

XII

THE RESERVE BANK'S ACCOUNTS FOR 2020-21

The year 2020-21 is significant for the change in the accounting year of the Reserve Bank to April - March (earlier July - June). Due to this transition, the accounting year 2020-21 was of nine months only, i.e., July 2020 - March 2021. Thus, data presented in the chapter are for a period of nine months for 2020-21 as compared to twelve months for the previous year(s). The Balance Sheet size of the Reserve Bank, nevertheless, increased by 6.99 per cent for the year ended March 31, 2021, mainly reflecting its liquidity and foreign exchange operations. While income for the year decreased by 10.96 per cent, the expenditure decreased by 63.10 per cent. The year ended with an overall surplus of ₹99,122 crore as against ₹57,127.53 crore in the previous year, representing an increase of 73.51 per cent.

XII.1 The balance sheet of the Reserve Bank plays a critical role in the functioning of the country's economy, largely reflecting the activities carried out in pursuance of its currency issue function as well as monetary policy and reserve management objectives. The key financial results of the Reserve Bank's operations during the year 2020-21 (July - March) are set out in the following paragraphs.

XII.2 The size of the balance sheet increased by ₹3,72,876.43 crore, i.e., 6.99 per cent from ₹53,34,792.70 crore as on June 30, 2020 to ₹57,07,669.13 crore as on March 31, 2021. The increase on the asset side was mainly due to increase in foreign and domestic investments by 11.48 per cent and 13.75 per cent, respectively. On

the liability side, the increase was due to increase in Deposits, Notes Issued and Other Liabilities by 26.85 per cent, 7.26 per cent and 43.05 per cent, respectively. Domestic assets constituted 26.42 per cent while the foreign currency assets and gold (including gold deposit and gold held in India) constituted 73.58 per cent of total assets as on March 31, 2021 as against 28.75 per cent and 71.25 per cent, respectively, as on June 30, 2020.

XII.3 A provision of ₹20,710.12 crore was made and transferred to Contingency Fund (CF). No provision was made towards Asset Development Fund (ADF). The trends in income, expenditure, net disposable income and the surplus transferred to the Government are given in Table XII.1.

Table XII.1: Trends in Income, Expenditure and Net Income

(Amount in ₹ crore)

Item	2016-17	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6
a) Income	61,818.05	78,280.66	1,93,035.88	1,49,672.46	1,33,272.75
b) Total Expenditure ¹	31,154.93 ²	28,276.66 ³	17,044.15 ⁴	92,540.93 ⁵	34,146.75 ⁶
c) Net Income (a-b)	30,663.12	50,004.00	1,75,991.73	57,131.53	99,126.00
d) Transfer to Funds ⁷	4.00	4.00	4.00	4.00	4.00
e) Surplus Transferred to the Central Government (c-d)	30,659.12	50,000.00	1,75,987.73	57,127.53	99,122.00

Note: 1. Includes provision towards CF and ADF.

2. Includes a provision of ₹50 crore towards capital contribution in the Reserve Bank's subsidiary ReBIT and a provision of ₹13,140 crore towards transfer to CF.

3. Includes a provision of ₹14,189.27 crore towards transfer to CF.

4. Includes a provision of ₹63.60 crore towards transfer to ADF.

5. Includes a provision of ₹73,615 crore towards transfer to CF.

6. Includes a provision of ₹20,710.12 crore towards transfer to CF.

7. An amount of ₹1 crore each has been transferred to the National Industrial Credit (Long Term Operations) Fund, the National Rural Credit (Long Term Operations) Fund, the National Rural Credit (Stabilisation) Fund and the National Housing Credit (Long Term Operations) Fund during each of the five years.

XII.4 Changes in the financial statements effective from 2020-21:

XII.4.1 Based on the recommendations of Expert Committee to review the extant Economic Capital Framework (ECF) of the Reserve Bank (Chairman: Dr Bimal Jalan), formed in 2018, following changes have been effected from the current year 2020-21:

- (a) **Accounting year:** The accounting year of the Reserve Bank has been changed from 'July - June' to 'April - March'. This year being the year of transition, is of nine months only (July 2020 - March 2021).
- (b) **Presentation of Risk Provisions and Revaluation Accounts:** The Risk Provisions (CF and ADF) and the balances in the Revaluation Accounts which formed part of the balance sheet head 'Other Liabilities and Provisions', are now shown as distinct balance sheet heads.
- (c) **Balance sheet head - 'Other Liabilities and Provisions':** The nomenclature has been changed to 'Other Liabilities'.

XII.4.2 In addition to the above, following changes have also been incorporated from 2020-21:

- (a) **Unit of presentation** of the financial statements has been changed from 'Rupees billion' to 'Rupees crore'.
- (b) **Gold coin and Bullion:** The nomenclature of 'Gold coin and Bullion' forming part of Assets of Banking Department (BD) and 'Gold Coin and Bullion (as backing for Note issue)' forming part of Assets of Issue Department (ID) has been changed to 'Gold - BD' and 'Gold - ID', respectively.

The above changes have been notified by Government of India vide its Gazette Notification dated November 11, 2020. Also, the numbering of schedules has changed due to the changes indicated in XII. 4.1(b) above.

XII.5 The Independent Auditors' Report, the Balance Sheet and the Income Statement for the year 2020-21 along with the schedules, statement of Significant Accounting Policies and supporting Notes to Accounts are as follows:

INDEPENDENT AUDITORS' REPORT

To,
The President of India

Report on Audit of Financial Statements of Reserve Bank of India

Opinion

We, the undersigned Auditors of the Reserve Bank of India (hereinafter referred to as the "Bank"), do hereby report to the Central Government upon the Balance Sheet of the Bank as on March 31, 2021 and the Income Statement for the year ended on that date (hereinafter referred to as "Financial Statements"), which have been audited by us. This year being year of transition is of nine months (from July 1, 2020 to March 31, 2021).

In our opinion and to the best of our information and according to explanations given to us and as shown by the books of accounts of the Bank, the Balance Sheet read with Significant Accounting Policies is a full and fair Balance Sheet containing all necessary particulars and is properly drawn up in accordance with the requirements of the provisions of the Reserve Bank of India Act, 1934 ("the RBI Act, 1934") and Regulations framed there under so as to exhibit true and correct view of the state of affairs of the Bank as on March 31, 2021 and its results of operations for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Management is responsible for the other information. The other information comprises the information included in the Notes to the Accounts but does not include the Financial Statements and our report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Management and those Charged with Governance for the Financial Statements are responsible for the preparation of the Financial Statements that give a true and correct view of the state of affairs and results of operations of the Bank in accordance with the requirements of the provisions of the RBI Act, 1934 and Regulations framed thereunder and the accounting policies and practices followed by the Bank. This responsibility also includes maintenance of adequate auditing records and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent and the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and correct view and are free from material misstatement, whether due to fraud or error.

As per the RBI Act, 1934, the Bank can be liquidated only by the Central Government by order and in any other manner as it may direct. Also, while the fundamental basis of preparation of Financial Statements of the Bank are based on provisions of the RBI Act, 1934 and Regulations framed thereunder, the Management has adopted the accounting policies and practices which reflects its continuity as a Going concern.

Those charged with governance are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal financial control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the basis of accounting adopted by the Management and to see whether the accounting policies and information reflects it to be a going concern and based on the audit evidence obtained, whether a material uncertainty exists related to use of the basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The audit of the financial statements of the Bank for the year ended June 30, 2020, was carried out and reported jointly by M/s Prakash Chandra Jain & Co. and M/s Haribhakti & Co., LLP, Chartered Accountants, vide their unmodified audit report dated August 14, 2020, whose report has been furnished to us by the Management and which has been relied upon by us for the purpose of our audit of the financial information. Our opinion is not modified in respect of this matter.

We report that we have called for information and explanations from the Bank considered necessary for the purpose of our audit and such information and explanations have been given to our satisfaction.

We also report that the Financial Statements include the accounts of twenty-two accounting units of the Bank which have been audited by Statutory Branch Auditors and we have relied on their report in this regard.

For Prakash Chandra Jain & Co.
Chartered Accountants
(ICAI Firm Registration No. 002438C)

For G. M. Kapadia & Co.
Chartered Accountants
(ICAI Firm Registration No. 104767W)

Pratibha Sharma
Partner
Membership No. 400755
UDIN:21400755AAAABG4540

Atul Shah
Partner
Membership No. 039569
UDIN:21039569AAAHP8880

Place: Mumbai
Date: May 21, 2021

**RESERVE BANK OF INDIA
BALANCE SHEET AS ON MARCH 31, 2021**

(Amount in ₹ crore)

Liabilities	Schedule	2019-20	2020-21	Assets	Schedule	2019-20	2020-21
Capital		5.00	5.00	Assets of Banking Department (BD)			
Reserve Fund		6,500.00	6,500.00	Notes, Rupee Coin, Small Coin	6	12.59	12.02
Other Reserves	1	232.00	234.00	Gold - BD	7	1,42,874.67	1,43,582.87
Deposits	2	11,75,859.89	14,91,537.70	Investments-Foreign-BD	8	10,23,399.50	12,29,940.41
Risk Provisions				Investments-Domestic-BD	9	11,72,027.28	13,33,173.90
Contingency Fund		2,64,033.94	2,84,542.12	Bills Purchased and Discounted		0.00	0.00
Asset Development Fund		22,874.68	22,874.68	Loans and Advances	10	3,22,207.95	1,35,118.91
Revaluation Accounts	3	11,24,390.72	9,24,454.99	Investment in Subsidiaries	11	1,963.60	1,963.60
Other Liabilities	4	1,05,321.81	1,50,657.97	Other Assets	12	36,732.45	37,014.75
Liabilities of Issue Department				Assets of Issue Department (ID) (As backing for Notes Issued)			
Notes Issued	5	26,35,574.66	28,26,862.67	Gold - ID	7	1,13,145.92	1,04,140.13
				Rupee Coin		784.83	743.40
				Investments-Foreign-ID	8	25,21,643.91	27,21,979.14
				Investments-Domestic-ID	9	0.00	0.00
				Domestic Bills of Exchange and other Commercial Papers		0.00	0.00
						26,35,574.66	28,26,862.67
Total Liabilities		53,34,792.70	57,07,669.13	Total Assets		53,34,792.70	57,07,669.13

Charulatha S. Kar
Chief General Manager-in-Charge

T. Rabi Sankar
Deputy Governor

M. Rajeshwar Rao
Deputy Governor

M. D. Patra
Deputy Governor

M. K. Jain
Deputy Governor

Shaktikanta Das
Governor

**RESERVE BANK OF INDIA
INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

(Amount in ₹ crore)

INCOME	Schedule	2019-20	2020-21
Interest	13	1,09,333.40	69,057.09
Other Income	14	40,339.06	64,215.66
Total		1,49,672.46	1,33,272.75
EXPENDITURE			
Printing of Notes		4,377.84	4,012.09
Expenditure on Remittance of Currency		87.19	54.80
Agency Charges	15	3,876.08	3,280.06
Employee Cost		8,928.06	4,788.03
Interest		1.34	1.10
Postage and Telecommunication Charges		116.74	105.46
Printing and Stationery		20.03	17.00
Rent, Taxes, Insurance, Lighting, etc.		136.39	122.24
Repairs and Maintenance		87.72	76.49
Directors' and Local Board Members' Fees and Expenses		2.02	0.36
Auditors' Fees and Expenses		6.00	4.90
Law Charges		9.22	8.57
Depreciation		206.11	200.09
Miscellaneous Expenses		1,071.19	765.44
Provisions		73,615.00	20,710.12
Total		92,540.93	34,146.75
Available Balance		57,131.53	99,126.00
Less:			
(a) Contribution to:			
i) National Industrial Credit (Long Term Operations) Fund		1.00	1.00
ii) National Housing Credit (Long Term Operations) Fund		1.00	1.00
(b) Transferable to NABARD:			
i) National Rural Credit (Long Term Operations) Fund ¹		1.00	1.00
ii) National Rural Credit (Stabilisation) Fund ¹		1.00	1.00
(c) Others			
Surplus payable to the Central Government		57,127.53	99,122.00

1. These funds are maintained by the National Bank for Agriculture and Rural Development (NABARD).

Charulatha S. Kar
Chief General Manager-in-Charge

T. Rabi Sankar
Deputy Governor

M. Rajeshwar Rao
Deputy Governor

M. D. Patra
Deputy Governor

M. K. Jain
Deputy Governor

Shaktikanta Das
Governor

SCHEDULES FORMING PART OF BALANCE SHEET AND INCOME STATEMENT

(Amount in ₹ crore)

		2019-20	2020-21
Schedule 1:	Other Reserves		
	(i) National Industrial Credit (Long Term Operations) Fund	29.00	30.00
	(ii) National Housing Credit (Long Term Operations) Fund	203.00	204.00
	Total	232.00	234.00
Schedule 2:	Deposits		
	(a) Government		
	(i) Central Government	100.27	5,000.15
	(ii) State Governments	42.48	42.48
	Sub total	142.75	5,042.63
	(b) Banks		
	(i) Scheduled Commercial Banks	4,37,616.68	6,51,748.12
	(ii) Scheduled State Co-operative Banks	5,207.87	8,893.19
	(iii) Other Scheduled Co-operative Banks	7,138.21	9,848.31
	(iv) Non-Scheduled State Co-operative Banks	2,472.18	4,560.21
	(v) Other Banks	18,413.73	23,817.12
	Sub total	4,70,848.67	6,98,866.95
	(c) Financial Institutions outside India		
	(i) Repo borrowing - Foreign	0.00	9,038.44
	(ii) Reverse Repo Margin - Foreign	0.00	120.51
	Sub total	0.00	9,158.95
	(d) Others		
	(i) Administrators of RBI Employee PF A/c	4,549.26	4,302.70
	(ii) Depositors' Education and Awareness Fund	33,114.46	39,264.25
	(iii) Balances of Foreign Central Banks	1,680.01	1,226.67
	(iv) Balances of Indian Financial Institutions	2,347.06	1,439.68
	(v) Balances of International Financial Institutions	351.39	522.50
	(vi) Mutual Funds	1.35	1.35
(vii) Others	6,62,824.94	7,31,712.02	
Sub total	7,04,868.47	7,78,469.17	
Total	11,75,859.89	14,91,537.70	
Schedule 3:	Revaluation accounts		
	(i) Currency and Gold Revaluation Account (CGRA)	9,77,141.23	8,58,877.53
	(ii) Investment Revaluation Account-Foreign Securities (IRA-FS)	53,833.99	8,853.67
	(iii) Investment Revaluation Account-Rupee Securities (IRA-RS)	93,415.50	56,723.79
	(iv) Forward Exchange Forward Contracts Valuation Account (FCVA)	0.00	0.00
Total	11,24,390.72	9,24,454.99	
Schedule 4:	Other Liabilities		
	(i) Provision for Forward Contracts Valuation Account (PFCVA)	5,925.41	6,127.35
	(ii) Provision for payables	2,599.61	3,240.73
	(iii) Gratuity and Superannuation Fund	25,639.39	28,497.67
	(iv) Surplus Payable to the Central Government	57,127.53	99,122.00
	(v) Bills Payable	2.46	4.36
	(vi) Miscellaneous	14,027.41	13,665.86
Total	1,05,321.81	1,50,657.97	
Schedule 5:	Notes Issued		
	(i) Notes held in the Banking Department	12.52	11.98
	(ii) Notes in circulation	26,35,562.14	28,26,850.69
	Total	26,35,574.66	28,26,862.67

THE RESERVE BANK'S ACCOUNTS FOR 2020-21

		2019-20	2020-21
Schedule 6:	Notes, Rupee Coin, Small Coin		
	(i) Notes	12.52	11.98
	(ii) Rupee Coin	0.06	0.03
	(iii) Small Coin	0.01	0.01
	Total	12.59	12.02
Schedule 7:	Gold		
	(a) Banking Department		
	(i) Gold	1,39,376.67	1,43,582.87
	(ii) Gold Deposit	3,498.00	0.00
	Sub Total	1,42,874.67	1,43,582.87
	(b) Issue Department	1,13,145.92	1,04,140.13
	Total	2,56,020.59	2,47,723.00
Schedule 8:	Investments - Foreign		
	(i) Investments - Foreign - BD	10,23,399.50	12,29,940.41
	(ii) Investments - Foreign - ID	25,21,643.91	27,21,979.14
	Total	35,45,043.41	39,51,919.55
Schedule 9:	Investments - Domestic		
	(i) Investments - Domestic - BD	11,72,027.28	13,33,173.90
	(ii) Investments - Domestic - ID	0.00	0.00
	Total	11,72,027.28	13,33,173.90
Schedule 10:	Loans and Advances		
	(a) Loans and Advances to :		
	(i) Central Government	0.00	0.00
	(ii) State Governments	4,624.47	3,382.79
	Sub total	4,624.47	3,382.79
	(b) Loans and Advances to:		
	(i) Scheduled Commercial Banks	2,85,576.86	90,252.18
	(ii) Scheduled State Co-operative Banks	0.00	0.00
	(iii) Other Scheduled Co-operative Banks	0.00	0.00
	(iv) Non-Scheduled State Co-operative Banks	0.00	0.00
	(v) NABARD	22,123.19	25,425.56
	(vi) Others	9,883.43	6,905.32
	Sub total	3,17,583.48	1,22,583.06
	(c) Loans and Advances to Financial Institutions outside India:		
	(i) Repo Lending - Foreign	0.00	9,129.72
(ii) Repo Margin - Foreign	0.00	23.34	
Sub total	0.00	9,153.06	
	Total	3,22,207.95	1,35,118.91
Schedule 11:	Investment in Subsidiaries/ Associates		
	(i) Deposit Insurance and Credit Guarantee Corporation (DICGC)	50.00	50.00
	(ii) Bharatiya Reserve Bank Note Mudran (P) Ltd. (BRBNMPL)	1,800.00	1,800.00
	(iii) Reserve Bank Information Technology (P) Ltd. (ReBIT)	50.00	50.00
	(iv) National Centre for Financial Education (NCFE)	30.00	30.00
	(v) Indian Financial Technology & Allied Services (IFTAS)	33.60	33.60
	Total	1,963.60	1,963.60

		2019-20	2020-21	
Schedule 12:	Other Assets			
	(i) Fixed Assets (net of accumulated depreciation)	815.60	923.46	
	(ii) Accrued income (a + b)	34,535.74	34,643.53	
	a. on loans to employees	347.32	355.37	
	b. on other items	34,188.42	34,288.16	
	(iii) Swap Amortisation Account (SAA)	0.00	0.00	
	(iv) Revaluation of Forward Contracts Account (RFCA)	0.00	0.00	
(v) Miscellaneous	1,381.11	1,447.76		
	Total	36,732.45	37,014.75	
Schedule 13:	Interest			
	(a) Domestic Sources			
	(i) Interest on holding of Rupee Securities	70,303.70	59,824.79	
	(ii) Net Interest on LAF Operations	-13,052.75	-17,957.86	
	(iii) Interest on MSF Operations	148.75	12.38	
	(iv) Interest on Loans and Advances	3,557.17	1,709.00	
		Sub total	60,956.87	43,588.31
	(b) Foreign Sources			
	(i) Interest Income from Foreign Securities	33,025.03	23,059.63	
	(ii) Net Interest on Repo/ Reverse Repo Transactions	9.41	9.83	
	(iii) Interest on Deposits	15,342.09	2,399.32	
		Sub total	48,376.53	25,468.78
	Total	1,09,333.40	69,057.09	
Schedule 14:	Other Income			
	(a) Domestic Sources			
	(i) Exchange	0.00	0.00	
	(ii) Discount	734.57	964.16	
	(iii) Commission	2,431.24	2,073.97	
	(iv) Rent Realized	8.63	5.19	
	(v) Profit/ Loss on sale and redemption of Rupee Securities	1,252.43	5,193.94	
	(vi) Depreciation on Rupee Securities inter portfolio transfer	-9.38	-8.12	
	(vii) Amortisation of premium/ discount of Rupee Securities	1,680.95	846.48	
	(viii) Profit/ Loss on sale of Bank's property	1.39	1.38	
	(ix) Provision no longer required and Miscellaneous Income	248.74	-108.38	
		Sub total	6,348.57	8,968.62
	(b) Foreign Sources			
	(i) Amortisation of premium/ discount of Foreign Securities	-2,741.55	-6,715.95	
	(ii) Profit/ Loss on sale and redemption of Foreign Securities	6,738.82	11,348.84	
	(iii) Exchange gain/ loss from Foreign Exchange transactions	29,993.22	50,629.18	
	(iv) Miscellaneous Income	0.00	-15.03	
	Sub total	33,990.49	55,247.04	
	Total	40,339.06	64,215.66	
Schedule 15:	Agency Charges			
	(i) Agency Commission on Government Transactions	3,787.55	2,611.05	
	(ii) Underwriting Commission paid to the Primary Dealers	60.90	642.95	
	(iii) Sundries (Handling charges and turnover commission paid to banks for Relief/ Savings Bonds subscriptions; SBLA etc.)	6.26	6.30	
	(iv) Fees paid to the External Asset Managers, Custodians, Brokers, etc.	21.37	19.76	
	Total	3,876.08	3,280.06	

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2021

(a) General

1.1 Among other things, the Reserve Bank of India was established under the Reserve Bank of India Act, 1934 (the RBI Act, 1934) "to regulate the issue of Bank notes and the keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage".

1.2 The main functions of the Reserve Bank are: -

- a) Issue of Bank notes and circulation of coins;
- b) Acts as monetary authority and formulates, implements and monitors the monetary policy;
- c) Regulation and supervision of the financial system;
- d) Regulation and supervision of the payment and settlement systems;
- e) Acts as manager of foreign exchange;
- f) Maintaining and managing the country's foreign exchange reserves;
- g) Acting as the banker to banks and the governments;
- h) Acting as the debt manager of the governments;
- i) Developmental functions to support national objectives.

1.3 The RBI Act, 1934 requires that the issue of Bank notes should be conducted by the Reserve Bank in an Issue Department which shall be separated and kept wholly distinct from the Banking Department, and the assets of the Issue Department shall not be subject to any liability other than the liabilities of the Issue Department.

The RBI Act, 1934 requires that the assets of the Issue Department shall consist of gold coins, gold bullion, foreign securities, rupee coins and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department. The RBI Act, 1934 requires that the liabilities of the Issue Department shall be an amount equal to the total of the amount of the currency notes of the Government of India and Bank notes for the time being in circulation.

(b) Significant Accounting Policies

2.1 Convention

The financial statements are prepared in accordance with the RBI Act, 1934 and the notifications issued thereunder and, in the form, prescribed by the Reserve Bank of India General Regulations, 1949. These are based on historical cost except where it is modified to reflect revaluation and/ or amortisation. The accounting policies followed in preparing the financial statements are consistent with those followed in the previous year unless otherwise stated.

2.2 Revenue Recognition

- a) Income and expenditure are recognised on accrual basis except penal interest charged from the banks which is accounted for only when there is certainty of realisation. Dividend income on shares is recognised on accrual basis when the right to receive the same is established.
- b) Balances unclaimed and outstanding for more than three clear consecutive accounting years in certain transit accounts including Drafts Payable Account, Payment Orders Account, Sundry Deposits Account- Miscellaneous, Remittance Clearance Account, Earnest Money Deposit Account and Security Deposit Account are reviewed and written back to income. Claims, if any, are considered

and charged against income in the year of payment.

- c) Income and expenditure in foreign currency are recorded at the exchange rates prevailing on the last business day of the week/ month/ year, as applicable.
- d) Exchange gains/ losses on sale of foreign currencies and gold are accounted for using the weighted average cost method for arriving at the cost.

2.3 Gold & Foreign Currency Assets and Liabilities

Transactions in gold and foreign currency assets and liabilities are accounted for on settlement date basis.

a) Gold

Gold (including gold deposits) is revalued on the last business day of each week and month at ninety (90) per cent of the London Bullion Market Association (LBMA) gold price in US dollar and Rupee-US dollar market exchange rate on the valuation days. Unrealised valuation gains/ losses are accounted for in the Currency and Gold Revaluation Account (CGRA).

b) Foreign Currency Assets and Liabilities

All foreign currency assets and liabilities (excluding foreign currency received under swaps that are in the nature of repos and contracts where the rates are fixed contractually) are translated at the market exchange rates on the last business day of each week and month. Unrealised gains and losses arising from such translation of foreign currency assets and liabilities are accounted for in the CGRA.

Foreign securities, other than Treasury Bills (T-Bills), Commercial Papers and certain 'Held

to Maturity' securities (such as investments in notes issued by the International Monetary Fund and bonds issued by India Infrastructure Finance Company (IIFC), UK which are valued at cost) are marked-to-market as on the last business day of each week and month. Unrealised gains/ losses on revaluation are recorded in the 'Investment Revaluation Account - Foreign Securities' (IRA-FS). Credit balance in IRA-FS is carried forward to the subsequent year. Debit balance, if any, at the end of the year in IRA-FS is charged to the CF and the same is reversed on the first working day of the following accounting year.

Foreign T-Bills and Commercial Papers are carried at cost as adjusted by amortisation of discount/ premium. Premium or discount on foreign securities is amortised daily. Profit/ loss on sale of foreign securities is recognised with respect to the book value. On sale/ redemption of foreign dated securities, valuation gain/ loss in relation to the securities sold/ redeemed, lying in IRA-FS, is transferred to Income Account.

c) Forward/ Swap Contracts

Forward contracts entered into by the Reserve Bank are revalued on a half yearly basis. While mark-to-market net gain is credited to the 'Foreign Exchange Forward Contracts Valuation Account' (FCVA) with contra debit to 'Revaluation of Forward Contracts Account' (RFCA), mark-to-market net loss is debited to FCVA with contra credit to the 'Provision for Forward Contracts Valuation Account' (PFCVA). On maturity of the contract, the actual gain or loss is recognised in the Income Account and the unrealised gains/ losses previously recorded in the FCVA, RFCA and PFCVA are reversed. At the time

of half yearly revaluation, the balance in FCVA and RFCA or PFCVA as on that day is reversed and fresh revaluation is done for all the outstanding forward contracts.

Debit balance in FCVA, if any, on the balance sheet date, is charged to the CF and reversed on the first working day of the following year. The balance in the RFCA and PFCVA represents the net unrealised gains and losses, respectively, on valuation of the forward contracts.

In the case of swaps at off-market rates that are in the nature of repo, the difference between the future contract rate and the rate at which the contract is entered into is amortised over the period of the contract and recorded in the Income Account with contra in 'Swap Amortisation Account' (SAA). The amounts recorded in the SAA are reversed on maturity of the underlying contracts. Further, the amounts received under these swaps are not subject to periodic revaluation.

While FCVA forms part of 'Revaluation Accounts', PFCVA forms part of 'Other Liabilities' and RFCA and SAA form part of 'Other Assets'.

d) **Repurchase Transactions**

The Reserve Bank participates in the foreign Repurchase transactions (Repo and Reverse Repo) as part of the Reserve Management operations. The Repo transactions are treated as borrowing of foreign currencies and are shown under 'Deposits', whereas Reverse Repo transactions are treated as lending of foreign currencies and are shown under 'Loans and Advances'.

e) **Transactions in Interest Rate Futures (IRF)**

The IRF transactions undertaken under Reserve Management operations are marked-to-market on daily basis and the

resultant gain/ loss is booked in Income Account.

2.4 Transactions in Exchange Traded Currency Derivatives (ETCD)

The ETCD transactions undertaken by the Reserve Bank as part of its intervention operations are marked-to-market on daily basis and the resultant gain/ loss is booked in income account.

2.5 Domestic Investments

a) Rupee securities and oil bonds except those mentioned in (d) are marked-to-market as on the last business day of each month. The unrealised gains/ losses on revaluation is accounted for in 'Investment Revaluation Account-Rupee Securities' (IRA-RS). Credit balance in IRA-RS is carried forward to the following accounting year. Debit balance, if any, at the end of the year in IRA-RS is charged to the CF and the same is reversed on the first working day of the following accounting year. On sale/ redemption of rupee securities/ oil bonds, valuation gain/ loss in respect of rupee securities and oil bonds sold/ redeemed, lying in IRA-RS, is transferred to Income Account. Rupee securities and oil bonds are also subjected to daily amortisation.

b) Treasury Bills are valued at cost.

c) Investments in shares of subsidiaries are valued at cost.

d) Oil bonds and rupee securities earmarked for various staff funds (like Gratuity and Superannuation, Provident Fund, Leave Encashment, Medical Assistance Fund) and Depositors' Education and Awareness Fund (DEA Fund) are treated as 'Held to Maturity' and are held at amortised cost.

e) Transactions in domestic investment are accounted for on settlement date basis.

2.6 Liquidity Adjustment Facility (LAF) Repo/ Reverse Repo and Marginal Standing Facility (MSF)

Repo transactions under LAF and MSF are treated as lending and are accordingly being shown under 'Loans and Advances', whereas Reverse Repo transactions under LAF are being treated as deposits and shown under 'Deposit-Others'.

2.7 Fixed Assets

- a) Fixed Assets are stated at cost less depreciation except art and paintings and freehold land which are held at cost.
- b) Depreciation on fixed assets, other than land and buildings, acquired and capitalised during the year (from July 01 to March 31) would be reckoned on a monthly pro-rata basis from the month of capitalisation and effected on a half yearly basis at prescribed rates depending upon the useful life of the assets applied.
- c) Depreciation on the following fixed assets (costing more than ₹1 lakh) is provided on a straight-line basis depending on the useful life of an asset in the following manner:

Asset Category	Useful life (Rate of Depreciation)
Electrical Installations, UPS, Motor Vehicles, Furniture, Fixture, CVPS/ SBS Machines, etc.	5 years (20 per cent)
Computers, Servers, Micro-processors, Printers, Software, Laptops, e-book reader/ i-Pad, etc.	3 years (33.33 per cent)

- d) Fixed Assets, costing up to ₹1 lakh (except easily portable electronic assets like laptop/ e-book reader) are charged to income in the year of acquisition. Easily portable electronic assets, such as laptops, etc. costing more than ₹10,000 are capitalised and depreciation is calculated on monthly pro-rata basis at the applicable rate.

- e) Individual items of computer software costing ₹1 lakh and above are capitalised and depreciation is calculated on monthly pro-rata basis at applicable rates.
- f) Depreciation is provided on half year-end balances of fixed assets on monthly pro-rata basis. In case of additions/ deletions of assets other than land and building, depreciation is provided on monthly pro-rata basis including the month of addition/ deletion of such assets.
- (g) Depreciation on subsequent expenditure:
 - i. Subsequent expenditure incurred on an existing fixed asset which has not been fully depreciated in the books of accounts, is depreciated over the remaining useful life of the principal asset;
 - ii. Subsequent expenditure incurred on modernisation/ addition/ overhauling of an existing fixed asset, which has already been fully depreciated in the books of accounts, is first capitalised and thereafter depreciated fully in the year in which the expenditure is incurred.
- (h) Land and building: The accounting treatment in respect of land and building is as follows:

Land

- i. Land acquired on leasehold basis for a period of more than 99 years is treated as if it is on a perpetual lease basis. Such leases are considered as freehold properties and accordingly not subjected to amortisation.
- ii. Land acquired on lease up to 99 years is amortised over the period of the lease.
- iii. Land acquired on a freehold basis is not subject to any amortisation.

Buildings

- i. The life of all buildings is assumed as thirty years and depreciation is charged on a 'straight-line' basis over a period of thirty years. In respect of buildings constructed on lease hold land (where the lease period is less than thirty years) depreciation is charged on a 'straight-line' basis over the lease period of the land.
- ii. Impairment of buildings: For assessment of impairment, buildings are classified into two categories, as under:
 - a. *Buildings which are in use but have been identified for demolition in future or will be discarded in future:* The value in use of such buildings is the aggregate of depreciation for the future period up to the date it is expected to be discarded/demolished. The difference between the book value and aggregate of depreciation so arrived at is charged as depreciation.
 - b. *Buildings which have been discarded/ vacated:* These buildings are shown at realisable value (net selling price-if the asset is likely to be sold in future) or scrap value less demolition cost (if it is to be demolished). If the resultant amount is negative, then the carrying value of such buildings is shown at ₹1. The difference between the book value and realisable value (net selling price)/ scrap value less demolition cost is charged as depreciation.

2.8 Employee Benefits

- a) The Reserve Bank contributes monthly at a determined rate to Provident Fund for the

eligible employees and these contributions are charged to Income Account in the year to which it relates.

- b) Other liability on account of long-term employee benefits is provided based on an actuarial valuation under the 'Projected Unit Credit' method.

NOTES TO ACCOUNTS

XII.6 LIABILITIES OF THE RESERVE BANK

XII.6.1 Capital

The Reserve Bank was constituted as a private shareholders' bank in 1935 with an initial paid-up capital of ₹5 crore. The Reserve Bank was nationalised with effect from January 1, 1949 and its entire ownership remains vested with the Government of India. The paid-up capital continues to be ₹5 crore in terms of Section 4 of the RBI Act, 1934.

XII.6.2 Reserve Fund

The original Reserve Fund of ₹5 crore was created in terms of Section 46 of the RBI Act, 1934 as contribution from the Central Government for the currency liability of the then sovereign government taken over by the Reserve Bank. Thereafter, an amount of ₹6,495 crore was credited to this fund from out of gains on periodic revaluation of gold up to October 1990, taking it to ₹6,500 crore. The fund has been static since then as the unrealised gain/ loss on account of valuation of gold and foreign currency is since being booked in the Currency and Gold Revaluation Account (CGRA) which appears under 'Revaluation Accounts'.

XII.6.3 Other Reserves

This includes National Industrial Credit (Long Term Operations) Fund and National Housing Credit (Long Term Operations) Fund.

a) *National Industrial Credit (Long Term Operations) Fund*

This fund was created in July 1964, in terms of Section 46C of the RBI Act, 1934 with an initial corpus of ₹10 crore. The fund witnessed annual contributions from the Reserve Bank for financial assistance to eligible financial institutions. Since 1992-93, a token amount of ₹1 crore is being contributed each year to the Fund. The balance in the fund stood at ₹30 crore as on March 31, 2021.

b) *National Housing Credit (Long Term Operations) Fund*

This fund was set up in January 1989 in terms of Section 46D of the RBI Act, 1934 for extending financial accommodation to the National Housing Bank (NHB). The initial corpus of ₹50 crore has been enhanced by annual contributions from the Reserve Bank thereafter. From the year 1992-93, only a token amount of ₹1 crore is being contributed each year. The balance in the fund stood at ₹204 crore as on March 31, 2021.

Note: Contribution to other Funds

There are two other Funds constituted in terms of Section 46A of the RBI Act, 1934, viz., National Rural Credit (Long Term Operations) Fund and National Rural Credit (Stabilisation) Fund which are maintained by National Bank for Agriculture and Rural Development (NABARD) for which a token amount of ₹1 crore each is set aside and transferred to NABARD every year.

XII.6.4 Deposits

These represent the balances maintained with the Reserve Bank, by the central and state governments, banks, All India Financial Institutions, such as Export Import Bank (EXIM Bank), NABARD, etc., Foreign Central Banks, International Financial Institutions, balances in

Administrator of RBI Employees' Provident Fund, Depositors' Education and Awareness Fund (DEA Fund), amount outstanding against Reverse Repo, Medical Assistance Fund (MAF), etc.

Total deposits increased by 26.85 per cent from ₹11,75,859.89 crore as on June 30, 2020 to ₹14,91,537.70 crore as on March 31, 2021.

a. *Deposits – Government*

The Reserve Bank acts as the banker to the central government in terms of Sections 20 and 21 and as banker to the state governments by mutual agreement in terms of Section 21A of the RBI Act, 1934. Accordingly, the central and the state governments maintain deposits with the Reserve Bank. The balances held by the central and state governments were ₹5,000.15 crore and ₹42.48 crore, respectively, as on March 31, 2021 as compared to ₹100.27 crore and ₹42.48 crore, respectively, as on June 30, 2020. The increase in the deposit of central government is due to requirement of maintenance of a higher minimum balance in their accounts as on March 31.

b. *Deposits – Banks*

Banks maintain balance in their current accounts with the Reserve Bank towards maintenance of the Cash Reserve Ratio (CRR) requirement and for keeping the working funds to meet payment and settlement obligations. The deposits held by banks increased by 48.43 per cent from ₹4,70,848.67 crore as on June 30, 2020 to ₹6,98,866.95 crore as on March 31, 2021. The increase in this head is on account of restoration of CRR in a phased manner, with the banks required to maintain CRR at 3.5 per cent of NDTL at end March 2021, as compared to CRR requirement of 3.0 per cent of NDTL as on June 30, 2020.

c. *Deposits – Financial Institutions Outside India*

The balance under the head was ₹9,158.95 crore as on March 31, 2021 as against Nil as on June 30, 2020.

d. *Deposits - Others*

'Deposits - Others' consists of balances of Administrator of RBI Employees Provident Fund, balance in Depositors' Education and Awareness Fund (DEA Fund), balances of Foreign Central Banks, Indian and International Financial Institutions, Medical Assistance Fund, amount outstanding under Reverse Repo, etc. The amount under 'Deposits - Others' increased by 10.44 per cent from ₹7,04,868.47 crore as on June 30, 2020 to ₹7,78,469.17 crore as on March 31, 2021 primarily due to increase in reverse repo deposits with the Reserve Bank.

charge to CF is reversed on the first working day of the following year. Further, an amount of ₹20,710.12 crore was provided towards CF. Accordingly, the balance in CF as on March 31, 2021 was ₹2,84,542.12 crore as compared to ₹2,64,033.94 crore as on June 30, 2020.

b. *Asset Development Fund (ADF)*

ADF was created in 1997-98 and the balance therein represents provision specifically made till date towards investments in subsidiaries and associate institutions and meet internal capital expenditure. No provision was made towards ADF in the year 2020-21. The balance in ADF remains as ₹22,874.68 crore as on March 31, 2021 (Table XII.2).

XII.6.5 Risk Provisions

There are two risk provisions of the Reserve Bank viz., Contingency Fund (CF) and Asset Development Fund (ADF). The provision made towards these funds are made in terms of section 47 of the RBI Act, 1934. The details are as under:

a. *Contingency Fund (CF)*

This is a specific provision meant for meeting unexpected and unforeseen contingencies, including depreciation in the value of securities, risks arising out of monetary/exchange rate policy operations, systemic risks and any risk arising on account of the special responsibilities enjoined upon the Reserve Bank. As on March 31, 2021, an amount of ₹6,127.35 crore was charged to CF on account of debit balance of FCVA. The

Table XII.2: Balances in Risk Provisions

(₹ crore)

As on	Balance in CF	Balance in ADF	Total	CF and ADF as Percentage to Total Assets
1	2	3	4=(2+3)	5
June 30, 2017	2,28,206.53 [#]	22,811.08	2,51,017.61	7.6
June 30, 2018	2,32,107.76 [@]	22,811.08	2,54,918.84	7.05
June 30, 2019	1,96,344.35 ^{\$}	22,874.68	2,19,219.03	5.34
June 30, 2020	2,64,033.94 [*]	22,874.68	2,86,908.62	5.38
March 31, 2021	2,84,542.12 [^]	22,874.68	3,07,416.80	5.39

[#] Increase in CF is the net impact of provision of ₹13,139.62 crore and charging of the debit balance of IRS and FCVA amounting to ₹6,585.55 crore as on June 30, 2017.

[@] Increase in CF is the net impact of provision of ₹14,189.27 crore and charging of the debit balance of IRA-FS amounting to ₹16,873.59 crore as on June 30, 2018.

^{\$} The decline in the CF is due to writing back of excess provision of ₹52,637 crore as on June 30, 2019.

^{*} Increase in CF is the net impact of provision of ₹73,615 crore and charging of the debit balance in the FCVA amounting to ₹5,925.41 crore as on June 30, 2020.

[^] Increase in CF is the net impact of provision of ₹20,710.12 crore and charging of the debit balance in the FCVA amounting to ₹6,127.35 crore as on March 31, 2021.

XII.6.6 Revaluation Accounts

The unrealised marked-to-market gains/ losses are recorded in the revaluation heads, viz., Currency and Gold Revaluation Account (CGRA), Investment Revaluation Accounts (IRA) and Foreign Exchange Forward Contracts Valuation Account (FCVA). The details are as under:

a. *Currency and Gold Revaluation Account (CGRA)*

The major sources of market risk faced by the Reserve Bank are currency risk, interest rate risk and movement in gold prices. Unrealised gains/ losses on valuation of Foreign Currency Assets (FCA) and Gold are not taken to the Income Account but instead accounted for in the CGRA. Net balance in CGRA, therefore, varies with the size of the asset base, its valuation and movement in the exchange rate and the price of gold. CGRA provides a buffer against exchange rate/ gold price fluctuations. It can come under pressure if there is an appreciation of the rupee vis-à-vis major currencies or a fall in the price of gold. When CGRA is not sufficient to fully meet exchange losses, it is replenished from the CF. During 2020-21, the balance in CGRA decreased from ₹9,77,141.23 crore as on June 30, 2020 to ₹8,58,877.53 crore as on March 31, 2021 mainly due to appreciation of rupee and the fall in the international price of gold.

b. *Investment Revaluation Account-Foreign securities (IRA-FS)*

The foreign dated securities are marked-to-market on the last business day of each week and month and the unrealised gains/ losses arising therefrom are transferred to the IRA-FS. The balance in IRA-FS decreased from ₹53,833.99 crore as on June 30, 2020 to ₹8,853.67 crore as on March 31, 2021.

c. *Investment Revaluation Account-Rupee Securities (IRA-RS)*

Rupee securities and oil bonds (with exception as mentioned under Significant Accounting Policy) held as assets of the Banking Department are marked-to-market as on the last business day of each month and the unrealised gains/ losses arising therefrom are booked in IRA-RS. The balance in IRA-RS decreased from ₹93,415.50 crore as on June 30, 2020 to ₹56,723.79 crore as on March 31, 2021 due to sale of rupee securities and hardening of yields at the longer end of the yield curve leading to MTM losses on few securities held by the Reserve Bank during the year.

d. *Foreign Exchange Forward Contracts Valuation Account (FCVA)*

Marking-to-market of outstanding forward contracts as on March 31, 2021 resulted in a net unrealised loss of ₹6,127.35 crore, which was debited to the FCVA with contra credit to PFCVA. As per the extant policy, the debit balance of ₹6,127.35 crore in FCVA was adjusted against the CF on March 31, 2021 and reversed on the first working day of the following year. Accordingly, the balance in FCVA was Nil on March 31, 2021.

XII.6.7 Other Liabilities

'Other Liabilities' increased by 43.05 per cent from ₹1,05,321.81 crore as on June 30, 2020 to ₹1,50,657.97 crore as on March 31, 2021, primarily due to increase in surplus payable to the Government of India.

i. *Provision for Forward Contracts Valuation Account (PFCVA)*

Marked-to-market net loss on outstanding forward contracts was credited to PFCVA as

Table XII.3: Balances in CGRA, FCVA, PFCVA, IRA-FS and IRA-RS

(₹ crore)

As on	CGRA	FCVA	PFCVA	IRA-FS	IRA-RS
1	2	3	4	5	6
June 30, 2017	5,29,944.69	0.00	2,963.11	0.00	57,089.90
June 30, 2018	6,91,640.97	3,261.92	0.00	0.00	13,285.22
June 30, 2019	6,64,479.74	1,303.96	0.00	15,734.96	49,476.26
June 30, 2020	9,77,141.23	0.00	5,925.41	53,833.99	93,415.50
March 31, 2021	8,58,877.53	0.00	6,127.35	8,853.67	56,723.79

explained above. The balance in PFCVA as on March 31, 2021 was ₹6,127.35 crore, as against ₹5,925.41 crore as on June 30, 2020.

The balances in Revaluation Accounts and Provision for Forward Contracts Valuation Account (PFCVA) for the last five years is given in Table XII.3.

ii. Provision for Payables

This represents the year end provisions made for expenditure incurred but not defrayed and income received in advance/ payable, if any. The balance under this head increased by 24.66 per cent from ₹2,599.61 crore as on June 30, 2020 to ₹3,240.73 crore as on March 31, 2021.

iii. Surplus Transferable to the Government of India

Under Section 47 of the RBI Act, 1934 after making provisions for bad and doubtful debts, depreciation in assets, contribution to staff and superannuation funds and for all matters for which provisions are to be made by or under the Act or that are usually provided by bankers, the balance of the profits of the Reserve Bank is required to be paid to the central government. Under Section 48 of the RBI Act, 1934 the Reserve Bank is not liable to pay income tax or super tax on any of its income, profits or gains. Accordingly,

after adjusting the expenditure, provision for CF and contribution of ₹4 crore to four statutory funds, the surplus transferable to the Government of India for the year 2020-21 amounted to ₹99,122 crore (including ₹493.92 crore as against ₹632.17 crore in the previous year payable towards the difference in interest expenditure borne by the Government, consequent on conversion of special securities into marketable securities).

iv. Bills Payable

The Reserve Bank provides remittance facilities for its constituents through issue of Demand Drafts (DDs) and Payment Orders (POs) (besides electronic payment mechanism). The balance under this head represents the unclaimed DDs/ POs. The amount outstanding under this head increased from ₹2.46 crore as on June 30, 2020 to ₹4.36 crore as on March 31, 2021.

v. Miscellaneous

This is a residual head representing items such as interest earned on earmarked securities, amounts payable on account of leave encashment, medical provisions for employees, global provision, etc. The balance under this head decreased from ₹14,027.41 crore as on June 30, 2020 to ₹13,665.86 crore as on March 31, 2021.

XII.6.8 Liabilities of Issue Department - Notes Issued

The liabilities of Issue Department reflect the quantum of currency notes in circulation. Section 34 (1) of the RBI Act, 1934 requires that all bank notes issued by the Reserve Bank since April 1, 1935 and the currency notes issued by the Government of India before the commencement of operations of the Reserve Bank, be part of the liabilities of the Issue Department. The 'Notes Issued' increased by 7.26 per cent from ₹26,35,574.66 crore as on June 30, 2020 to ₹28,26,862.67 crore as on March 31, 2021. The increase is on account of the continued efforts of Reserve Bank to supply adequate quantity of banknotes to meet the transactional needs of the public. Also, an amount of ₹10,719.37 crore, representing the value of Specified Bank Notes (SBNs) not paid was transferred to 'Other Liabilities' as on June 30, 2018. In terms of Gazette Notification issued by Government of India on May 12, 2017, the Reserve Bank has made payments to the extent of ₹2.68 crore towards exchange value of SBNs to eligible tenderers during the year ended March 31, 2021.

XII.7 ASSETS OF THE RESERVE BANK

XII.7.1 ASSETS OF BANKING DEPARTMENT

i) Notes, Rupee Coin and Small Coin

This head represents the balances of bank notes, one-rupee notes, rupee coins of ₹1, 2, 5, 10 and 20 and small coins kept in the vaults of the Banking Department to meet the day to day requirements of the banking functions conducted by the Reserve Bank. The balance as on March 31, 2021 was ₹12.02 crore as against ₹12.59 crore as on June 30, 2020.

ii) Gold - Banking Department (BD)

As on March 31, 2021, the Reserve Bank held 695.31 metric tonnes of gold as compared to

661.41 metric tonnes as on June 30, 2020. The increase is on account of addition of 33.90 metric tonnes of Gold during the year.

Of 695.31 metric tonnes as on March 31, 2021, 292.30 metric tonnes is held as backing for notes issued and shown separately as an asset of Issue Department. The balance 403.01 metric tonnes as on March 31, 2021 as compared to 369.11 metric tonnes on June 30, 2020 is treated as an asset of Banking Department (Table XII.4). The value of gold held as asset of Banking Department increased by 0.50 per cent from ₹1,42,874.67 crore as on June 30, 2020 to ₹1,43,582.87 crore as on March 31, 2021, on account of addition of 33.90 metric tonnes of gold during the year.

iii) Bills Purchased and Discounted

Though the Reserve Bank can undertake purchase and discounting of commercial bills under the RBI Act, 1934, no such activity was undertaken in 2020-21. Consequently, there was no such asset in the books of the Reserve Bank as on March 31, 2021.

iv) Investments - Foreign - Banking Department (BD)

The Foreign Currency Assets (FCA) of the Reserve Bank include: (i) deposits with

Table XII.4: Physical Holding of Gold

	As on June 30, 2020	As on March 31, 2021
	Volume in metric tonnes	Volume in metric tonnes
1	2	3
Gold held for backing notes issued (held in India)	292.30	292.30
Gold held as asset of Banking Department (held abroad)	369.11	403.01
Total	661.41	695.31

other central banks (ii) deposits with the Bank for International Settlements (BIS) (iii) deposits with commercial banks overseas (iv) investments in foreign T-Bills and securities and (v) Special Drawing Rights (SDR) acquired from the Government of India.

The FCA is reflected under two heads in the Balance Sheet: (a) 'Investments-Foreign-BD' shown as an asset of Banking Department and (b) 'Investments-Foreign-ID' shown as an asset of Issue Department.

Investments - Foreign - ID are the FCA, eligible as per Section 33(6) of the RBI Act, 1934, used for backing of Notes Issued. The remaining of FCA constitutes 'Investments-Foreign-BD'.

The position of FCA for the last two years is given in Table XII.5.

v) Investments - Domestic - Banking Department (BD)

Investments comprise Dated Government Rupee Securities, State Development Loans, Treasury Bills and Special Oil Bonds. The Reserve Bank's holding of domestic securities increased by 13.75 per cent, from ₹11,72,027.28 crore as on June 30, 2020 to ₹13,33,173.90 crore as on March 31, 2021. The increase was mainly on account of liquidity management operations conducted by way of net purchase of government securities amounting to ₹1,92,821 crore (Face Value).

A part of Investments - Domestic - BD is also earmarked for various staff funds and DEA Fund as explained in para 2.5(d). As on March 31, 2021, ₹75,776 crore (Face Value) was earmarked for staff funds and DEA Fund taken together.

Table XII.5: Details of Foreign Currency Assets (FCA)

(₹ crore)

Particulars	June 30, 2020	March 31, 2021
1	2	3
I Investments - Foreign - BD*	10,23,399.50	12,29,940.41
II Investments - Foreign - ID	25,21,643.91	27,21,979.14
Total	35,45,043.41	39,51,919.55

*: includes Shares in BIS and SWIFT and SDRs transferred from Gol valued at ₹11,155.96 crore as on March 31, 2021 compared to ₹11,211.13 crore as on June 30, 2020.

Notes:

1. The Reserve Bank has agreed to make resources available under the IMF's New Arrangements to Borrow (NAB). Effective January 01, 2021, the size of IMF's NAB has been doubled. India's commitment under NAB stands at SDR 8.88 billion (₹92,015.21 crore/ US\$12.58 billion). As on March 31, 2021, compared to SDR 4.44 billion (₹46,258.89 crore/ US\$6.13 billion) as on June 30, 2020. As on March 31, 2021, investments amounting to SDR 0.13 billion (₹1,316.32 crore/ US\$0.18 billion) have been made under the NAB.
2. The Reserve Bank has agreed to invest up to an amount, the aggregate of which shall not exceed US\$5 billion (₹36,559 crore), in the bonds issued by India Infrastructure Finance Company (UK) Limited. As on March 31, 2021, the Reserve Bank has invested US\$1.86 billion (₹13,621.79 crore) in such bonds.
3. During the year 2013-14, the Reserve Bank and Government of India (Gol) entered into a MoU for transfer of SDR holdings from Gol to the Reserve Bank in a phased manner. As on March 31, 2021, SDR 1.05 billion (₹10,847.81 crore/ US\$1.48 billion) were held by the Reserve Bank.
4. With a view to strengthening regional financial and economic cooperation, the Reserve Bank has agreed to offer an amount of up to US\$2 billion both in foreign currency and Indian rupee under the SAARC Swap Arrangement to SAARC member countries. As on March 31, 2021, Swap with Bhutan and Maldives, amounting to US\$0.20 billion (₹1,454.19 crore) and US\$0.25 billion (₹1,827.92 crore), respectively, is outstanding.
5. The nominal value of foreign securities posted as collateral and margin in repurchase and IRF transactions was ₹9,171.35 crore / US\$ 1.25 billion and the nominal value of those received under reverse repurchase transactions was ₹8,688.75 crore / US\$ 1.21 billion as on March 31, 2021.

vi) **Loans and Advances**a) *Central and State Governments*

These loans are extended in the form of Ways and Means Advances (WMA) and Overdraft (OD) to the central government and in the form of WMA, OD and Special Drawing Facility (SDF) to the state governments in terms of Section 17(5) of the RBI Act, 1934. The WMA limit, in case of the central government, is fixed from time to time in consultation with the Government of India and in case of the state governments, the limits are fixed based on the recommendations of Advisory Committee/ Group constituted for this purpose. There were no loans and advances lying outstanding to the central government as on June 30, 2020 as well as on March 31, 2021 as the central government was in surplus on both the days whereas loans and advances to state governments decreased by 26.85 per cent from ₹4,624.47 crore as on June 30, 2020 to ₹3,382.79 crore as on March 31, 2021.

b) *Loans and Advances to Commercial, Co-operative Banks, NABARD and others*

- *Loans and Advances to Commercial and Co-operative Banks:* These include amounts outstanding against Repo under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) and special liquidity facility to banks. The amount outstanding decreased from ₹2,85,576.86 crore as on June 30, 2020 to ₹90,252.18 crore as on March 31, 2021 primarily due

to repayments of Long Term Repo Operations (LTRO), Targeted LTRO (TLTRO) 1.0 and TLTRO 2.0 by banks during the year (July 2020 - March 2021).

▪ *Loans and Advances to NABARD:*

The Reserve Bank can extend loans to NABARD under Section 17 (4E) of the RBI Act, 1934. The balance under this head increased from ₹22,123.19 crore as on June 30, 2020 to ₹25,425.56 crore as on March 31, 2021.

▪ *Loans and Advances to others*

The balance under this head represents loans and advances to National Housing Bank (NHB) and liquidity support provided to Primary Dealers (PDs). The balance under this head decreased by 30.13 per cent from ₹9,883.43 crore as on June 30, 2020 to ₹6,905.32 crore as on March 31, 2021 primarily due to decrease in loans and advances to NHB.

c) *Loans and Advances to Financial Institutions outside India*

The balance under the head was ₹9,153.06 crore as on March 31, 2021 as against Nil as on June 30, 2020.

vii) **Investment in Subsidiaries/ Associates**

Total holding of the Reserve Bank in its subsidiaries/ associate institutions amounted to ₹1,963.60 crore as on March 31, 2021, same as that in the previous year. The details are given in Table XII.6.

Table XII.6: Holdings in Subsidiaries/ Associates in 2020-21

Subsidiaries/ Associates	Amount (₹ crore)	Per cent Holding as on March 31, 2021
1	2	3
a) Deposit Insurance and Credit Guarantee Corporation (DICGC)	50.00	100
b) Bharatiya Reserve Bank Note Mudran (P) Ltd. (BRBNMPL)	1,800.00	100
c) Reserve Bank Information Technology (P) Ltd. (ReBIT)	50.00	100
d) National Centre for Financial Education (NCFE)	30.00	30
e) Indian Financial Technology & Allied Services (IFTAS)	33.60	100
Total	1,963.60	

viii) **Other Assets**

'Other Assets' comprises fixed assets (net of depreciation), accrued income, balances held in (a) Swap Amortisation Account (SAA) (b) Revaluation of Forward Contracts Account (RFCA) and miscellaneous assets. Miscellaneous assets comprise mainly loans and advances to staff, amount spent on projects pending completion, security deposit paid, etc. The amount outstanding under 'Other Assets' increased by 0.77 per cent from ₹36,732.45 crore as on June 30, 2020 as compared to ₹37,014.75 crore as on March 31, 2021.

a. *Swap Amortisation Account (SAA)*

As on March 31, 2021, the balance in SAA is NIL as there were no outstanding contracts of swaps which were in nature of repo at off market rate.

b. *Revaluation of Forward Contracts Account (RFCA)*

RFCA had NIL balance as on March 31, 2021.

XII.7.2 ASSETS OF ISSUE DEPARTMENT

The eligible assets of the Issue Department held as backing for notes issued consist of Gold, Rupee Coin, Investments–Foreign ID, Government of India Rupee Securities and Domestic Bills of

Exchange. The Reserve Bank holds 695.31 metric tonnes of gold, of which 292.30 metric tonnes are held as backing for notes issued as on March 31, 2021 (Table XII.4). The value of gold held as backing for notes issued decreased by 7.96 per cent from ₹1,13,145.92 crore as on June 30, 2020 to ₹1,04,140.13 crore as on March 31, 2021. Consequent upon the increase in notes issued, Investments-Foreign-ID held as its backing increased by 7.94 per cent from ₹25,21,643.91 crore as on June 30, 2020 to ₹27,21,979.14 crore as on March 31, 2021. The balance of Rupee Coins held by the Issue Department decreased by 5.28 per cent from ₹784.83 crore as on June 30, 2020 to ₹743.40 crore as on March 31, 2021.

XII.8 FOREIGN EXCHANGE RESERVES

XII.8.1 The Foreign Exchange Reserves (FER) comprises FCA, Gold, Special Drawing Rights (SDRs) holdings and Reserve Tranche Position (RTP). The SDR holdings acquired from Government of India (Gol) form part of Reserve Bank's balance sheet and is included under 'Investments-Foreign-BD'. The SDR holdings remaining with Gol and the RTP, which represents India's quota contribution to IMF in foreign currency, is not a part of Reserve Bank's balance sheet. The position of FER as on June 30, 2020 and March 31, 2021 in Indian Rupees and the US dollar, which is the numéraire currency for our FER, is furnished in Tables XII.7 (a) and (b).

Table XII.7(a): Foreign Exchange Reserves (Rupee)

(₹ crore)

Components	As on		Variation	
	June 30, 2020	March 31, 2021	Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	35,17,514.26 [^]	39,24,167.84 [#]	4,06,653.58	11.56
Gold	2,56,020.59 [@]	2,47,723.00 [*]	-8,297.59	-3.24
Special Drawing Rights (SDR)	10,923.25	10,863.73	-59.52	-0.54
Reserve Tranche Position (RTP) in IMF	34,111.66	36,198.01	2,086.35	6.12
Foreign Exchange Reserves (FER)	38,18,569.76	42,18,952.59	4,00,382.83	10.49

[^] : Excludes (a) SDR Holdings of the Reserve Bank amounting to ₹10,901.23 crore, which is included under the SDR holdings, (b) Investment of ₹14,067.55 crore in bonds issued by IIFC (UK), and (c) ₹1,427.73 crore lent to Bhutan and ₹1,132.64 crore lent to Maldives under a Currency Swap arrangement made available for SAARC countries.

[#] : Excludes (a) SDR Holdings of the Reserve Bank amounting to ₹10,847.81 crore, which is included under the SDR holdings, (b) Investment of ₹13,621.79 crore in bonds issued by IIFC (UK), and (c) ₹1,454.19 crore lent to Bhutan and ₹1,827.92 crore lent to Maldives under a Currency Swap arrangement made available for SAARC countries

[@] : Of this, Gold valued at ₹1,13,145.92 crore is held as an asset of Issue Department and Gold valued at ₹1,42,874.67 crore is held under asset of Banking Department.

^{*} : Of this, Gold valued at ₹1,04,140.13 crore is held as an asset of Issue Department and Gold valued at ₹1,43,582.87 crore is held under asset of Banking Department.

Table XII.7(b): Foreign Exchange Reserves (USD)

(US\$ billion)

Components	As on		Variation	
	June 30, 2020	March 31, 2021	Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	465.83 [*]	536.69 ^{**}	70.86	15.21
Gold	33.90	33.88	-0.02	-0.06
Special Drawing Rights (SDR)	1.45	1.49	0.04	2.76
Reserve Tranche Position (RTP) in IMF	4.52	4.92	0.40	8.85
Foreign Exchange Reserves (FER)	505.70	576.98	71.28	14.10

^{*} : Excludes (a) SDR Holdings of the Reserve Bank amounting to US\$1.44 billion, which is included under the SDR holdings, (b) US\$1.86 billion invested in bonds of IIFC (UK) and (c) BTN equivalent to US\$0.19 billion equivalent of INR currency lent to Bhutan and US\$0.15 billion lent to Maldives under a Currency Swap arrangement made available for SAARC countries.

^{**} : Excludes (a) SDR Holdings of the Reserve Bank amounting to US\$1.48 billion, which is included under the SDR holdings, (b) US\$1.86 billion invested in bonds of IIFC (UK) and (c) BTN equivalent to US\$0.20 billion equivalent of INR currency lent to Bhutan and US\$0.25 billion lent to Maldives under a Currency Swap arrangement made available for SAARC countries.

ANALYSIS OF INCOME AND EXPENDITURE

XII.9 INCOME

XII.9.1 The components of Reserve Bank's income are 'Interest', and 'Other Income' including (i) Discount (ii) Exchange (iii) Commission (iv) Amortisation of Premium/ Discount on Foreign and Rupee Securities (v) Profit/ Loss on Sale and Redemption of Foreign and Rupee Securities

(vi) Depreciation on Rupee Securities inter portfolio transfer (vii) Rent Realised (viii) Profit or loss on sale of the Reserve Bank's property and (ix) Provisions no longer required and Miscellaneous Income. Certain items of income such as interest on LAF repo, Repo in foreign security and exchange gain/ loss from foreign exchange transactions are reported on net basis.

Table XII.8: Earnings from Foreign Sources

(₹ crore)

Item	2019-20	2020-21	Variation	
			Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	35,45,043.41	39,51,919.55	4,06,876.14	11.48
Average FCA	31,10,365.72	38,49,940.15	7,39,574.43	23.78
Earnings from FCA (interest, discount, exchange gain/ loss, capital gain/ loss on securities)	82,367.02	80,715.82	(-) 1,651.20	(-) 2.00
Earnings from FCA as per cent of average FCA	2.65	2.10	(-) 0.55	(-) 20.75

Earnings from Foreign Sources

XII.9.2 The income from foreign sources decreased by 2.00 per cent from ₹82,367.02 crore in 2019-20 to ₹80,715.82 crore in 2020-21. The rate of earnings on foreign currency assets was at 2.10 per cent in 2020-21 as compared with 2.65 per cent in 2019-20 (Table XII.8).

Earnings from Domestic Sources

XII.9.3 The net income from domestic sources decreased by 21.91 per cent from ₹67,305.44 crore in 2019-20 to ₹52,556.93 crore in 2020-21 mainly on account of (a) decrease in interest income on holding of Rupee Securities and (b) increase in net interest outgo on interest under LAF/ MSF due to absorption of surplus liquidity in the banking system (Table XII.9).

Table XII.9: Earnings from Domestic Sources

(₹ crore)

Item	2019-20	2020-21	Variation	
			Absolute	Per cent
1	2	3	4	5
Earnings (I+II+III+IV)	67,305.44	52,556.93	-14,748.51	-21.91
I. Earnings from Rupee Securities and Discounted Instruments				
i) Interest on holding of Rupee Securities	70,303.70	59,824.79	-10,478.91	-14.91
ii) Profit on sale and redemption of Rupee Securities	1,252.43	5,193.94	3,941.51	314.71
iii) Depreciation on Rupee securities inter portfolio transfer	-9.38	-8.12	1.26	-13.43
iv) Amortisation of premium/ discount on Rupee securities and Oil Bonds	1,680.95	846.48	-834.47	-49.64
v) Discount	734.57	964.16	229.59	31.26
Sub total (i+ii+iii+iv+v)	73,962.27	66,821.25	-7,141.02	-9.65
II. Interest on LAF/ MSF				
i) Net Interest on LAF Operations	-13,052.75	-17,957.86	-4,905.11	-37.58
ii) Interest on MSF operations	148.75	12.38	-136.37	-91.68
Sub total (i+ii)	-12,904.00	-17,945.48	-5,041.48	-39.07
III. Interest on Other Loans and Advances				
i) Government (Central & States)	2,313.51	264.04	-2,049.47	-88.59
ii) Banks & Financial Institutions	1,174.83	1,400.63	225.80	19.22
iii) Employees	68.83	44.33	-24.50	-35.59
Sub total (i+ii+iii)	3,557.17	1,709.00	-1,848.17	-51.96
IV. Other Earnings				
i) Exchange	0.00	0.00	0.00	0.00
ii) Commission	2,431.24	2,073.97	-357.27	-14.69
iii) Rent realised, Profit or Loss on sale of Bank's Property, Provisions no longer required and miscellaneous	258.76	-101.81	-360.57	-139.35
Sub total (i+ii+iii)	2,690.00	1,972.16	-717.84	-26.69

XII.9.4 *Interest on holding of Rupee Securities* decreased by 14.91 per cent from ₹70,303.70 crore in 2019-20 to ₹59,824.79 crore in 2020-21 on account of the current accounting year being of nine months as compared to the twelve months period for 2019-20.

XII.9.5 The *net interest income from Liquidity Adjustment Facility (LAF)/ Marginal Standing Facility (MSF)* operations decreased from ₹(-)12,904 crore in 2019-20 to ₹(-)17,945.48 crore in 2020-21 due to absorption of surplus liquidity in the banking system leading to net interest outgo under LAF/ MSF. The higher banking system surplus was due to pro-active liquidity management operations carried out by the Reserve Bank to augment system-level liquidity and to channelise liquidity to specific sectors facing funding constraints on account of disruptions caused due to COVID-19 pandemic.

XII.9.6 *Profit on Sale and Redemption of Rupee Securities* increased from ₹1,252.43 crore in 2019-20 to ₹5,193.94 crore in 2020-21 primarily on account of higher sale operations amounting to ₹1,84,425 crore (Face Value) in 2020-21 as compared to ₹42,111 crore (Face Value) in 2019-20.

XII.9.7 *Amortisation of Premium/ Discount of Rupee Securities and Oil Bonds:* The premium/ discount on Rupee Securities and oil bonds held by the Reserve Bank, are amortised on daily basis during the period of residual maturity. The net income from premium/ discount on amortisation of Rupee Securities decreased by 49.64 per cent from ₹1,680.95 crore in 2019-20 to ₹846.48 crore in 2020-21.

XII.9.8 *Domestic- Discount:* The income from holding of discounted instruments [T-Bills and Cash Management Bills (CMBs)] increased from ₹734.57 crore in 2019-20 to ₹964.16 crore in 2020-21.

XII.9.9 *Interest on loans and advances*

a. *Central and State Government:*

Interest income on Ways and Means Advances (WMA)/ Overdraft (OD) extended to central and state governments decreased by 88.59 per cent from ₹2,313.51 crore during 2019-20 to ₹264.04 crore in 2020-21. Of the total, interest income received from the Centre on account of WMA/ OD decreased by 99.89 per cent from ₹2,130.51 crore in 2019-20 to ₹2.28 crore in 2020-21 and interest income received from the States on account of WMA/ OD/ Special Drawing Facility (SDF) increased by 43.04 per cent from ₹183 crore in 2019-20 to ₹261.76 crore in 2020-21. The net decreased earning was on account of significantly lower utilisation of WMA/ OD facility by the central government in 2020-21.

b. *Banks & Financial Institutions:* Interest on loans and advances to banks and financial institutions increased by 19.22 per cent from ₹1,174.83 crore in 2019-20 to ₹1,400.63 crore in 2020-21.

c. *Employees:* Interest on loans and advances to employees decreased by 35.59 per cent from ₹68.83 crore in 2019-20 to ₹44.33 crore in 2020-21.

XII.9.10 *Commission:* The commission income decreased by 14.69 per cent from ₹2,431.24 crore in 2019-20 to ₹2,073.97 crore in 2020-21. This is mainly due to the net effect of a) increase in management commission received for servicing outstanding central and state governments loans including savings bonds, Government Securities, T-Bills and CMBs and b) shortened period of accounting year (nine months in 2020-21 against twelve months in 2019-20).

XII.9.11 *Rent realised, Profit or Loss on sale of Bank's Property, Provisions no longer required and miscellaneous income:* Earnings from these income heads decreased from ₹258.76 crore in 2019-20 to ₹(-)101.81 crore in 2020-21.

XII.10 EXPENDITURE

XII.10.1 The Reserve Bank incurs expenditure in the course of performing its statutory functions by way of agency charges/ commission, printing of notes, expenditure on remittance of currency besides staff related and other expenses. The total expenditure of the Reserve Bank decreased by 63.10 per cent from ₹92,540.93 crore in 2019-20 to ₹34,146.75 crore in 2020-21 (Table XII.10).

i) *Interest Payment*

During 2020-21, an amount of ₹1.10 crore was paid as interest to Dr. B. R. Ambedkar Fund (set up for giving scholarship to wards of staff) and Employees Benevolent Fund.

ii) *Employee Cost*

The total employee cost for the year 2020-21 decreased by 46.37 per cent from ₹8,928.06 crore in 2019-20 to ₹4,788.03 crore in 2020-21. The decrease was due to net impact of decrease in Reserve Bank's expenditure towards accrued liabilities of various superannuation funds in 2020-21 and also the current accounting period being of nine months.

iii) *Agency Charges/ Commission*

a. *Agency Commission on Government Transactions*

The Reserve Bank discharges the function of banker to the government through a large network of agency bank branches that serve as retail outlets for government receipts and payments. The Reserve Bank pays commission to these agency banks at prescribed rates. The agency commission paid on account of government business decreased by 31.06 per cent from ₹3,787.55 crore in 2019-20 to ₹2,611.05 crore in 2020-21. The decrease of ₹1,176.50 crore is primarily on account of the current year being of nine months compared to 2019-20. Further, some amount of reduction in agency commission paid could also be attributed to transactions being done directly by the governments through integration of government systems with the Reserve Bank's *e-Kuber* as well as some impact on number of government transactions on account of COVID-19 pandemic related situation.

b. *Underwriting Commission paid to Primary Dealers*

The Reserve Bank paid total underwriting commission of ₹60.90 crore to Primary

Table XII.10: Expenditure

(₹ crore)					
Item	2016-17	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6
i. Interest Payment	0.92	0.97	1.16	1.34	1.10
ii. Employee Cost	4,620.82	3,848.51	6,851.07	8,928.06	4,788.03
iii. Agency Charges/ Commission	4,051.77	3,903.06	3,910.21	3,876.08	3,280.06
iv. Printing of Notes	7,965.23	4,912.52	4,810.67	4,377.84	4,012.09
v. Provisions	13,189.62	14,189.27	63.60	73,615.00	20,710.12
vi. Others	1,326.57	1,422.33	1,407.44	1,742.61	1,355.35
Total (i+ii+iii+iv+v+vi)	31,154.93	28,276.66	17,044.15	92,540.93	34,146.75

Dealers during 2019-20 as compared to ₹642.95 crore during 2020-21. The underwriting commission increased significantly during the year, specially during September 2020–October 2020 and then steeply during February 2021–March 2021, mainly on account of market conditions and increased quantum of government borrowing, reflected in higher risk of devolvement at 9.53 per cent of the gross borrowings (0.51 per cent in 2019-20). The central government gross borrowing figure of ₹12,00,000 crore for the year 2020-21, announced on May 08, 2020, was further enhanced by ₹1,10,000 crore on October 15, 2020 to meet the GST Compensation Cess shortfall, and then again by ₹80,000 crore on February 01, 2021. The increased usage of devolvement resulted in sharp spikes in underwriting commissions during September 2020–October 2020 and during February 2021– March 2021.

The long-standing issue of payment of Service Tax (ST)/ Goods and Services Tax (GST) on underwriting commission to PDs was resolved during the year. Accordingly, the current year's expenditure also includes the legacy ST/ GST of ₹159.92 crore, reimbursed to PDs towards the underwriting commission paid to them for the period July 2012 to November 2020, while all underwriting commission paid to PDs with effect from December 2020 included GST component (the GST amount from December 2020–March 2021 was ₹56.72 crore).

c. Sundries

This includes the expenses incurred on handling charges, turnover commission paid to banks for Relief/ Savings Bonds subscriptions and Commission paid on Securities Borrowing and Lending Arrangement (SBLA), etc. The commission paid under this head increased from ₹6.26 crore in 2019-20 to ₹6.30 crore in 2020-21.

d. Fees paid to the External Asset Managers, Custodians, Brokers, etc.

Fees paid for custodial and broker services decreased from ₹21.37 crore in 2019-20 to ₹19.76 crore in 2020-21.

iv) **Printing of Notes**

The supply of notes during the year 2020-21 at 2,23,301 lakh pieces was 0.26 per cent lower than that of the year 2019-20 (2,23,875 lakh pieces). The expenditure incurred on printing of banknotes decreased by 8.35 per cent from ₹4,377.84 crore in the year 2019-20 to ₹4,012.09 crore during the year 2020-21.

v) **Provisions**

In 2020-21, a provision of ₹20,710.12 crore was made towards transfer to CF.

vi) **Others**

Other expenses consisting of expenditure on remittance of currency, printing and stationery, audit fees and related expenses, miscellaneous expenses, etc., decreased by 22.22 per cent from ₹1,742.61 crore in 2019-20 to ₹1,355.35 crore in 2020-21.

XII.11 CONTINGENT LIABILITIES

XII.11.1 Total contingent liabilities of the Reserve Bank amounted to ₹953.63 crore. The main component of it being partly paid shares, denominated in SDR, of Bank for International Settlements (BIS) held by the Reserve Bank. The uncalled liability on partly paid shares of the BIS as on March 31, 2021 was ₹924.43 crore. The balances are callable at three months' notice by a decision of the BIS Board of Directors.

XII.12 PRIOR PERIOD TRANSACTIONS

XII.12.1 For the purpose of disclosure, prior period transactions of ₹1 lakh and above only have been considered. The prior period transactions under expenditure and income amounted to ₹145.98 crore and ₹0.31 crore, respectively.

XII.13 PREVIOUS YEAR'S FIGURES

XII.13.1 Figures for the previous year have been rearranged, wherever necessary, and converted in Rupees crores (from Rupees billion) to make them comparable with the current year.

XII.14 AUDITORS

XII.14.1 The statutory auditors of the Reserve Bank are appointed by the central government in terms of Section 50 of the RBI Act, 1934. The accounts of the Reserve Bank for the year 2020-21 were audited by M/s Prakash Chandra Jain & Co., Mumbai and M/s G. M. Kapadia & Co., Mumbai, as the Statutory Central Auditors and M/s Ray & Ray, Kolkata, M/s Subramanian & Co. LLP, Chennai and M/s S. K. Mittal & Co., New Delhi as Statutory Branch Auditors.