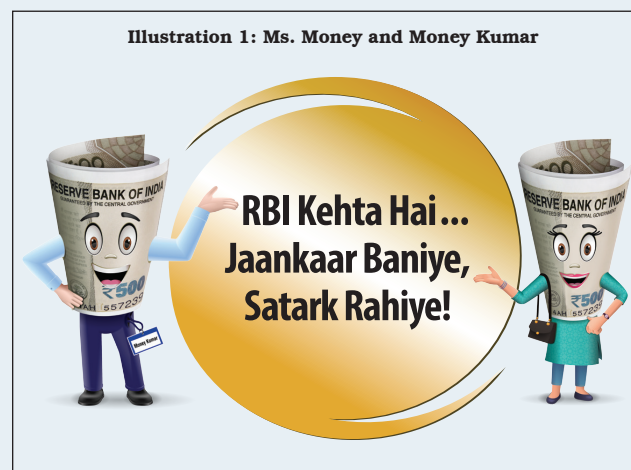
Platform	Name of Social Media Handle/Page	Launch Date	Number of Followers/ Subscribers
1	2	3	4
Twitter	i. @RBI	January 2012	19.7 lakh
	ii. @RBIsays	August 2019	1.95 lakh
YouTube	Reserve Bank of India	August 2013	1.71 lakh
Facebook	i. @RBIsays	August 2019	7,800
	ii. @therbimuseum	February 2020	1,460
Instagram	@reservebankofindia	January 2022	2.1 lakh
Public	@RBIsays	January 2023	29,000

*: As on March 31, 2023.

Source: RBI.

response is provided to the social media posts *via* direct messages in a limited manner. Fictitious pages in the name of the Reserve Bank are regularly identified and reported

Illustration 1: Ms. Money and Money Kumar



to social media platforms for removal of the pages. Further, the Department regularly analyses the posts, reach, key messages and top hashtags on social media platforms.

Source: RBI.

Agenda for 2022-23

X.11 The Department had set out the following goals for 2022-23:

- Layering of public awareness messages for last-mile connectivity by adding

illustrations, animations and infographics for interactive campaigns (Paragraph X.10);

- Revamp the Reserve Bank's website with improved information architecture (*Utkarsh*) [Paragraph X.12];

- Greater engagement with the general public through additional social media platforms, such as Instagram and enhance two-way communication efforts through active social media listening (*Utkarsh*) [Paragraph X.13];
- Targeted media monitoring at the level of regional offices of the Reserve Bank (Paragraph X.13);
- Revisiting the style and usage in written communication as a step towards simplifying the Reserve Bank's internal and external communication content (Paragraph X.14); and
- Conducting impact assessment of the Reserve Bank's public awareness campaigns to gauge their effectiveness (Paragraph X.15).

Implementation Status

RBI Website Revamp

X.12 The work for redesigning and development of the website and mobile application is in advanced stage. The objective is to create a seamless digital experience for the users while ensuring transparency and timely dissemination of information for all its stakeholders. The revamped website and mobile application will go live in 2023.

Social Media Command Centre

X.13 The Reserve Bank has social media presence on Facebook, Instagram, Twitter, Public App, and YouTube. Information on these platforms is updated constantly and consistently for wider dissemination among various stakeholders and the general public. SMCC monitors the Reserve Bank's social media platforms on a regular basis and releases post on its social media platforms.

Revisiting the Style and Usage in Written Communication

X.14 Communications from a central bank assume great significance as they are aimed at informing, regulating, supervising and managing the country's banking and financial system better. The form and the content are integral parts of any communication. The Department has undertaken the work to revisit the 'style and usage' of the Reserve Bank's communication and the same is under progress.

Impact Assessment of the Reserve Bank's Public Awareness Campaigns

X.15 The Reserve Bank has initiated the work of impact assessment of the public awareness campaigns. The overall survey is currently in progress. The assessment is expected to be completed in May 2023.

Other Initiatives

Second Phase of 'The RBI Museum'

X.16 The Reserve Bank has set up a state-of-the-art 'The RBI Museum' in RBI, Kolkata, which was inaugurated on March 11, 2019. The Museum explains the concept of money, its role in the economy and the role of public in it, how different money forms have evolved over the centuries, how and why gold still holds an important place in our society, in an enjoyable and interactive way. As at end - March 2023, the Museum had over 17,300 visitors since its inception. The work pertaining to phase II of The RBI Museum is in progress, under which the various functions of the Reserve Bank will be depicted. The Museum also uses 'The RBI Museum' page on Facebook to promote awareness.

Post-Monetary Policy Press Conferences

X.17 The Governor announces the bi-monthly monetary policy after the meeting of the Monetary Policy Committee (MPC). Subsequent to the announcement, Governor and Deputy Governors interact with the media persons during the post-monetary policy press conference. Six such interactions were conducted during the year.

Workshop for Regional Media Persons

X.18 The Reserve Bank conducts regular workshops and interactions with the regional media. The intent of such workshops is to enable the media persons to appreciate the central bank's functioning in a better and more nuanced manner and to be aware about the latest happenings, concepts and rationale behind the Reserve Bank's policies. Three such workshops were conducted during the year in Guwahati, Ahmedabad and Kochi.

Informal Media Interactions

X.19 Apart from the monetary policy press conferences, the Reserve Bank conducts media interactions in an informal set up and as and when such an engagement is necessary. Thirty such interactions were held during the year.

RBI Website

X.20 During 2022-23, the Department has released 1,952 press releases, 200 notifications, 22 circulars, six Master Directions and uploaded 18 interviews and 36 speeches of the top management, six RBI reports, 10 working papers, 1,375 tenders and 32 recruitment-related advertisements.

Agenda for 2023-24

X.21 During 2023-24, the Reserve Bank's communication channels would be further strengthened, and efforts will be made towards:

- Completion of impact assessment of RBI's public awareness campaigns (*Utkarsh 2.0*);
- Launch of redesigned website, capable of communicating effectively with all stakeholders (*Utkarsh 2.0*); and
- Completion of second phase of 'The RBI Museum' at Kolkata (*Utkarsh 2.0*).

3. INTERNATIONAL RELATIONS

X.22 During 2022-23, the Reserve Bank further reinforced the economic and financial relations, with the international organisations (IOs) and multilateral bodies, through its International Department (ID), and articulated India's perspectives at various international fora such as the International Monetary Fund (IMF), G20, Bank for International Settlements (BIS), Financial Stability Board (FSB), BRICS² and SAARCFINANCE. India has taken over the G20 Presidency from December 1, 2022 onwards. Under the G20 Presidency, the Reserve Bank is taking forward the Finance Track priorities and related deliverables in coordination with the Ministry of Finance (MoF), Government of India (GoI). India took over the Chair of Shanghai Cooperation Organisation (SCO) for the year 2023 and the Reserve Bank would work on the deliverables under the Finance Track. The Reserve Bank will assume the chairmanship of the South East Asian Central Banks (SEACEN) centre for a

² Brazil, Russia, India, China, and South Africa.

year beginning December 2023 and will host the 59th SEACEN Governors' Conference/High-Level Seminar and the 43rd meeting of the SEACEN Board of Governors.

Agenda for 2022-23

X.23 The Department had set out the following goals for 2022-23:

- Deepening engagement with multilateral institutions, including on issues under the International Financial Architecture Working Group (IFA WG) of the G20 (Paragraph X.24-X.26 and X.34);
- Participation in Advisory Group for G20 Finance Track agenda set up by the MoF, Gol to ideate on priorities, suggest outcomes/ deliverables and provide expert guidance on the Finance Track agenda under the 2023 Indian Presidency of the G20 (Box X.2);
- Strengthening BRICS central banks' cooperation through various channels of engagement (Paragraph X.27);
- Increasing exposure visits and capacity building support for SAARC and other countries through formal memorandum of understandings (MoUs) or otherwise (Paragraph X.28-X.32); and
- India will take over the G20 Presidency on December 1, 2022 and several high-level and working group meetings will be organised in collaboration with the Government of India (Paragraph X.33-X.37).

Implementation Status

IMF

X.24 The Department provided inputs for the International Monetary and Financial Committee (IMFC) deliberations on the early warning exercise; the global policy agenda; and the IMF quota and governance reforms during the Fund-Bank meetings held in April and October 2022.

X.25 The Department facilitated the completion of the IMF Article IV mission held during September 14-27, 2022. The India 2022 Article IV consultation staff report was published on December 23, 2022. The Department participated in various surveys of the IMF such as the Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER), the macroprudential policy survey, the survey on climate issues and policies, and the survey on sustainability initiatives of central banks. The Department also participated in the IMF's survey on governance for country authorities.

X.26 The Department firmed up the Reserve Bank's stance and provided inputs to the MoF, Gol on various international policy issues. It also provided inputs for the World Bank's India Development Update 2022 and participated in the Organisation for Economic Co-operation and Development's (OECD) Advisory Task Force on the Codes³ (ATFC) meetings.

BRICS, SAARC, SCO and Bilateral Cooperation

X.27 The BRICS Contingent Reserve Arrangement (CRA) technical team finalised the major recommendations for the amendments to the CRA treaty, documents and procedures which will bring more flexibility to the CRA mechanism

³ OECD Codes of Liberalisation of Capital Movements and of Current Invisible Operations.

including use of alternate payment currencies, thus, strengthening the regional financing arrangement (RFA). The BRICS research group brought out the BRICS Economic Bulletin 2022 covering economic developments in the BRICS countries, while reflecting on recent policy measures and continued the System of Exchange of Macroeconomic Information (SEMI) to track the performance of the BRICS economies. The BRICS central banks conducted two stocktaking surveys on central bank digital currencies (CBDCs) and on transition finance, and continued dialogues and discussions on information security and payment systems.

X.28 The Reserve Bank, with the approval of the GoI, extended the validity of the SAARC framework on currency swap arrangement 2019-22 from November 13, 2022 till June 30, 2023. Bilateral swap agreements were signed by the Reserve Bank with the Royal Monetary Authority of Bhutan (RMAB) in November 2022 and with the Maldives Monetary Authority (MMA) in December 2022. The Reserve Bank also extended currency swap support aggregating US\$ 0.9 billion to three SAARC central banks during 2022-23.

X.29 Strengthening the Reserve Bank's efforts for capacity building in the SAARC region, a first of its kind internship opportunity was provided to ten officers from the MMA with the Reserve Bank on data analytics for six weeks. In addition, the Reserve Bank extended technical assistance to the Nepal Rastra Bank (NRB) and the RMAB. A seminar was organised for the SAARC central banks on 'Dynamics of Inflation and its Control in South Asia' in August 2022.

X.30 A country paper on the theme, 'Use of High-Frequency Indicators by Central Banks: Experience and Plans Going Forward', was presented in the SAARCFINANCE database

(SFDB) seminar organised by the MMA. Along with the SFDB seminar, the Reserve Bank conducted the SFDB working group meeting and updated the SAARC central banks about the proposed revamp in the database for making it more user friendly and dynamic.

X.31 The Reserve Bank produced the 'Report on Digital Financial Inclusion in the SCO Countries', as a part of the central bank agenda under the SCO Chair for 2023. India hosted the SCO Finance Ministers and Heads of Central Banks meeting on March 3, 2023 and discussed the issue of advancing financial inclusion through the use of digital technology.

X.32 The Senior Level Dialogue between the Bank of Japan and the Reserve Bank was held on March 16, 2023 covering the topics of macroeconomic developments in both the countries, issuance of green bonds by public sector, digital lending regulations and select G20 issues under the Indian presidency.

G20 and its Working Groups

X.33 Under the Indonesian Presidency in 2022, India as a G20 Troika member participated in the G20 Finance Minister and Central Bank Governors (FMCBG) meetings and Finance and Central Bank Deputies (FCBD) meetings, apart from various working group meetings.

X.34 In 2022, under the G20 Indonesian Presidency, the Department participated in the meetings of the G20 IFA WG, and provided inputs on issues relating to capital flows, and engaged in discussions on a review of the International Monetary Fund's (IMF) institutional view on the liberalisation and management of capital flows; the IMF's work on an integrated policy framework; the BIS work on macro financial stability policy framework; adequacy of global financial safety

net (GFSN); and the channelling of the special drawing rights (SDRs) of the IMF.

X.35 India assumed the G20 Presidency on December 1, 2022. The theme of India's G20 Presidency - 'Vasudhaiva Kutumbakam' or 'One Earth · One Family · One Future' - affirms the value of all life - human, animal, plant, and micro-organisms - and their inter-connectedness on

the planet earth and in the wider universe. Within the Finance Track, India's priorities encompass, *inter alia*, opportunities and risks emerging from digital technologies, managing climate change risks, financing development and infrastructure, strengthening global financial safety nets, and advancing financial inclusion through leveraging digital public infrastructure (Box X.2).

Box X.2

Finance Track (FT) Priorities Under the G20 India Presidency 2023

India assumed the Presidency of the Group of 20 (G20), amidst a global economic and financial landscape that is confronted with a 'polycrisis', on account of headwinds from weakening global growth momentum, multi-decade high inflation, synchronised monetary policy tightening by central banks and associated spillovers, geopolitical tensions, debt distress, climate change, and the lingering effects of the pandemic.

Within the G20, the FT discusses global macroeconomic issues through its meetings of Finance Ministers and Central Bank Governors, their Deputies and various working group meetings, in collaboration with a number of international organisations. Some of the key issues dealt with by the FT are global economic outlook and monitoring of global economic risks; reforms for a more stable and resilient global financial architecture; international taxation; financing quality infrastructure; sustainable finance; financial inclusion; financial sector issues and financing for future health emergencies and investments in pandemic prevention, preparedness and response. To deal with these diverse issues, G20 has established Working Groups over time, namely, the Framework Working Group (FWG), International Financial Architecture (IFA), Global Partnership for Financial Inclusion (GPFI), Infrastructure Working Group (IWG), Sustainable Finance Working Group (SFWG), and Joint Finance and Health Task Force (JFHTF). In addition, issues concerning the financial sector and international taxation are dealt with directly at the Deputies level with assistance from FSB and OECD, respectively, and presented for approval of the Finance Ministers and the Central Bank Governors.

The Reserve Bank contributed to the meetings of the Advisory Group set up by the MoF, GoI to finalise priorities and deliverables for the G20 FT. Under India's Presidency, the key FT priorities include strengthening Multilateral Development Banks (MDBs) and strengthening financial

resilience through sustainable capital flows. There is a priority to take forward the discussion on central bank digital currencies (CBDCs) with a focus on their macro-financial implications, assessing the macroeconomic consequences of food and energy insecurity for the global economy and the resulting implications for macro policy setting, financing inclusive, resilient and sustainable cities of tomorrow and developing a country-driven assessment of the macroeconomic impact of climate change and transition pathways. With regards to sustainable finance, the priorities include work on mechanisms for mobilisation of timely and adequate resources for climate finance, enabling finance for the Sustainable Development Goals (SDGs) and capacity building of the ecosystem for financing toward sustainable development.

Within financial sector regulation, India has proposed focusing on both the risks and opportunities offered by technological developments. The recurring turmoil in crypto markets, de-pegging of some stablecoins and the resultant fall in the market value of the broader crypto markets has reinforced apprehensions that cryptocurrencies are a material threat to financial stability. The intent of India's Presidency is to expand the G20 crypto asset narrative beyond financial stability and financial integrity concerns to capture the macro-financial and cross-sectoral implications and risks of crypto assets. The Presidency intends to shape a coordinated and comprehensive policy approach in G20 jointly, by creating a framework for global regulation of crypto-assets, stablecoins, and decentralised finance (DeFi). Rapidly growing digital financial services and increased dependence on third-party services expose the financial system to operational, liquidity and concentration risks. Under its Presidency, India would like to strengthen financial institutions' ability to manage third-party risks and outsourcing, *inter alia*, arising from BigTech and FinTech. As

(Contd.)

the economy gets more digitised, cyber risk becomes a threat to the financial system, as an outage anywhere in the chain may cause cascading effects impacting the entire financial system. During the India Presidency, focus would be placed on creating a reporting framework for global cooperation to strengthen the financial sector's cyber resilience.

With an aim to bring down the remittance cost of migrants to less than 3 per cent by 2030, in line with the Sustainable Development Goals; and to reduce the time taken between origination and settlement of payments, India's Presidency would prioritise sharing information on national experiences and international initiatives on the interoperability of

national fast payment systems for seamless flow of funds. India's Presidency would also work towards leveraging digital public infrastructure for advancing financial inclusion and productivity gains with the help of constructive and actionable policy recommendations for developing a digital financial ecosystem and aid in economic development. Furthermore, under India G20 Presidency, GPFI will prepare and adopt a new Financial Inclusion Action Plan 2023. Also, in the recently concluded 2nd G20 Global Partnership for Financial Inclusion Meeting in Hyderabad during March 6-7, 2023, India and Italy were announced as the new GPFI Co-Chairs with support from the whole membership.

X.36 After India took over the G20 Presidency, the Department in coordination with several domain departments has been piloting the work on several G20 Finance Track priorities relating to RBI. Under the IFA WG, the Department is steering work on priorities, viz., (i) assessing macrofinancial implications of CBDCs; and (ii) strengthening financial resilience through sustainable capital flows. In financial sector issues, the Reserve Bank is leading work on (i) information sharing on national experiences and international initiatives on the interoperability of national fast payment systems for seamless cross-border flow of funds; (ii) strengthening financial institutions' ability to manage third-party risks and outsourcing, among other things, concerning BigTech and FinTech; and (iii) creating a reporting framework for global cooperation to strengthen the financial sector's cyber resilience.

X.37 The first finance and central bank deputies (FCBD) meeting was held under the Indian Presidency in December 2022, where the Presidency priorities met with broad support of membership and IOs. The first G20 Finance Ministers and Central Bank Governors (FMCBG) and second FCBD meetings were held in February 2023. The Chair Summary and

Outcome Document of the G20 FMCBG outlines the priorities and future work of G20 in 2023 under India's Presidency, on subjects ranging from global debt crisis, MDB reforms, climate finance, global approach on cryptos, digital public infrastructure, financial inclusion, financing cities of tomorrow, and taxation. The Reserve Bank organised a seminar for central bank delegates on 'Role of Central Banks in Green Financing' on the sidelines of first FCBD meeting, and on 'Cross Border Payments: Perspectives on the Role of National Payment Systems' on the sidelines of the first FMCBG meeting and second FCBD meeting. The Reserve Bank also organised a Panel Discussion on 'Central Bank Digital Currencies: Opportunities and Challenges' in January 2023, and G20 Seminar on 'Strengthening the GFSN in a Fragmenting World' in March 2023, on the sidelines of first and second IFA WG meetings, respectively. In addition, the Reserve Bank has been organising several domestic outreach and public participation (*Jan Bhagidari*) events prior to the G20 Finance Track meetings.

Other Initiatives

Engagement with BIS

X.38 The Department provided analytical support that shaped the Reserve Bank's stance

on issues discussed at the Bank for International Settlements (BIS) meetings and the Committee on the Global Financial System (CGFS). The BIS being a forum for dialogue and analysis, discusses economic and financial developments and offers insights on core policy issues. During the year, developments pertaining to inflation, commodity prices and wages were the major themes of discussion. Issues related to monetary tightening spillovers, global supply chains and world trade, financial stability risks and macro-financial linkages in the Asia-Pacific region, decentralised finance, climate change and central bank profitability were widely discussed at the BIS meetings. The CGFS assesses potential sources of stress in global financial markets and promotes improvements in their functioning and stability. During 2022-23, CGFS meetings focused on consequences of volatile commodity markets and monetary tightening on financial stability, potential risks from a downturn in property markets, role of non-bank financial institutions (NBFIs) in cross-border spillovers, vulnerability of NBFIs to rising interest rates and the impact of exchange rate movements.

X.39 The Department contributed to CGFS surveys on the future CGFS work programme and ways to strengthen CGFS. Further, the Department coordinated the Reserve Bank's participation in the BIS Annual Emerging Market Deputy Governors' meeting, BIS working group on inflation, external financial conditions, and macro-financial stability frameworks in the Asia-Pacific, CGFS study group on mitigating housing-related risks and CGFS workshop on climate risks and asset prices. Webinars by the BIS on topical issues such as central bank digital currency were also organised by the Department. In addition, the Department provided support and

inputs for activities related to the BIS Board and its administrative committee.

FSB Initiatives on Global Financial Regulation

X.40 The Department provided inputs for formulating India's stance in the FSB on wide-ranging issues that included, *inter alia*, the assessment and monitoring of vulnerabilities in the global financial system; enhancing the resilience of non-banking financial intermediation (NBFI) sector; crypto-assets and other digital innovation; enhancing cross-border payments; cyber and operational resilience; and addressing financial risks from climate change.

X.41 India being the co-chair of FSB's Regional Consultative Group Asia (RCG-Asia), the Department was involved in its two meetings. These meetings focused on the members' outlook for financial stability in the region arising from volatile commodity prices, tightening global financial conditions; progress being made within the region on addressing financial risks from climate change; and FSB's ongoing work on cross-border payments and the emerging market economies' perspectives on cross-border payments.

X.42 The Department contributed to the various surveys conducted by the FSB and the Network for Greening the Financial System (NGFS). The Department also contributed to the FSB's annual monitoring exercise, which assesses global trends in the NBFI sector. As part of the exercise, the Department provided data and inputs for the 'FSB's 2022 Global Monitoring Report on Non-Bank Financial Intermediation'.

Other Activities

X.43 The Reserve Bank continued its active engagement with the IMF South Asia Regional

Training and Technical Assistance Centre (SARTTAC), SEACEN Centre and other IOs such as the World Trade Organisation (WTO), International Finance Corporation (IFC), Group of Thirty (G30) and the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24).

X.44 The Department coordinated participation from the Reserve Bank in various international workshops by the SARTTAC, the IMF and other capacity development centres of the IMF. During the year, the Department in coordination with other departments of the Reserve Bank, continued its active engagement with the SEACEN research and training centre. The Department arranged a technical assistance (TA) mission of the IMF for the Financial Stability Unit (FSU) to undertake a review of its analytical capacity and suite of models used for solvency risk analysis, liquidity risk analysis, and balance sheet connectedness of banks in India.

X.45 The Department facilitated the signing of a memorandum of understanding (MoU) between the Reserve Bank of India and the Bank of Indonesia (BI) on July 16, 2022, in Bali, Indonesia, on the sidelines of the G20 Finance Ministers and Central Bank Governors (FMCBG) meeting to improve mutual cooperation between the two central banks. With this MoU, RBI and BI committed to deepen relations between both central banks and strengthen the exchange of information and cooperation in the area of central banking, including payment systems, digital innovation in payments services, and regulatory and supervisory framework for Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT). The MoU will be implemented through policy dialogues, technical cooperation, exchange of information and joint work.

X.46 The Department is the nodal point in the Reserve Bank for coordination of bilateral dialogues/ meetings with other countries and preparation of inputs on wide-ranging bilateral issues. In this context, the Department provided inputs on diverse issues, covering bilateral trade and investment relations, financial regulation, macroeconomic outlook, economic policies, and other issues of mutual interest with various countries including the US, the UK, Singapore, Australia, Japan and the UAE.

Agenda for 2023-24

X.47 During the year, the Department will intensify the Reserve Bank's international engagement and focus on the following:

- G20 Presidency Finance Track (*Utkarsh 2.0*);
- IMF-WB Joint Quinquennial Surveillance - Financial Sector Assessment Programme (FSAP) for India 2024 (*Utkarsh 2.0*); and
- The Reserve Bank, with the concurrence of the GoI, will put in place SAARC currency swap framework for 2023-26 (*Utkarsh 2.0*).

4. GOVERNMENT AND BANK ACCOUNTS

X.48 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 2022-23

X.49 The Department had set out the following goals under *Utkarsh* for 2022-23:

- Enhancing the payments (non-pension) by central civil ministries through

integration between *e-Kuber* and public fund management system, including Inter-Government Adjustment Advice (Paragraph X.50);

- Enhancing the e-payment transactions (non-pension) of state governments who are already integrated with *e-Kuber* (Paragraph X.51);
- Integrating remaining state governments in North-East region with *e-Kuber* (Paragraph X.51); and
- Integration of state governments with *e-Kuber* for e-receipts for direct NEFT/RTGS based receipts and agency bank reporting (Paragraph X.52);
- Onboarding of agency banks for collection of customs duty and other indirect tax receipts through ICEGATE portal of the Central Board of Indirect Taxes and Customs (CBIC) [Paragraph X.53].

Implementation Status

X.50 Integration between *e-Kuber* and Public Fund Management System (PFMS) is being used by central government civil ministries/departments for their large payments. This integration has been enhanced for payments of central government autonomous bodies through a Treasury Single Account (TSA) framework. The TSA framework has also been extended for certain central sector schemes and central public sector enterprises (CPSEs) and statutory bodies. Currently, PFMS is also using integration with *e-Kuber* for electronic inter-government adjustment advice, and the Department is working to migrate the same to an enhanced version.

X.51 Except three state governments in the North-East region, all other state governments

have been integrated with *e-Kuber* for e-payment. Many of these state governments are using the Reserve Bank's *e-Kuber* for majority of their e-payment transactions, which is facilitating 'just-in-time' payment for governments.

X.52 During the year, four more state governments got integrated with *e-Kuber* for direct NEFT/RTGS based e-receipts, bringing the total number of state governments integrated with *e-Kuber* for NEFT/RTGS based e-receipts to seven.

X.53 The Indian Customs Electronic Gateway (ICEGATE) system of CBIC was integrated with *e-Kuber* and implemented from July 1, 2019 for collection of indirect taxes [other than Goods and Service Tax (GST)], such as central excise and service tax, by the Reserve Bank through NEFT/RTGS. Later from July 1, 2020, collection of customs duty was also enabled through integration of ICEGATE of CBIC with *e-Kuber*. Electronic Cash Ledger (ECL), an advance or pre-paid payment wallet, for collection of customs duty receipts and other related indirect taxes through ICEGATE portal, has been implemented from April 1, 2023. In addition, during the year, agency banks have also migrated from OLTAS platform to TIN 2.0 platform for direct tax collection (Box X.3).

Other Initiatives

Development of the Dashboard Facility on Status of Certain Government Transactions Processed through e-Kuber

X.54 Development of the dashboard facility for viewing the status of certain government transactions processed through *e-Kuber* was completed. The Reserve Bank is in the process of on-boarding the governments on pilot basis to use this functionality.

Box X.3

Initiatives for Convenience to Taxpayers and Ease of Doing Business

Taking into account the Government of India's overall objective of providing convenience to the taxpayers and enabling ease of doing business, the Reserve Bank has taken several initiatives in the recent past. Some of these initiatives are integration of *e-Kuber* (core banking solution of the Reserve Bank) with systems of central government ministries and departments such as the Public Financial Management System (PFMS) and of state governments so that receipts and payments of government can be processed electronically. This is convenient not only to the taxpayers but also to the government as the reconciliation of the transactions is faster and efficient, leading to efficient cash management in the government. Some of the initiatives taken by the Reserve Bank during 2022-23, which will be continued in the ensuing financial year also, are as follows:

Direct Tax Collections under TIN 2.0

The existing process of collection of direct taxes through the Online Tax Accounting System (OLTAS) is being migrated to the Tax Information Network (TIN) 2.0, which is hosted by the Income Tax Department and the office of the Principal Chief Controller of Accounts (Pr. CCA), Central Board of Direct Taxes (CBDT). The accounting of government transactions under TIN 2.0 are being facilitated through 'PRAKALP' (*Pratyaksh Kar Lekhankan Pranali*), an application of PFMS under the office of the Controller General of Accounts (CGA). The Reserve Bank is working as a collecting bank through NEFT/RTGS as well as an aggregator for accounting and settlement of direct taxes through *e-Kuber*, which is being integrated with the systems of agency banks, TIN and PRAKALP.

During the year, agency banks which were hitherto collecting direct taxes under OLTAS platform have gone live for collection of direct taxes under TIN 2.0 and are reporting the direct tax collections made by them under TIN 2.0 through electronic files to the Reserve Bank on a T+1 basis, enabling quick and efficient reconciliation. Under the OLTAS, tax payers could pay their taxes only through agency banks.

However, to ensure the taxpayers having accounts in non-agency banks are able to pay taxes under TIN 2.0, collection of direct taxes under TIN 2.0 by the Reserve Bank through NEFT/RTGS has also been made live, *w.e.f.*, August 1, 2022. This provides ease of paying direct tax to taxpayers from their accounts in any bank in India, which is NEFT/RTGS participant bank⁴, on 24 X 7 basis, enabling credit of the tax amount to the government on the same day.

Customs Duty - Electronic Cash Ledger (ECL) for ICEGATE Related Indirect Tax Collections

Since July 1, 2019, the Reserve Bank is the collecting bank for ICEGATE [Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway] receipts through NEFT/RTGS. The ECL, an initiative of the Central Board of Indirect Taxes and Customs (CBIC), GoI envisages receipt of ICEGATE related indirect tax collections through agency banks authorised by CBIC and also directly by the Reserve Bank through NEFT/RTGS. In the ECL framework, the ECL would function like an advance or pre-paid payment wallet wherein taxpayers can pre-pay amount decided by them which would be credited to their tax ledger, but the actual allocation of taxes from this pre-paid amount to respective tax heads (like customs, cess, excise, *etc.*) would be done at a later stage as per actual tax incurred to be paid by the taxpayer. Like in the case of GST, the Reserve Bank is a collecting bank through direct NEFT/RTGS as well as an aggregating bank for transactions reported by agency banks for ECL.

The ECL framework provides convenience to the taxpayers as they can make ICEGATE related indirect tax payments not only through agency banks but also directly to the Reserve Bank from their accounts in any commercial bank in India which is a NEFT/RTGS participant bank on 24X7 basis, enabling credit of the tax amount to the government on the same day. ECL has been implemented from April 1, 2023.

Source: RBI.

Implementation of Central Sector Schemes through Treasury Single Account (TSA) Model

X.55 As per the Government of India (Department of Expenditure, Ministry of Finance)

memorandum dated March 9, 2022, a revised procedure for flow of funds under central sector scheme through the Treasury Single Account (TSA) model was implemented during the year

⁴ More than 200 such banks as on date, which includes cooperative banks, regional rural banks, small finance banks, payment banks and foreign banks in India.

in coordination with the office of the Controller General of Accounts. The office memorandum specifies that in case of central sector schemes having an annual outlay of more than ₹500 crore and implemented without the involvement of state agencies, it shall be mandatory to implement such schemes through the TSA model. This will ensure that the funds of these schemes are released 'just in time'.

5. MANAGING FOREIGN EXCHANGE RESERVES

X.56 The continued strengthening of the US dollar during the year and the emerging recent global trend towards de-dollarisation and diversification of reserve assets has started impacting the reserve management practices of central banks. There has been a synchronised rise in policy rates across advanced and emerging market economies in response to elevated inflation. The market is now adapting to the new reality of higher policy rates, with reserve managers facing challenges of preserving the value of foreign exchange reserves in the backdrop of revaluation losses of fixed income securities, volatile foreign exchange markets while still looking for reasonable returns on their portfolios.

X.57 In this backdrop, the Department of External Investments and Operations (DEIO) continued to operate with the overarching objective of safety, liquidity and return in that order for management of foreign exchange reserves (FER). On a year-on-year basis, FER decreased by 4.8 per cent during 2022-23 as compared with 5.3 per cent increase in the previous year.

X.58 Deft management of the forex reserves during the adverse environment of volatile international markets, disruptions in global supply chains, global macroeconomic challenges such as recessionary concerns, high inflation,

and monetary policy tightening, has provided the necessary cushion to the economy. In such a situation, internationalisation of the Indian Rupee (INR) as a means to reduce dependence on foreign currencies has got renewed thrust. Accordingly, to realise the vision of enhanced relevance and significant global role (*Utkarsh 2.0*), the Department launched new initiatives like exploring the usage of domestic currencies [of Asian Clearing Union (ACU) member states] including INR for payment and settlement in the ACU, and enabling the Central Bank of Sri Lanka (CBSL) to grant the status of designated foreign currency to INR. Efforts are also being made to facilitate the further internationalisation of INR by setting up a framework for usage of domestic currencies in settlement of bilateral trades as well as for other permissible current and capital account transactions.

X.59 The Department also sustained its endeavour to ensure effective diversification of reserves by exploring new asset classes/jurisdictions for deployment of foreign currency assets (FCA) as per its defined policy objectives. The process of scaling up of newly introduced products such as forex swaps and repos also continued during the year.

Agenda for 2022-23

X.60 The Department had set out the following goal for 2022-23:

- In order to ensure effective deployment of forex reserves, the Department will continue to explore new products/opportunities, while ensuring the safety and liquidity of FCA (Paragraph X.61).

Implementation Status

X.61 With the objective of portfolio diversification, the Department has started investing in a few additional markets.

Agenda for 2023-24

X.62 The Department has set 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*];
- As part of the Reserve Bank's quest for enhancing the role of the INR globally, and given the Department's unique position in assessing the international economic and monetary environment, it will work towards further internationalisation of the INR. Further, the Department will promote the use of INR and other domestic currencies in the ACU mechanism (*Utkarsh 2.0*); and
- Continue to actively manage the forex reserves and adopt strategies for enhancing returns, while conforming to the broad objectives of reserve management.

6. ECONOMIC AND POLICY RESEARCH

X.63 The Department of Economic and Policy Research (DEPR), being the knowledge centre of the Reserve Bank, provides analytical and research-based inputs for policy formulation and communication. The Department is involved in (a) preparation of various statutory and non-statutory publications of the Reserve Bank; (b) collection of primary data, and compilation/dissemination of secondary data on various economic heads relating to the Indian economy; (c) research publications containing papers/articles prepared by the Reserve Bank's research and other staff; (d) release of studies involving collaborative research by the Reserve Bank's staff with external researchers; and (e) analytical support to policy making and technical groups/committees constituted by the Reserve Bank from time to time.

X.64 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 on time, while maintaining the quality of data.

X.65 In 2022-23, the Department reverted seamlessly to working from office after the third wave of COVID-19 receded and continued to provide all analytical and research inputs required for policy making in a timely manner. The Department released all statutory and non-statutory reports on time. The number of research papers prepared and published during the year increased significantly, while the peer review process was also strengthened to ensure the quality of research.

Agenda for 2022-23

X.66 The Department had set out the following goals for 2022-23:

- Publishing a minimum of 100 research papers every year and to improve the quality of analysis and research, with broader coverage of emerging issues (*Utkarsh*) [Paragraph X.67- X.69];
- Making Municipal Finance Report timely and improving the coverage of the report (*Utkarsh*) [Paragraph X.70];
- Annual compilation of the [capital (K), labour (L), energy (E), material (M) and services (S)] (KLEMS) dataset and manual by the Department (*Utkarsh*) [Paragraph X.71];
- Application of new machine learning techniques for assessing macro-economic outlook (Paragraph X.72); and

- Embedding climate risk in the traditional macro-modelling framework and analysing its impact on macroeconomic aggregates (Paragraph X.72).

Implementation Status

X.67 During 2022-23, the Department released its flagship statutory reports, viz., the RBI Annual Report and the Report on Trend and Progress of Banking in India in a timely manner. The fifth volume of the 'Reserve Bank of India's History' encompassing the 11-year period from 1997 to 2008, and the State Finances Report titled 'State Finances: A Study of Budgets – 2022-23' were released during the year. Furthermore, the 'Handbook of Statistics on Indian States – 2021-22' was also released during the year. The Report on Currency and Finance 2022-23, carrying the theme 'Towards a Greener Cleaner India' was released on May 3, 2023.

X.68 The Department published 121 research papers/articles during the year, which included 33 papers in external international and domestic journals, ten papers in RBI Working Papers, eight papers in the RBI Occasional Papers, two DRG Studies, and 68 articles in the RBI Bulletin.

X.69 A number of contemporary issues crucial for informed policy making were covered as part of these published research papers/articles, viz., (a) Measuring India's Digital Economy; (b) Composite Coincident Index for Unorganised Sector Activity in India; (c) Index of Supply Chain Pressures for India (ISPI); (d) Inflation Expectations Anchoring Index (IEAI); (e) Forecasting Food Inflation using News-based Sentiment Indicators; (f) Estimation of Green GDP; (g) Revisiting India's Natural Rate of Interest; (h) Financial Inclusion through Microfinance in the North-East; (i) India's Innovation Ecosystem for Productivity-led Growth;

(j) Economic Impact of Climate Change on Coastal States; (k) Digitisation in the Cooperative Banks; (l) Industrial Revolution 4.0; and (m) Decomposition Analysis of Carbon Dioxide Emissions from India's Manufacturing Sector.

X.70 During the year, the Department also made a unique foray into municipal finances through its publication of the 'Report on Municipal Finances'. The Report was themed on 'Alternative Sources of Financing for Municipal Corporations' and used budgetary data of 201 municipal corporations covering all states.

X.71 The Department completed the independent compilation of KLEMS data during the year and released the data along with the manual on the Reserve Bank's website in October 2022.

X.72 During 2022-23, the Department conducted nowcasting of inflation based on financial market data using a supervised forecast model and worked on embedding climate risk in traditional macro-modeling framework to quantify the direct and cascading effects of transitioning towards a greener economy. Furthermore, studies based on machine learning techniques for assessing (a) the macro-economic outlook; and (b) the implications of climate change for Indian agriculture were undertaken during the year.

Other Initiatives

X.73 During the year, the DEPR Study Circle, an in-house discussion forum, organised 38 online seminars/presentations of research papers on diverse topics. The Department also organised its Annual Research Conference in Hyderabad in November 2022 wherein topical issues, such as public health in the post-pandemic period, and the economics of climate change were discussed.

X.74 During the year, the central library subscribed to three new online databases and facilitated uninterrupted remote access to various databases and other reference resources required for undertaking research. During the year, the RBI Archives accessioned 210 files from various central office departments, regional offices, and training establishments. The digitisation of about five lakh pages was completed during the year.

Agenda for 2023-24

X.75 The Department's agenda for 2023-24 will focus on achieving the following goals:

- Publication of a minimum of 100 research papers and to improve the quality of analysis and research with broader coverage of emerging issues (*Utkarsh 2.0*);
- Development of a 'Global Monetary Policy and Global Spillovers Dashboard' with indices to measure spillovers (*Utkarsh 2.0*);
- Development of a 'Global Supply Chain Monitoring Framework' (*Utkarsh 2.0*); and
- Studies on various topical issues having policy relevance will be undertaken during the year.

7. STATISTICS AND INFORMATION MANAGEMENT

X.76 The Department of Statistics and Information Management (DSIM) consolidated its core functions of compilation, analysis, and dissemination of macro-financial statistics by deploying new technology-enabled tools, and provided statistical support through enterprise and household surveys, data management and analysis for policy formulation and also assisted in other functions of the Reserve Bank. The investment over the years in technology and human

resources, including hand-holding and other guidance of the data reporting entities, stood in good stead for providing continuity and refinement of data in periods of disruptions. The evolving dynamics since the pandemic has also highlighted the pressing need to explore non-traditional data sources for supporting informed decision making and the Department has made use of Big data/artificial intelligence (AI) / machine learning (ML) techniques in analysing the unstructured/non-traditional data sources, to supplement traditional analysis. Select modules of the next generation data warehouse [*viz.*, centralised information management system (CIMS)] were also released for parallel run.

Agenda for 2022-23

X.77 The Department had set out the following goals for 2022-23:

- Completion of all integration in the advanced analytics environment and automate publication workflow of all regular data publications in the next generation data warehouse (*Utkarsh*) [Paragraph X.78];
- Populating the comprehensive credit information repository in a phased manner starting with SCBs (*Utkarsh*) [Paragraph X.79];
- Implementation of the new data governance framework through a flexible element-based repository (EBR) with the facility to convert from a return-based repository (RBR) by carrying out forward and reverse engineering to ensure completeness (Paragraph X.80);
- Maintaining a 'Regulatory Reporting' link on the Reserve Bank's website giving all

resources and validation rules to aid banks and other reporting entities for further improving the quality of data reporting to the Reserve Bank (Paragraph X.81);

- Further refinement of the estimation procedures for monetary policy surveys under the guidance of the Technical Advisory Committee on Surveys (TACS) [Paragraph X.82]; and
- Exploring alternate sources of data, including satellite data in the areas relevant to the Reserve Bank and use of advanced statistical tools, including Big data and ML techniques (Paragraph X.83).

Implementation Status

X.78 As a part of CIMS implementation, all components of the advanced analytics environment are presently under testing and will be released to the users in a phased manner. Automation of publications workflow for all regular publications has also reached the testing stage.

X.79 Application development for the comprehensive credit information repository (CCIR) is underway. After completion of testing and a pilot run with select SCBs, the repository will go live.

X.80 A convertor tool for converting data from RBR to EBR has been developed and successfully tested for major supervisory returns, and more items are being added. Also, the tables for mapping RBR to the corresponding Statistical Data and Metadata eXchange (SDMX) elements have been designed for a substantial number of returns as well as non-return data.

X.81 The 'Regulatory Reporting' tab on the website has been revamped and augmented with frequently asked questions (FAQs), manuals,

guidance notes, and validation rules to facilitate reporting by regulated entities.

X.82 Efforts were made towards refinement in the data quality and compilation methodologies for robust estimation from the regular surveys, under the guidance of the Technical Advisory Committee on Surveys (TACS). It included: (a) launching a pilot household survey in rural and semi-urban areas; and (b) capturing the sentiments of construction companies engaged in infrastructure projects and real estate activities separately in the services and infrastructure outlook survey (SIOS).

X.83 In analytical work, the use of Big data, natural language processing (NLP) and ML techniques increased, and alternate sources of data were also used. These included media sentiment on macroeconomic variables, online prices of food and housing, central bank communication as well as economic forecasting using payment systems indicators and forward-looking surveys. The scope of remote sensing projects was extended to cover more sensitive agricultural commodities [*viz.*, pulses, oilseeds, onion, and wheat, having significant weight in consumer price index (CPI) basket] by including a host of indicators (*viz.*, vegetation, precipitation, soil moisture, temperature and global climatic factors, such as sea surface temperature and sea level pressure).

Other Initiatives

X.84 The Basic Statistical Returns (BSR) system, which provides the distributional aspects of Indian banking for the last five decades, was revisited in two conferences organised during October-November 2022, where bankers and other experts also participated. Based on the deliberations, the frequencies of BSR-1 (details of credit) and BSR-2 (details of deposits) returns

Box X.4

Basic Statistical Returns @50 Years

The BSR system was crafted on the recommendation of the Committee on Banking Statistics in 1972 in such a way that it not only fulfilled the requirement for policy decisions and detailed monitoring with the best available data from banks, but also reduced the reporting burden for banks. Subsequently, the Committee of Direction on Banking Statistics (CDBS) was constituted with representatives from banks, Indian Banks' Association (IBA) and other stakeholders, besides the concerned departments of the Reserve Bank, to guide the BSR system.

The BSR system successfully completed fifty years of operation in 2022. Over the course of fifty years, the system along with banking infrastructure details supplied crucial inputs for public policy. It provided comprehensive statistics on several important factors, including the economic sector, geography, institutions, occupations, bank groups, and the types of loans and deposits, among others. It covers all the scheduled commercial banks including regional rural banks, and all of them have remained committed partners of the Reserve Bank in the system.

Two conferences were organised on October 28, 2022 at the central office in Mumbai and on November 4, 2022 at Indian Institute of Bank Management (IIBM) in Guwahati to celebrate the conclusion of the journey of fifty years and to consider the way forward. The conference events comprised:

1. Fifty years of Indian Banking through the lens of Basic Statistical Returns, speech delivered by Deputy Governor, Dr. Michael Debabrata Patra;

2. A 50-year journey (1972-2022) of BSR: A Presentation;
3. Knowledge sharing - Presentation of five research articles utilising banking statistics; and
4. The way forward in BSR - Discussion on major changes to be implemented in the system from next year onwards.

The major upcoming changes in the system that were emphasised are:

1. Discontinuation of the quarterly BSR-7 reporting;
2. Release of BSR-2 with quarterly frequency; and
3. Collection of additional information on age-wise distribution of deposits owned by individuals and females in BSR-2.

References:

1. Patra, M. D. (2022), 'Fifty Years of Indian Banking Through the Lens of Basic Statistical Returns', *RBI Bulletin November 2022*.
2. Rangarajan, C. (2008), 'Report of the Committee on Financial Inclusion'.
3. RBI (2022), 'BSR@50 Commemorative Volume (1972-2022)'.
4. RBI (1972), 'Report of the Committee on Banking Statistics (Chairman: Shri A. Raman)'.

Source: RBI.

are being synchronised, and the BSR-7 return has been discontinued after December 2022. On this occasion, a commemorative volume 'BSR@50', containing a 50-year history of BSR and the Central Information System for Banking Infrastructure (CISBI: erstwhile Master Office File) as well as select research work based on BSR data, was also released (Box X.4).

X.85 Information sources for the completion of balance of payment (BoP) data were expanded to cover foreign exchange transactions by the branches and subsidiaries of banks operating in International Financial Services Centre (IFSC).

The coverage of the annual census on foreign liabilities and assets (FLA) of Indian direct investment entities was also improved. Publication lag of all the regular banking and external sector surveys was reduced with persistent efforts and handholding of banks and other reporting entities.

X.86 The COVID-19 pandemic induced disruptions have necessitated suitable adjustments in methodologies for analysis and generating reliable forecasts of critical macroeconomic variables. Methodological improvements were carried out for estimation of seasonal behaviour of output and price indicators to address the issue.

Agenda for 2023-24

X.87 The Department will focus on the following goals during 2023-24:

- Build advanced analytical environment in the state-of-the-art data portal and customised dashboards for users (*Utkarsh 2.0*);
- Implement the remaining modules of CIMS, provide query and visualisation tools, onboard all the regulated entities, and decommission the old systems [centralised database management system (CDBMS) and eXtensible business reporting language (XBRL) portal];
- Extend the Reserve Bank's regular household surveys to rural and semi-urban areas (*Utkarsh 2.0*);
- Refine data quality for banking returns using AI/ML techniques (*Utkarsh 2.0*); and
- Build additional high-frequency indicators of economic activity by using non-traditional data.

8. LEGAL ISSUES

X.88 The Legal Department is an advisory Department established for examining and advising on legal issues, and for facilitating the management of litigation on behalf of the Reserve Bank. The Department vets circulars, directions, regulations, and agreements for various departments of the Reserve Bank with a view to ensuring that the decisions of the Reserve Bank are legally sound. The Department also functions as the secretariat to the First Appellate Authority under the Right to Information Act, 2005 and represents the Reserve Bank in the hearing of cases before the Central Information Commission, with the assistance of operational

departments. The Department also extends legal support and advice to the Deposit Insurance and Credit Guarantee Corporation (DICGC), Centre for Advanced Financial Research and Learning (CAFRAL), and other RBI-owned institutions on legal issues, litigation and court matters.

Agenda for 2022-23

X.89 The Department had set out the following goals for 2022-23:

- Completion of the implementation of the workflow automation process application (*Utkarsh*) [Paragraph X.90];
- Merging the existing opinion database management system and the litigation management system (*Utkarsh*) [Paragraph X.90]; and
- Digitisation of available/existing legal records and providing their access to the users (Paragraph X.91).

Implementation Status

X.90 The workflow automation process application, case management system (CaMS), of the Legal Department has been developed by the Reserve Bank Information Technology Private Ltd. (ReBIT). This application integrates the existing opinion database management system and litigation management system. The application was tested on a pilot basis. The feedback obtained from the pilot users has been integrated into the application. The first phase of the application comprising three modules has gone live.

X.91 The digitisation of available legal records is under progress.

Other Developments

X.92 The following important legislations/regulations concerning the financial sector were brought in/amended during the year:

- *Amendment to the Reserve Bank of India Act, 1934*: The Finance Act, 2022 amended the Reserve Bank of India Act, 1934 by inserting the definition of 'bank note' in Section 2 of the Reserve Bank of India Act, 1934. This has paved the way for introduction of digital currency in the country by the Reserve Bank.
- *Bringing Credit Information Companies within the Ambit of RBIOS 2021*: The Reserve Bank Integrated Ombudsman Scheme (RBIOS), 2021 has been amended to include 'Credit Information Company', as defined in the Credit Information Companies (Regulation) Act, 2005, as a 'Regulated Entity' for the purpose of the Scheme. As a result, the Scheme shall also be applicable to Credit Information Companies to the extent not specifically excluded under the Scheme. The amendment in the Scheme has come into force with effect from September 1, 2022.
- *Amendment of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019*: The central government has made Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2022 to further amend the principal rules, *i.e.*, Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. The amendment has come into force on April 12, 2022.

Agenda for 2023-24

X.93 In 2023-24, the Department will focus on the following goals:

- Upgrading the case management system (CaMS) to CaMS 2.0 for enabling: (a) integration with external judicial websites

for real time case status; and (b) access to CaMS over internet, facilitating 'work from anywhere' mode (*Utkarsh 2.0*);

- Drafting and publishing a Legal Department manual for the internal use of the Reserve Bank (*Utkarsh 2.0*); and
- Continuing the digitisation of available/ existing legal records and providing access to the same.

9. CONCLUSION

X.94 The Reserve Bank's communication strategy and verbal and informal communication is increasingly supplementing structured and written communication to enhance its effectiveness. The Reserve Bank also utilised its 360-degree pan-India public awareness campaigns for demystifying its role and functions, communicating policy actions of public interest in an informal and educative format, while aiming at greater engagement with the public. The Reserve Bank further reinforced the economic and financial relations, particularly with the international organisations and multilateral bodies. India has taken over the G20 Presidency from December 1, 2022, and the Reserve Bank will assume the chairmanship of the SEACEN Centre for a year beginning December 2023. The analytical and research inputs required for policy making and communication were met in a timely manner and statutory and non-statutory publications disseminated the research work conducted in the Reserve Bank on a whole range of contemporary policy and strategic issues. The statistics and information management at the Reserve Bank consolidated its core functions of compilation, analysis, and dissemination of macro-financial statistics by deploying new technology enabled tools, and provided statistical support through enterprise surveys, data management and analytical inputs for policy formulation.