

X

GOVERNANCE, HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

At the onset of its 81st year, the Reserve Bank rearticulated its core purpose, values and vision in 2014-15. The organisational structure was fine-tuned to create synergies and improve the effectiveness of the delivery mechanism. It continued to place focus on upgrading its human resources through training and providing diverse exposures. It also organised conferences, seminars and outreach programmes during the year to disseminate research and promote knowledge sharing. The Reserve Bank adopted an enterprise-wide risk management framework to ensure business continuity and for effectively managing various risks that it faces in its operations and functioning. It also took steps to focus on international financial diplomacy and participation in global regulatory standards.

X.1 This chapter discusses three critical ingredients of the Reserve Bank - governance, human resources and organisational management apart from covering the activities of a number of departments dealing with communication, international relations, banking services to the government and banks, forex reserves management, economic research, statistics, legal matters, corporate strategy and budgeting, corporate support services, Rajbhasha and premises. During 2014-15, the Reserve Bank sought to further improve its governance, management and operational framework through re-articulation of its core purpose, values and vision. The organisational structure was streamlined further to create functional synergies and optimise the delivery of output both in terms of quantity and quality keeping in view the evolving operating environment. Developing human resources through an appropriate incentive structure, including training, exposure and rotation to harness the potential of its staff members for effective delivery was a major area of focus. Through its communication policy, the Reserve Bank sought to reach out to the wider public in pursuance of transparency, knowledge sharing and creating awareness about financial risks faced by the public in day-to-day life. Risk management and audit operations of the Reserve Bank placed a greater focus on a holistic approach to ensure business continuity.

GOVERNANCE STRUCTURE

X.2 The Reserve Bank seeks to uphold the highest standards in corporate governance, independence and quality of decision making while discharging its core functions and staying committed to its values in terms of a corporate code of ethics. The governance structure of the Reserve Bank ensures that its general policy, strategy, administration and business are aligned with its core purpose and that the processes followed are compliant with its shared values. The Secretary's Department which acts as the secretariat to the Central Board provides support services to the top management.

X.3 The Central Board of Directors is the apex body in the governance structure. With the Governor in the chair, it comprises of four Deputy Governors of the Reserve Bank, Government nominees and independent directors, who are eminent achievers in different fields commensurate with the Reserve Bank's objectives. There are four Local Boards for the Northern, Southern, Eastern and Western areas of the country to take care of local interests. The Government of India appoints/nominates directors to the Central Board and members to Local Boards in accordance with the Reserve Bank of India (RBI) Act, 1934. The Central Board is assisted by three committees - Committee of the Central Board

(CCB), Board for Financial Supervision (BFS) and Board for Regulation and Supervision of Payment and Settlement Systems (BPSS). In addition, the Central Board also has four sub-committees – the Audit and Risk Monitoring Sub-Committee, the Human Resource Management Sub-Committee, Building Sub-Committee and Information Technology Sub-Committee.

Meetings of the Central Board and the CCB

X.4 The Central Board held six meetings in 2014-15 in Chennai, New Delhi (two meetings), Kolkata, Hyderabad and Goa. The Hon'ble Finance Minister of India addressed the two post-budget meetings held in New Delhi on August 10, 2014 and March 22, 2015. The Governor interacted with the chief ministers of the concerned state governments and senior officials of commercial banks and financial institutions on the sidelines of some of these meetings.

X.5 The CCB held 46 meetings during the year out of which 22 were held through electronic mode, obviating the need for physical assembly at a common location. The committee attended to the current business of the Reserve Bank, including approval of its Weekly Statement of Affairs pertaining to the Issue and the Banking departments. A Standing Committee of the Central Board held two meetings to discuss region-specific issues and concerns.

Central Board/ Local Boards – Changes

X.6 Shri Rajiv Mehrishi, Finance Secretary, Government of India and Dr. Hasmukh Adhia, Secretary, Department of Financial Services, Ministry of Finance, Government of India were nominated as Directors on the Central Board under Section 8(1)(d) of the RBI Act, 1934 with effect from November 25, 2014 and November 11, 2014 *vice* Dr. Arvind Mayaram and Dr. Gurdial Singh Sandhu, respectively. Shri Ajay Tyagi, Additional Secretary

(Investment), Department of Economic Affairs, Ministry of Finance, Government of India was nominated by the Central Government as Director on the Central Board under Section 8(1)(d) of the RBI Act, 1934 in terms of notification dated June 22, 2015 *vice* Shri Rajiv Mehrishi.

X.7 Shri Kamal Kishore Gupta and Shri Mihir Kumar Moitra ceased to be members of the Northern Area Local Board with effect from August 25, 2014 and September 23, 2014, respectively, in terms of the provisions of Section 9(3) of the RBI Act, 1934.

Attendance of Directors

X.8 The details of participation of the directors in the meetings of the Central Board are given in Table X.1.

Table X.1: Attendance of Directors - 2014-15

Name	Appointed/ Nominated under RBI Act, 1934	No. of Meetings held	No. of Meetings Attended
1	2	3	4
Raghuram G. Rajan	8 (1) (a)	6	6
Harun R. Khan	8 (1) (a)	6	6
Urjit R. Patel	8 (1) (a)	6	5
R. Gandhi	8 (1) (a)	6	6
S.S. Mundra	8 (1) (a)	6	5
Anil Kakodkar	8 (1) (b)	6	5
Kiran S. Karnik	8 (1) (b)	6	6
Nachiket Mor	8 (1) (b)	6	6
Y.H. Malegam	8 (1) (c)	6	6
Dipankar Gupta	8 (1) (c)	6	3
G.M. Rao	8 (1) (c)	6	5
Ela Bhatt	8 (1) (c)	6	5
Indira Rajaraman	8 (1) (c)	6	6
Y.C. Deveshwar	8 (1) (c)	6	2
Damodar Acharya	8 (1) (c)	6	6
Arvind Mayaram*	8 (1) (d)	3	1
Gurdial Singh Sandhu**	8 (1) (d)	3	1
Hasmukh Adhia #	8 (1) (d)	3	1
Rajiv Mehrishi ##	8 (1) (d)	3	1

* : Ceased to be director w.e.f. November 25, 2014;

** : Ceased to be director w.e.f. November 11, 2014;

: Nominated as director w.e.f. November 11, 2014;

: Nominated as director w.e.f. November 25, 2014.

Executive Directors - Changes

X.9 Shri B. Mahapatra and Shri G. Padmanabhan, Executive Directors retired on August 31, 2014 and May 31, 2015, respectively. Dr. Michael D. Patra, Shri K.K. Vohra and Shri G. Mahalingam were promoted as Executive Directors effective October 7, 2014. Smt. Meena Hemachandra was promoted as Executive Director effective June 1, 2015.

Obituary

X.10 Shri Suresh Neotia, Director of the Central Board from June 27, 2006 to September 23, 2011, passed away in Kolkata on May 7, 2015. Dr. A.P.J. Abdul Kalam, Director of the Central Board from November 27, 2000 to June 14, 2002 passed away in Shillong on July 27, 2015.

Visits of Foreign Dignitaries/Delegations

X.11 Twenty delegations from 12 countries visited the Reserve Bank during the year. They interacted with the top management on a wide range of bilateral and global issues and on the Reserve Bank's policy initiatives in different areas of its

functioning. Foreign dignitaries who visited the Reserve Bank during 2014-15 included H.M. Queen Maxima of the Netherlands, United Nations' Secretary-General's Special Advocate for Inclusive Finance for Development; Rt. Hon. George Osborne, Chancellor of Exchequer, UK; Ms. Penny Pritzker, US Secretary of Commerce; Mr. Bill Gates and his team; Dr. Valiollah Seif, Governor, Central Bank of Iran; Rt. Hon. Alan Yarrow, Lord Mayor of the City of London; Hon. Andrew Robb, MP, Australian Minister for Trade and Investment; Mr. Jacob J. Lew, US Treasury Secretary; Mr. Stanley Fischer, Vice-Chairman, Central Board of Governors, Federal Reserve System and Ms. Christine Lagarde, Managing Director, IMF.

Measures to Improve Governance

X.12 Measures were taken during the year to enhance the quality of corporate governance while simultaneously reducing its cost. The Reserve Bank, as it entered the 81st year of its establishment, rearticulated, in contemporary terms, its core purpose as given in the preamble to the RBI Act, 1934 (Box X.1).

Box X.1**Reserve Bank of India: Core Purpose, Values and Vision Statement**

As the Reserve Bank entered the 80th year of its existence, a need was felt to rearticulate in contemporary terms its core purpose as given in the preamble to the RBI Act, 1934, the founding statute of the Reserve Bank. The purpose was to delineate the Reserve Bank's strategic objectives and provide a framework and backdrop within and against which the Reserve Bank's policies will be formulated and the direction that it will chart. Accordingly, the Reserve Bank issued its 'Core Purpose, Values and Vision' statement in April 2015, which is available at the Bank's website.

Core Purpose

To foster monetary and financial stability conducive to sustainable economic growth and to ensure the development of an efficient and inclusive financial system.

The Core Purpose reflects the Reserve Bank's commitment to the nation:

To foster confidence in the internal and external value of the rupee, and contribute to macro-economic stability;

To regulate markets and institutions under its ambit to ensure financial system stability and consumer protection;

To promote the integrity, efficiency, inclusiveness and competitiveness of the financial and payments system;

To ensure efficient management of currency as well as banking services to the government and banks; and

To support the balanced, equitable and sustainable economic development of the country.

Values

The Reserve Bank of India commits itself to the following shared values that guide organisational decisions and employee actions in pursuit of the Reserve Bank's core purpose:

(Contd....)

Public Interest

The Reserve Bank of India, in its actions and policies, seeks to promote public interest and the common good.

Integrity and Independence of Views

The Reserve Bank of India seeks to maintain the highest standards of integrity and independence of views through openness, trust and accountability.

Responsiveness and Innovation

The Reserve Bank of India seeks to be a dynamic organisation responsive to public needs and encourages innovation and a spirit of enquiry.

Diversity and Inclusiveness

The Reserve Bank of India cherishes and supports diversity and inclusiveness.

Introspection and Pursuit of Excellence

The Reserve Bank of India is committed to self-appraisal, introspection and professional excellence.

Vision

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

X.13 Important items to be placed before the Board are now brainstormed in an informal pre-Board meeting so as to improve the quality of decision making by the Board. The Reserve Bank of India General Regulations were amended during the year to enable fortnightly meetings of CCBs, if felt necessary in the future, in place of weekly meetings. In the forthcoming year, the Reserve Bank will continue to look for ways to further streamline the decision making process.

COMMUNICATION PROCESSES

X.14 The Reserve Bank has been pursuing a dynamic communication policy enabling swift response to domestic and international developments. The Department of Communication (DoC) as the nodal wing has endeavoured to build and nurture a fruitful partnership between the Reserve Bank and the public through a two-way communication: transparent, timely and credible dissemination and feedback.

Agenda for 2014-15: Implementation Status

Refurbishing the Website

X.15 In April 2015, a refurbished website of the Reserve Bank was launched providing a more user friendly access to function-wise information, search facility and an accessibility toolbar for users with disabilities. The website is now integrated with two social media sites, Twitter and YouTube.

Accordingly, the Governor's post monetary policy conferences were disseminated *via* YouTube this year in addition to usual live streaming media.

Awareness Campaigns and Outreach Programmes

X.16 In view of increasing public victimisation to fictitious offers, the Reserve Bank undertook a campaign jointly with the Ministry of Consumer Affairs under its 'Jago Grahak Jago' initiative to caution the public about the menace of fictitious mails. The public awareness drive was conducted in the print media. Besides, an awareness campaign was also carried out on security features of currency notes.

Workshops for Top Management, Officers and Media

X.17 During the year, two workshops on effective media management, one each for the top executives, and the newly appointed regional directors and chief general managers were conducted. A workshop on writing skills for managers and assistant general managers was also conducted. Besides, several informal briefings/workshops were arranged for the media on the Reserve Bank's reports and releases.

Review of Communication Policy

X.18 With the adoption of flexible inflation targeting, the role of communication has assumed further importance, particularly for anchoring

inflation expectations. In this backdrop as also in view of several external and internal developments, the communication policy of the Reserve Bank is currently being reviewed by a Committee (Chairman: Dr. Michael D. Patra) which is expected to submit its report during 2015-16. Towards improving internal communication in the Reserve Bank, two Banking Hall events for Reserve Bank employees were arranged with the Governor, one in Bangalore and the other in Chandigarh in 2015.

Agenda for 2015-16

X.19 During 2015-16, multi-pronged engagement/outreach/campaigns with stakeholders along those held last year will be continued. It is planned to add social media like Facebook and LinkedIn to the Reserve Bank website, making it accessible to youth. A workshop for media in Nepal is scheduled to be conducted during 2015-16. Follow up steps will also be taken in the light of the forthcoming report of the Committee to Review the Communication Policy of the Reserve Bank.

HUMAN RESOURCE INITIATIVES

X.20 The Reserve Bank has a wide canvas of operations, requiring a robust set of internal capabilities to fulfill its mandate. The human resource strategies and initiatives led by the Human Resource Management Department (HRMD) are, therefore, designed and developed as a two-way interface between the environment, the internal capacities, the setting of goals at the corporate level as well as at the department and functional levels.

Agenda for 2014-15: Implementation Status

X.21 In 2014-15, organisational restructuring was carried out by the Reserve Bank following a cluster approach, that is, by clubbing closely related work areas to better serve the evolving financial sector (Box X.2).

Training

X.22 The skill and knowledge development initiatives focused on strengthening technical and

Box X.2 Organisational Restructuring of the Reserve Bank

The Reserve Bank has, in the recent past, been deliberating on a range of strategic considerations for adopting a more flexible and responsive organisational structure for enhanced performance in an increasingly dynamic business environment. As part of this process, a Committee on Organisational Restructuring of the Reserve Bank (Chairman: Shri Deepak Mohanty; Co-Chairman: Shri B. Mahapatra) was set up. Broadly based on the recommendations of the committee and the outcomes of an

elaborate internal consultative process, the organisational restructuring of the Reserve Bank was effected from November 3, 2014.

As part of the restructuring exercise, two new departments have been constituted in the Reserve Bank: (i) Department of Corporate Services, and (ii) International Department. Alongside, some of the existing departments have been rechristened and new units set up/being set up within some departments as detailed in Tables 1-3.

Table 1: Renaming of the departments

Old Nomenclature	New nomenclature
Department of Banking Operations and Development (DBOD)	Department of Banking Regulation (DBR)
Rural Planning and Credit Department (RPCD)	Financial Inclusion and Development Department (FIDD)
Customer Services Department (CSD)	Consumer Education and Protection Department (CEPD)
Department of Expenditure and Budgetary Control (DEBC)	Corporate Strategy and Budget Department (CSBD)

(Contd....)

Table 2: Creation/carving out of new departments

Existing department	Name of the new department	Remarks
Urban Banks Department (UBD)	Department of Cooperative Bank Regulation (DCBR) Department of Cooperative Bank Supervision (DCBS)	UBD will cease to exist
Financial Markets Department (FMD)	Financial Markets Regulation Department (FMRD) Financial Markets Operations Department (FMOD)	FMD will cease to exist
Department of Non-Banking Supervision (DNBS)	Department of Non-Banking Regulation (DNBR) Department of Non-Banking Supervision (DNBS)	Regulation hived off from DNBS

Table 3: Creation of new units

Existing department	Name of the new unit
Department of Statistics and Information Management (DSIM)	Data and Information Management Unit (DIMU) within DSIM.
Monetary Policy Department (MPD)	Forecasting and Modelling Unit within MPD.
Human Resource Management Department (HRMD)	HR Operations Unit within HRMD.
Financial Markets Regulation Department (FMRD)	Market Intelligence Unit within FMRD.

Similarly the regional offices (ROs) of the Reserve Bank have been categorised into three tiers. Tier-I or Metro ROs will now comprise of four offices of the Reserve Bank in Mumbai, New Delhi, Kolkata and Chennai. Tier-II or Non-Metro ROs will comprise 14 ROs; (i) Ahmedabad; (ii) Bengaluru; (iii) Bhopal; (iv) Bhubaneswar; (v) Chandigarh; (vi) Guwahati; (vii) Hyderabad; (viii) Jaipur; (ix) Jammu; (x) Kanpur; (xi) Lucknow; (xii) Nagpur; (xiii) Patna; and (xiv) Thiruvananthapuram. Tier-III ROs will comprise of 10 small offices: (i) Agartala;

(ii) Belapur; (iii) Dehradun; (iv) Gangtok; (v) Kochi; (vi) Panaji; (vii) Raipur; (viii) Ranchi; (ix) Shillong; and (x) Shimla.

The restructured ROs depending on size and volume of work will have the following clusters:

Tier I and II will have four clusters: (i) Supervision, Market Intelligence and Research; (ii) Currency and Banking Services; (iii) Financial Inclusion and Customer Service; and (iv) Human Resources Management (HRM) and Infrastructure.

Tier III will have three clusters: (i) Supervision and Market Intelligence; (ii) Financial Inclusion/Financial Literacy, Public Awareness, Customer Service, and Research; and (iii) HRM and Infrastructure.

It is expected that this organisational restructuring will bring greater managerial synergies and also allow the Reserve Bank staff members to better develop their expertise in various key work areas.

behavioural skills so as to facilitate personal growth and improve effectiveness at work. Six training establishments of the Reserve Bank catered to its training requirements (Table X.2).

Training at External Institutions

X.23 During 2014-15, a number of officers were deputed to participate in training programmes, seminars and conferences organised by external

Table X.2: Reserve Bank Training Establishments: Number of Programmes Conducted (July-June)

Training Establishment	2012-13		2013-14		2014-15	
	Programmes	Participants	Programmes	Participants	Programmes	Participants
1	2	3	4	5	6	7
RBSC, Chennai	126	2,676	105	2,560	141	2,626*
CAB, Pune	164	5,105	127	3,909	215	7,183®
4 ZTCs (Class I)	116	2,526	99	2,222	104	2,215
4 ZTCs (Class III)	64	1,492	70	1,510	98	2,036
4 ZTCs (Class IV)	58	1,184	37	725	53	1,041

*: Includes 30 foreign participants; ®: Includes 63 foreign participants; RBSC: Reserve Bank Staff College, Chennai; ZTC: Zonal Training Centre.

management/banking institutions in India and abroad (Table X.3). Further, a number of Class III and Class IV employees were trained in external institutions in India.

Golden Jubilee Scholarship and Study Leave

X.24 Under the Golden Jubilee Scholarship Scheme, six officers were selected to pursue higher studies in reputed universities abroad. Ten officers availed study leave under different schemes for pursuing higher studies during the year. Further, 599 employees pursued select part-time/distance education courses under the Reserve Bank's incentive scheme.

Grants and Endowments

X.25 Towards promoting research, training and consultancy in the banking and financial sector, the Reserve Bank provided financial support of ₹300 million to the Indira Gandhi Institute of Development Research (IGIDR), Mumbai; ₹140 million to the Centre for Advanced Financial Research and Learning (CAFRAL), Mumbai; ₹18.4 million to the National Institute of Bank Management (NIBM), Pune; ₹6.9 million to the Indian Institute of Bank Management (IIBM), Guwahati; and ₹10 million to the London School of Economics (LSE) India observatory and the IG Patel Chair.

RBIQ

X.26 Almost 5,000 schools and 10,000 students participated in RBIQ 2014, an all-India inter-school

quiz launched by the Reserve Bank in 2012. It was held at 62 different locations all over India. The zonal and national finals were conducted in Mumbai and telecast on Doordarshan's National Channel.

Industrial Relations

X.27 Industrial relations remained by and large peaceful during 2014-15. Periodic meetings were held with recognised associations of officers and employees/workmen on various issues relating to service conditions and welfare of employees.

Superannuation Benefits

X.28 In 2003, the Reserve Bank, with the approval of the Central Board, had made some improvements in the monthly pension paid to employees who retired prior to November 1, 1997. However, the government had observed that the improvements in the pension scheme could not be effected without suitably amending Regulation 2(2) of the RBI Pension Regulations, 1990 and requested the Reserve Bank for their withdrawal. In October 2008, these improvements in monthly pension were withdrawn by the Central Board. This was, however, challenged in the High Court of Judicature in Bombay, where the Hon'ble High Court set aside the Reserve Bank's circular regarding withdrawal of improvements. Since then, there has been persistent demand from all the pensioners/retirees for improvements in pensions. However, the matter remains unresolved till date, though the Reserve Bank and the Government are fully engaged with the issue.

Recruitment and Staff Strength

X.29 With the recruitment of 784 employees in 2014, the total staff strength as on December 31, 2014, stood at 16,794 as compared with 17,360 a

Table X.3: Number of Officers Trained in External Training Institutions in India and Abroad

Year	Trained in India	Trained abroad
1	2	3
2012-13	874	510
2013-14	798	530
2014-15	913	562

Table X.4: Recruitment by the Reserve Bank in 2014 (January-December)

Category of recruitment	Category-wise strength				
	Total	of which		Per cent of total	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	182	27	13	14.8	7.1
Class III	120	15	7	12.5	5.8
Class IV					
(a) Maintenance Attendant	365	81	5	22.2	1.4
(b) Others	117	12	4	10.3	3.4
Total	784	135	29	17.2	3.7

SC: Scheduled Castes; ST: Scheduled Tribes.

year ago, the category-wise details of which are presented in Tables X.4 and X.5.

X.30 The Reserve Bank's management and representatives of the All India Reserve Bank Scheduled Castes/Scheduled Tribes and the Buddhist Federation met on four occasions in 2014 to discuss issues relating to the implementation of reservation policy in the Reserve Bank. The total number of Other Backward Classes (OBCs) (recruited after September 1993) in the Reserve Bank as on December 31, 2014, stood at 1,870, of which 533 were in Class I, 604 in Class III and 733 in Class IV.

X.31 The total strength of ex-servicemen in the Reserve Bank as on December 31, 2014, was

1,005. Out of these, 200 were in Class I, 147 in Class III and 658 in Class IV. The total number of physically handicapped employees in Class I, Class III and Class IV cadres stood at 234, 89 and 105 respectively, as on December 31, 2014. The cadre-wise composition of the staff strength as on June 30, 2015, is presented in Table X.6.

X.32 The Reserve Bank's offices in Mumbai (including the Central Office departments) continued to have the maximum share of total staff strength at 29.2 per cent (Table X.7).

Prevention of Sexual Harassment of Women at the Workplace

X.33 A new comprehensive set of guidelines was issued in 2014-15 in accordance with the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act and Rules, 2013. The guidelines prescribe, among others, strict timelines for handling complaints and bestow significant powers, including levy of penalty to internal complaints committees. While no sexual harassment complaints were received in the Reserve Bank in 2014, awareness/orientation programmes at periodic intervals were conducted to sensitise staff/members of complaint committees on the legal provisions and the Reserve Bank's new guidelines in the matter.

Table X.5: Staff Strength of the Reserve Bank

Category	Category-wise strength						Per cent to total strength	
	Total Strength		SC		ST		SC	ST
	2013	2014	2013	2014	2013	2014	2014	
1	2	3	4	5	6	7	8	9
Class I	7,864	7,565	1,133	1,128	499	479	14.9	6.3
Class III	3,916	3,573	586	499	252	193	14.0	5.4
Class IV	5,580	5,656	1,764	1,740	463	446	30.8	7.9
Total	17,360	16,794	3,483	3,367	1,214	1,118	20.0	6.7

Note: Position as on December 31.

Table X.6: Reserve Bank's Staff Strength
(as on June 30, 2015)

Grade	Staff Strength
1	2
Grade A	4,077
Grade B	1,552
Grade C	1,025
Grade D	271
Grade E	353
Grade F	101
Total in class I	7,379
Special Assistant	815
Senior Assistant	247
Assistant	2,381
Word Processor Assistant	173
Secretarial Assistant	32
Others	272
Total in class III	3,920
Maintenance Staff	1,395
Technical Staff	135
Service Staff	3,127
Others	715
Total in class IV	5,372
Total Staff Strength	16,671

Right to Information (RTI)

X.34 The Reserve Bank received 8,044 requests for information and 1,021 first appeals under the RTI Act during 2014-15, all of which were attended to. Effective February 27, 2015, the Reserve Bank has aligned with the RTI online portal of the Government enabling the public to file online RTI applications and first appeals with the Reserve Bank. Four training programmes on the RTI Act for employees were conducted at the Reserve Bank's training centres.

Samadhan and Other Initiatives

X.35 The Reserve Bank has undertaken a HR transformation project, named *Samadhan*, to deliver uniform, automated and rule-based HR services to its employees, including payroll and employee benefits. The *Samadhan* application,

Table X.7 : Reserve Bank's Office-wise Staff Strength
(As on June 30, 2015)

Office (including sub-offices)	Class I	Class III	Class IV	Total
1	2	3	4	5
Agartala	10	5	0	15
Ahmedabad	275	168	231	674
Belapur	132	53	178	363
Bengaluru	460	185	220	865
Bhopal	153	126	123	402
Bhubaneswar	148	115	170	433
Chandigarh	195	105	117	417
Chennai	433	340	354	1,127
Dehradun	19	6	2	27
Gangtok	8	0	0	8
Guwahati	195	136	187	518
Hyderabad	311	158	243	712
Jaipur	216	148	181	545
Jammu @	97	56	59	212
Kanpur	215	164	267	646
Kochi	33	34	29	96
Kolkata	482	427	442	1,351
Lucknow	150	106	146	402
Mumbai	609	325	959	1,893
Nagpur	240	205	234	679
New Delhi	501	236	294	1,031
Panaji, Goa	16	3	3	22
Patna	181	144	218	543
Pune-CAB-CRDC-ITP	66	37	69	172
Raipur	20	6	0	26
Ranchi	16	7	0	23
Shillong	9	5	0	14
Shimla	14	6	0	20
Thiruvananthapuram	209	115	131	455
Total	5,413	3,421	4,857	13,691
COs #	1,966	499	515	2,980
Grand Total	7,379	3,920	5,372	16,671

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.

based on SAP will be available to employees on desktop, mobile and tablet platforms on a 24x7x365 basis irrespective of location. The workflows of *Samadhan* will have minimum human intervention for expeditious delivery of services. With the launch of *Samadhan*, an HR Operations Unit has been set up at Bengaluru to centrally process establishment

transactions of all employees. It has also been decided to set up a business continuity site in New Delhi. With a view to rationalising administrative costs, a Centralised Administrative Unit in Mumbai has been established to cater to the needs of all Central Office departments in Mumbai.

Performance Management System (PMS) and Job Profiles

X.36 Key Result Area (KRA)-based PMS is in vogue from 2013-14 coupled with a ranking model from the first cycle of review. Further, job profiles across work areas are being compiled for identifying required competencies, developing these competencies and standardising for similar positions across regional offices. The job profiles for senior officers will be finalised by September 2015 and for officers in Grade 'B' and 'C' by March 2016.

Senior Management Retreat and Other Developments

X.37 The Reserve Bank's Senior Management Retreat for 2014 was held in Mussoorie with the broad theme, '*RBI @80: Looking Back, Looking Ahead*'. As part of inter-institutional arrangement for knowledge sharing, a joint international seminar, 'Financial Stability: Issues and Concerns' was held in collaboration with the European Central Bank (ECB) at the College of Agricultural Banking, Pune in May 2015.

Agenda for 2015-16

X.38 Taking forward the efforts to evaluate capabilities available within the organisation, HRMD plans to work in 2015-16 on all associated HR areas like recruitment, placement mechanisms, fine-tuning the internal processes post organisational restructuring, talent spotting, talent management and continuous capacity building. These initiatives

are likely to contribute towards more open and transparent HR and administration processes and procedures.

RBI Academy

X.39 The Reserve Bank plans to set up an Academy as a residential facility with state-of-the-art infrastructure in Navi Mumbai, primarily for integrated learning and development of its staff including e-learning. Going forward, the Academy will also conduct training for foreign central banks including those from South Asian Association for Regional Cooperation (SAARC) and other regions to promote external cooperation and cross learning.

A Competency based HR Framework

X.40 Going forward, the HR framework is envisaged to be competency based for career planning, placement, targeted learning and succession planning, leading to integrated HR processes. Therefore, a functional and behavioural competency set for each job role needs to be assessed coupled with the evaluation of competencies of the available human resources. Assessment centres will be set up for assessing the behavioural competency mapping of the staff.

Structured e-learning

X.41 The Reserve Bank is introducing structured e-learning for its staff. In the first phase, e-learning modules will primarily be umbrella courses targeted at larger groups of staff members and specific courses positioned as complementary to classroom courses. In addition, webinars will be used for wider dissemination of knowledge.

Common Cadre Recruitment

X.42 There will be a common recruitment process for officers in Grade B from 2015 onwards. For this purpose, a new scheme of selection is being framed in consultation with the Reserve Bank of India Services Board and the Institute of Banking Personnel Selection. The recruitment cycle is

expected to shorten with the forthcoming new scheme of selection. Phase I examination for common recruitment is likely to be held in November 2015.

ENTERPRISE-WIDE RISK MANAGEMENT IN THE BANK

X.43 The adoption of the Enterprise-wide Risk Management (ERM) framework in February 2012 by the Reserve Bank marked a move from a 'silo-based' approach to a 'whole-of-business' perspective to risk management. Accordingly, the Risk Monitoring Department (RMD) envisaged a three-phased ERM rollout plan for the Reserve Bank.

X.44 As per the *three-lines-of-defence* approach to ERM adopted by the Reserve Bank, the Business

Areas (BAs) represent the first line of defence as the BAs identify and manage their respective risks, while the Risk Monitoring Department (RMD) as the second line supports all BAs in the identification of significant risks, formulates risk policies, provides a risk assessment methodology, reports the risks to the Risk Governance Structure (RGS) and works to foster a risk culture in the Reserve Bank (Box X.3). Finally, the Internal Audit function which constitutes the third line of defence provides risk assurance to RGS through the risk-based audit process.

Agenda for 2014-15: Implementation Status

X.45 The risk-reporting structure was put in place in 2013-14 with the development of guidelines and

Box X.3

Operational Risk Monitoring Framework in Central Banks

The Basel Committee on Banking Supervision defines operational risk (OR) as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. Central banks too are exposed to operational risks and, being risk-sensitive institutions, closely monitor their actual and potential operational risk exposures. However, there are no international benchmarks for monitoring operational risks in central banks. The International Operational Risk Working Group (IORWG) of over 61 central banks, including the Reserve Bank of India and the Bank for International Settlements acts as a centre of competence on Operational Risk Management (ORM). The ORM framework adopted by most of the central banks typically includes a risk assessment methodology, risk repositories and heat map(s), apart from incident reporting systems and periodic risk surveys.

Risk assessment methodology generally uses a combination of the likelihood of occurrence and severity of impact of a risk event to rate its riskiness on a graduated scale (say, high, significant or acceptable). The likelihood of occurrence of a risk event could be derived from both quantitative and qualitative factors. The impact of occurrence of an operational risk event on an organisation could be classified as financial impact, disruption in business operations / customer service, (negative) impact on reputation of the entity, or a combination of any of the three.

Risk Repository, also called Risk Register, contains the enumeration of each process/activity of an entity, the description of its associated risks at the inherent level, the controls in place to mitigate the inherent risks and the remaining, that is, Residual Risk after taking the controls into account.

Heat Map is a visual representation of the risk profile of a business area as it provides a colour-coded presentation of various risks. The heat map also depicts the migration of processes across risk zones on account of application of controls. The Incident Reporting System creates institutional memory on OR incidents with a view to promoting organisational learning and quantification of OR for building capital buffers. Risk surveys, on the other hand, enable on-going updating of the risk profile of the organisation by capturing existing as well as emerging risks in the operating environment.

As the risk culture of an organisation impacts the very identification and, thus, the articulation of its risks, a campaign has been launched by the Reserve Bank to enhance risk awareness among its staff so as to deepen and widen the risk culture in the institution. This will be reinforced by providing a computerised environment for risk monitoring to enable access to a risk database by Business Areas. Also, work is underway for implementing a consistent approach to rating of risks in the Reserve Bank. Risk surveys will continue to be used as a tool for identification and monitoring of emerging risks in Business Areas as well as for the Reserve Bank as a whole.

templates for preparation of risk registers for generating risk profiles of the BAs along with the establishment of an Incident Reporting System for building an institutional memory of actual and near-miss incidents. Five of the identified BAs have completed the Risk Registers and work is in progress in 27 other BAs. A vigorous risk management awareness campaign for strengthening

the risk culture in the Reserve Bank was initiated during the year.

X.46 A draft Economic Capital Framework (ECF) for the Reserve Bank was formulated during the year to assess the Reserve Bank's capital and internal reserves position in a structured and systematic manner (Box X.4). Besides, designing and implementing a Risk Appetite Framework

Box X.4

Risk Management and Economic Capital in Central Banks

The public policy mandate of central banks makes the context of their risk management materially different from that of commercial entities, and necessitates the focus of their risk management to be on preserving and facilitating their policy efficacy, rather than profit maximisation. This principle of 'policy predominance' in pursuit of public interest often requires central banks to assume considerable financial risks on their balance sheets. For instance, the Reserve Bank of India maintains national forex reserves, constituting almost three-fourth of its balance sheet, in fulfilling its core purpose of fostering confidence in the external value of the rupee. While the reserves do buffer the country against external shocks, they also expose the Reserve Bank to considerable exchange rate risks. Such risks, which cannot be hedged, have to be carried by the Reserve Bank.

A central bank's role in fostering monetary and financial stability also exposes it to a wider range of risks, including losses arising from market interventions, lender of last resort (LOLR) role, market maker of last resort (MMLR) role and quasi-fiscal operations. Importantly, these mandates can at times require central banks to adopt a counter-intuitive approach to risk and assume increased risk on to their balance sheet, during times of systemic financial stress in order to de-risk the financial system.

A central bank's risks can be substantial and, consequently, its losses are neither as rare nor insignificant as is usually assumed. In the recent period, while a number of central banks in developed economies have suffered losses, central banks in emerging/developing economies suffered losses through the 1980s and 1990s also. Interestingly, this happened despite the seigniorage income accruing all along to these central banks, which is an important source of their financial strength.

Given these unique challenges, the general approach towards financial risk management in central banks is that while they do not actively manage risks arising from policy

actions, they seek to ensure that their balance sheets have sufficient financial resilience to absorb these risks. Thus, they maintain sufficient economic capital, supplemented by risk-transfer/dividend-smoothing mechanisms.

Central banks as providers of domestic liquidity require capital not to remain going concerns but to ensure policy efficacy and credibility with regard to the ability to achieve their objectives. Weak finances can move central banks to either rely on generating excessive seigniorage income, which may come in conflict with their price-stability objective, or seek recapitalisation from the government, which could impact their autonomy.

The capital requirements of a central bank can vary considerably depending on a number of factors, *inter alia*:

- *The size of shocks and scope of a central bank's mandate*: The wider the area of responsibilities of a central bank, greater the risks and, hence, higher the requirement of capital.
- *The accounting policy framework adopted by central banks*: Central banks which periodically recognise changes in valuation of assets will see greater variability in their financial positions, which increases capital requirements.
- *Institutional arrangements*: Statutory provisions for a central bank's recapitalisation as well as risk transfer mechanisms can reduce its capital requirements, though not eliminate them.
- *The fiscal space available with the sovereign*: A central bank may require recapitalisation, precisely at a time when the fiscal position is under strain, say, due to a financial crisis. This strengthens the case for *ex ante* capitalisation of a central bank, rather than *ex post* recapitalisation.

The European Central Bank and the central banks of Australia, Austria, Belgium, France, Finland, Germany,

(Contd....)

Italy, Netherlands, Norway, New Zealand, Singapore and Sweden use methodologies, such as value-at-risk, expected shortfall, stress tests and other risk models to determine their adequacy of reserves/risk provisions. The central bank of New Zealand has in place a well-developed economic capital framework to model its capital requirements. The Reserve Bank of India is also seeking to put in place an economic capital framework. The exercise is a challenging one as the Reserve Bank plans to cover not only the risks in its balance sheet but also its 'contingent risks' which arise from its public policy role in fostering monetary and financial stability.

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(RAF) for the Reserve Bank was also envisaged during the year.

Agenda for 2015-16

X.47 In the coming year, ECF is expected to be refined and implemented in the Reserve Bank. RAF, which is under development, is also planned for induction. The finalisation of risk registers of all BAs will bring out the risk profile/heat map of each BA, regional office and the organisation as a whole. The Incident Reporting System will help identify patterns across incidents with a view to effectively preventing/managing such events in the future. Risk surveys will be conducted to support the monitoring of the emerging risks as also to review top risks. Efforts for creating risk awareness at all levels and across all locations will continue to be pursued for deepening the risk culture in the organisation.

INTERNAL AUDIT/INSPECTION IN THE RESERVE BANK

X.48 Internal audit/inspection undertaken by the Inspection Department of the Reserve Bank examines and reports 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 the Central Board.

Agenda for 2014-15: Implementation Status

X.49 The audit plan for January-December 2014 was fully implemented. A panel of information system (IS) auditors was prepared, training imparted and IS audits are being carried out by these empanelled auditors as part of RBIA. A seminar on 'Internal Audit and Enterprise-wide Risk Management for Central Bankers in the SAARC Region' was held in February 2015. The plan for a comprehensive Audit Management System (AMS) could not materialise as the risk registers were being prepared in various central office departments (CODs). As regards vulnerability assessment and penetration testing (VAPT), a Technical Advisory Group (TAG) has been constituted to empanel external auditors for carrying out VAPT.

Agenda for 2015-16

X.50 For 2015-16, the department will focus on: i) ensuring a smooth and seamless transition from a largely compliance based audit to RBIA on the basis of risk registers in CODs/regional offices (ROs); ii) identifying an appropriate AMS application suitable for the Reserve Bank which will provide an integrated solution for audit process; iii) undertaking VAPT of corporate e-mail and real time gross settlement (RTGS) applications; iv) appointing concurrent auditors as per the revised procedure / parameters; and v) developing appropriate guidelines for project audits with respect to all new

estate, IT related and other projects and also assisting the respective user departments in their implementation.

INTERNATIONAL RELATIONS

X.51 In the aftermath of the global financial crisis and growing engagement with multilateral institutions, the Reserve Bank constituted a dedicated International Department as in many other central banks. The department acts as the nodal point for international financial diplomacy to further India's national interests and seeks to play a pivotal role in international macroeconomic coordination and global regulatory standard-setting.

Agenda for 2014-15: Implementation Status

Central Bank Swap Arrangements

X.52 The department carried forward the background work on the BRICS (Brazil, Russia, India, China and South Africa) Contingent Reserve Arrangement (CRA). This contributed to the signing of the CRA Treaty on July 15, 2014 in Fortaleza, and the Inter-Central Bank Agreement (ICBA) on July 7, 2015 in Moscow. The Reserve Bank provided US\$ 400 million support to the Central Bank of Sri Lanka under the SAARC swap arrangement and a further US\$ 1.1 billion facility under a special/ad hoc swap agreement.

Engagement with Multilateral Institutions

X.53 As the nodal agency, the department coordinated the work relating to the Basel Committee of Banking Supervision (BCBS), Committee of Global Financial System (CGFS) and Committee on Payments and Market Infrastructures (CPMI). The department also coordinated with various standing committees/groups of the Financial Stability Board (FSB). In the G20 forum, work relating to the Framework Working Group (FWG) and the Investment and Infrastructure Working Group (IIWG) were attended to. The department coordinated the Article IV consultation with International Monetary Fund (IMF) and has

also been engaged in issues of the General Review of Quotas.

SAARCFINANCE (SF)

X.54 Amongst the SF initiatives, the Reserve Bank and the State Bank of Pakistan have initiated, along with other SAARC countries, a collaborative study on capital flows. The SF scholarship scheme, implemented through the department, awarded four scholarships for the academic year 2015-16. In the second half of 2014-15, after the constitution of the department, it handled visits by 23 foreign groups/delegations to the Reserve Bank.

Agenda for 2015-16

X.55 In 2015-16, the department will work towards operationalisation of CRA, creation of a SF database, preparing position papers on key issues of negotiations in the global fora, coordination of the FSB Peer Review, Financial Sector Assessment Programme (FSAP) by the Fund-Bank and Article IV consultations with IMF. India will be assuming the BRICS chairmanship in 2016. Working out meetings, agendas and plans for this in coordination with the Government, will also occupy the attention of the department.

GOVERNMENT AND BANK ACCOUNTS

X.56 The Department of Government and Bank Accounts (DGBA) looks after the accounts of the governments as well as the Reserve Bank. In the area of accounting and its presentation, the Reserve Bank has been moving towards greater transparency through its annual accounts/financial statements. For transparent conduct of government banking business and its own internal accounting processes, the Reserve Bank has been leveraging on IT resources to provide better and more efficient services.

Agenda for 2014-15: Implementation Status

X.57 Some of the accounting policy changes as suggested by statutory auditors and Technical

Committees (I and II) were implemented. Accordingly, repo and reverse repo transactions are now being treated as lending and deposit transactions respectively as against sale and purchase transactions earlier. Further, changes in policies on capitalisation/depreciation of building and machinery, impaired assets and recognition of accrued dividend were effected.

Agenda for 2015-16

X.58 In line with the recommendations of Technical Committee-I, the formats of weekly accounts, balance sheet and profit and loss account were revised with effect from July 17, 2015, in consultation with the Government, by amending the RBI Act, 1934 and the RBI General Regulations, 1949. Technical Committee-I had recommended that rupee securities be carried at fair value and any unrealised gain or loss be transferred to the Investment Revaluation Account. This will be made applicable from 2015-16.

X.59 A Working Group constituted in February 2015 to review the system of inspection of government business in agency banks is expected to submit its report by end-August 2015. Accordingly, inspection of government business in agency banks is set to be revamped. A Working Group on Business Process Reengineering (BPR) of government business comprising members from concerned government agencies, the Reserve Bank and agency banks is expected to submit its report by October 2015. BPR for government business will be undertaken subsequently.

MANAGING FOREIGN EXCHANGE RESERVES

X.60 The Department of External Investments and Operations (DEIO) manages the country's foreign exchange reserves. With its increasing size, it has become imperative to strengthen the accounting, valuation methods, risk management practices and IT infrastructure including disaster

management for the purpose of managing the foreign exchange reserves.

Agenda for 2014-15: Implementation Status

X.61 During the year, market and asset class diversification was pursued within the over-arching framework of safety, liquidity and returns, under the overall guidance of the high level and internal strategy committees. In line with Technical Committee-II's recommendations, the accounting refinements were carried out by June 30, 2014, for forward contracts, entered into by the Reserve Bank for intervention operations, and swaps at off-market rates that are in the nature of repos. The existing treasury system was replaced by a new state-of-the-art system in October 2014 and integrated into the Reserve Bank's Core Banking Solution. Certain international best practices for managing credit, market and operational risks were implemented during the year and documented. A more robust disaster recovery mechanism with a focus on regular drills has been put in place.

Agenda for 2015-16

X.62 The remaining recommendations of Technical Committee-II, particularly relating to valuation changes in foreign currency assets (FCA) and gold, are on the agenda for 2015-16. The Reserve Bank aims to stabilise live operations from alternate locations towards mitigating the impact of disaster induced disruptions. The Reserve Bank will continue its efforts at refining the strategy and tactics of portfolio management to enhance returns in a low earning environment without sacrificing the objectives of liquidity and safety.

ECONOMIC AND POLICY RESEARCH

X.63 Research is a critical activity in central banks. In the Reserve Bank, the Department of Economic and Policy Research (DEPR) is entrusted with the task of providing research inputs and MIS (management information system) services in economic and policy related issues. The department

is envisaged to evolve and establish itself as a knowledge centre in policy-oriented research in macroeconomics and monetary policy issues. The department pursues an issue-based medium-term research agenda.

Agenda for 2014-15: Implementation Status

X.64 The department brought out its flagship publications - Annual Report, Study on State Finances and RBI Bulletin. Four outreach seminars were held at various centres, mostly universities, during the year to disseminate the main messages of the Annual Report 2013-14 of the Reserve Bank. The print-version of the Weekly Statistical Supplement (WSS) was discontinued from January 2015 while ensuring its online availability. There was regular compilation and dissemination of primary statistics on monetary aggregates, balance of payments, external debt, household financial savings and flow of funds. During the year, work relating to the Reserve Bank's history Volume V covering the period 1997-2007 was initiated.

X.65 During 2014-15, 40 research papers were completed, of which nine were published in external domestic and foreign journals. Besides, the Reserve Bank Occasional Papers (the research journal of the Reserve Bank) carried seven research papers. The research papers covered multiple areas of interest: inflation dynamics, exchange rate, asset quality in the banking sector, monetary policy transmission, financial stability and impact of taper talk. Towards promoting research, several initiatives were undertaken in 2014-15, such as instituting best research paper award, allowing co-authorship by the Reserve Bank staff with outside researchers/experts for the Reserve Bank Working Papers and Occasional Papers and outlining a code of conduct for the researchers.

X.66 Notable events organised by the department included a seminar on 'Economic Outlook and Monetary Policy in the United States' by Mr Stanley Fischer, Vice Chairman, US Federal Reserve on February 11, 2015. Another significant event,

'Conversation with Ms Christine Lagarde, MD, International Monetary Fund (IMF)' was organised on March 17, 2015. The 3rd RBI Chair Professors' and DEPR Researchers' Joint Conference was held during the year, which involved presentations of papers on a range of issues under the broad theme 'Managing Risks and Macro-imbalances'. Besides, several seminars on diverse themes were organised as part of the DEPR study circle with the participation of external experts.

Agenda for 2015-16

X.67 Going forward, the research areas envisaged to be covered during 2015-16 include growth and investment, exchange rate, monetary policy transmission lags, issues in financial markets, potential output, optimal monetary policy rule, pass-through of international prices to domestic prices and pass-through of food and fuel inflation to core inflation. The department proposes to organise a number of seminars/ lectures during 2015-16. MIS is proposed to be modified and the publications will be rationalised. The drafting of history Volume V will be taken up with the constitution of a full fledged History Cell.

STATISTICS AND INFORMATION MANAGEMENT

X.68 The Department of Statistics and Information Management (DSIM) makes available macro-financial statistics to the public and provides statistical support and analytical inputs to the policy and operational needs of the Reserve Bank by managing comprehensive statistical systems relating to banking, corporate and the external sectors, undertaking structured surveys, maintaining the Reserve Bank's data warehouse, engaging in statistical analyses and forecasting.

Agenda for 2014-15: Implementation Status

Data Management, Dissemination and Publications

X.69 The department released statistics relating to banking, corporate and external sectors as per

the time schedule and with reduction in time-lag wherever possible. Data from corporate regulatory filing with the Ministry of Corporate Affairs was used for estimating saving and capital formation and private corporate performance analyses. The periodicity of the Co-ordinated Portfolio Investment Survey (CPIS) was increased from annual to bi-annual. Banks were involved in implementation of Stage-2 enhancements in international banking statistics (IBS) through workshops and a pilot survey.

X.70 Quarterly BSR-1 data covering individual bank accounts was released for the first time. The scope of eXtensible Business Reporting Language (XBRL)-based return submission was broadened with 23 new returns and developmental work for another 23 returns is at an advanced stage. Harmonisation of banking statistics, guiding banks in proper implementation of the automated data flow (ADF) system and linking the XBRL system to it was taken up during the year. A Credit Repository has been developed on the basis of the Report on Large Credit, wherein as part of system-wide standardisation efforts, Income Tax-Permanent Account Number (IT-PAN) has been introduced for borrower identification.

Surveys and Research

X.71 The periodicity of a few surveys designed for providing inputs to monetary policy formulation was synchronised with the policy announcement cycle. Efforts were made to impart methodological improvements in surveys under the guidance of the Technical Advisory Committee on Surveys (TACS). An article based on the salient results of the Residential Asset Price Monitoring Survey was also released. The framework for forecasting has been updated and a quarterly macro-econometric model has been operationalised. Several research studies were contributed to the Reserve Bank Working Paper Series/other publications/ academic conferences.

Agenda for 2015-16

X.72 DSIM will move towards the implementation of Bank for International Settlements-Committee on the Global Financial System recommended Stage-2 enhancements to IBS. A comprehensive guide for the current statistics section of the Reserve Bank of India Bulletin will be released. Phase III of the XBRL project will be launched to ensure standardised reporting for more returns where banks will be persuaded to orient their ADF systems to XBRL reporting. Work relating to harmonisation of banking statistics will be pursued. The database on Indian economy (DBIE) infrastructure will be used for developing a SAARCFINANCE regional statistical database and compilation of 'Handbook of SAARCFINANCE'. Research studies will be undertaken in the area of corporate sector performance, expectation channel and forecasting of macro variables.

LEGAL MATTERS

X.73 The Legal Department of the Reserve Bank provides counsel and support to other departments ensuring that the policy decisions, actions and position taken by the Reserve Bank in various fora are legally sound and defensible. The department also guides the Reserve Bank in matters relating to the RTI Act.

Agenda for 2014-15: Implementation Status

X.74 During the year, a large number of appeals and writ petitions were filed before the Supreme Court against the judgments rendered by the Gujarat and Madras High Courts, challenging the constitutional validity of Section 2(1) (o) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 relating to classification of non-performing assets. The Supreme Court has since declared the provision as constitutionally valid.

X.75 The High Court of Gujarat in the case of *Ionic Metalliks vs. Union of India* had to deal with a case which, *inter alia*, challenged the Reserve

Bank's Master Circular on Wilful Defaulters and the action taken by certain banks on the basis of that circular. While upholding the authority of the Reserve Bank to issue the circular, the Court, however, held that making the circular applicable to all directors, irrespective of their involvement and responsibility, would neither be appropriate nor reasonable.

Agenda for 2015-16

X.76 Going forward, issues pertaining to the recommendations of Financial Sector Legislative Reforms Commission (FSLRC) and the enactment of the Indian Financial Code (IFC) are likely to be focused. Besides, certain amendments to the various Acts administered by the Reserve Bank need to be pursued in order to meet certain international commitments and standards and to clarify and clean up some provisions.

CORPORATE STRATEGY AND BUDGETING

X.77 The Corporate Strategy and Budget Department (CSBD) was carved out of the erstwhile Department of Expenditure and Budgetary Control as part of organisational restructuring in 2014. A key function of CSBD is formulating the budget of the Reserve Bank by adopting activity based and zero based budgeting, as also the need for allocating resources optimally. Expenditure is monitored through a quarterly review to the CCB. During 2014-15, CSBD held several rounds of interaction with Regional Directors (RDs), budget officers of ROs and CODs to sensitise them to use the budget process as a tool for expenditure monitoring and to focus on activities planned.

Agenda for 2015-16

X.78 The remit of the department going forward, is to identify the Reserve Bank's strategic priorities and allocate resources accordingly. With respect to funded external institutes, CSBD's focus will be to minimise funding of their revenue expenditure over a period of three years while supporting their research and capital expenditure. CSBD is

formulating a business continuity management (BCM) policy by June 2016. Payment of salaries and staff-related payments, a core function of the department, is in the process of being taken over by HRMD.

CORPORATE SERVICES

X.79 With a view to enabling the specialised departments to focus on their core functions, the Department of Corporate Services (DCS) has been set up as part of the reorganisation. It has a mandate to provide corporate support services by way of management of events/meetings/hospitality; framing guidelines for award of rate contracts; centralised procurement of office stationery, electronic document management; and protocol services to the top management.

RAJBHASHA

X.80 The Reserve Bank continued to ensure compliance of statutory provisions of the Official Language Act to promote the use of Hindi in its working during 2014-15. The Rajbhasha Department of the Reserve Bank acts as the nodal department for this purpose.

Agenda for 2014-15: Implementation Status

X.81 All the Regional Offices obtained membership of the Town Official Language Implementation Committee (TOLIC) during the year. Six offices of the Reserve Bank were notified in terms of Rule 10(4) of The Official Languages Rules, 1976. A number of Hindi competitions as well as functions in Hindi were organised during the year, including a two-day conference of *Rajbhasha* Officers in May 2015. Towards enhancing the use of Hindi in a computerised environment, intensive Hindi typing training programmes were conducted for officers and staff and 156 trainees passed the examination conducted by the Government.

X.82 Besides statutory publications, other publications were also brought out in a bilingual form. *Banking Chintan-Anuchintan*, the quarterly

Hindi magazine dedicated to banking and finance, is being published. The first issue of a half yearly e-newsletter *Rajbhasha Samachar* was released in January 2015.

X.83 The Parliamentary Committee on Official Language visited the Reserve Bank's Kochi office in 2015 and released the e-Banking Glossary. The glossary has since been uploaded on the Reserve Bank's website with various advanced features, such as search options in both Hindi and English. The Parliamentary Committee also visited the Delhi and Kolkata offices of the Reserve Bank. The committee suggested a few corrective actions for furthering the use of Hindi in the Reserve Bank like increasing the number of workshops and increasing the expense on Hindi advertisements.

Agenda for 2015-16

X.84 The work plan for 2015-16 has taken on board the concerns expressed by the Parliamentary Committee on Official Language. It has been decided to celebrate 2015-16 as the *Rajbhasha* Golden Jubilee Year in the Reserve Bank for which an action plan has been prepared covering various activities to be held during the year. A Hindi workshop for Regional Directors and heads of Central Office departments, region-wise seminars, various Hindi functions marking important linguistic events like Translation Day and International Mother Language Day have been planned to raise the level of implementation of the *Rajbhasha* policy.

PREMISES

X.85 The Premises Department is engaged in creating and maintaining the Reserve Bank's building infrastructure. In 2014-15, the department brought some of the stalled projects on track. Projects under the design and build (DB) mode were taken up for residential colonies at Anna Nagar, Chennai; Dadar-Parel, Mumbai and Ameerpet, Hyderabad; additional hostels at the Indira Gandhi Institute of Development Research (IGIDR), Mumbai and the Reserve Bank Staff College (RBSC), Chennai. The process of

acquisition of land for a sub-office and residences in Imphal was initiated. The existing physical infrastructure for dealing room for financial market operations in Mumbai and for comprehensive human resource system (CHRS) in Bengaluru was upgraded.

Green Initiative

X.86 As part of its Green Policy, grid interactive solar power plants are under installation at all Reserve Bank's offices. To utilise the waste generated, organic waste convertors have been installed in Kanpur, Thiruvananthapuram, New Delhi, Bengaluru and CAB, Pune.

Swachh Bharat - Sanitation Audit

X.87 A third party sanitation audit was carried out on a pilot basis for the Central Office Building (COB), Fort and Bandra Kurla Complex offices, Mumbai and Mumbai Central Colony. The findings have been taken up for rectification and redressal.

Agenda for 2015-16

X.88 The focus during 2015-16 will be on consolidating the existing physical resources of land and buildings, so as to ensure optimum utilisation and reduction in maintenance costs over the next two to three years. It is proposed to take up construction of the Reserve Bank's offices in Dehradun and Raipur. The redevelopment of Hauz Khas Colony, New Delhi; Chembur Colony, Mumbai under the DB mode, and construction of the CAFRAL building in Mumbai were impeded due to delays in securing requisite statutory approvals. With closer follow-up, the projects are expected to commence in 2015-16.

X.89 The Internet Protocol CCTV project is being implemented replacing the existing analog CCTV systems in 20 offices and is likely to be completed by October 2015. The provision of an integrated security system in the COB is expected to be completed by December 2015. The access control card based turnstile system installed at COB, is being replicated in the Regional Offices.