

14.1 Sweeping changes in the environment within which the Reserve Bank operates and the increasing public scrutiny of its policies and functions have placed a premium on the quality of human resources. Keeping pace with the forces of globalisation and the dramatic advances in information and communication technology has hinged around continuous upgradation of skill and technical expertise and a high degree of professionalism among employees so as to ensure convergence between the goals of the employees and those of the institution.

14.2 In recent years, there has been a growing recognition that capital and technology are replicable, but not human capital which needs to be viewed as a valuable resource for the achievement of dynamic competitive advantage. In the context of the changing economic and business environment, there is a realisation that a rigid and hierarchical structure, which gives preference to seniority over performance is not the best environment for attracting and retaining the best talent or the best output from professionals. Accordingly, there is a critical need to review and improve strategies for recruitment, placement, career development and performance management. These efforts are likely to enable the fulfilment of the mission of the Reserve Bank to build and reinforce a corporate vision and culture that fosters learning, creativity and adaptability in the context of fundamental changes in technology and exacting requirements of business performance and customer service. Within the constraints of the existing framework, the Reserve Bank persevered towards the attainment of its goals during 2001-02 through training and skill enhancement, strategic changes in placement and recruitment policy, promotion of Hindi, improving customer services, and industrial relations. Efforts were intensified towards creating public awareness through a continuous process of dissemination and feedback within the framework of a consistent communications policy. Important legal reforms were initiated to improve the functioning of the Reserve Bank in the context of its environment and to strengthen the technological and institutional infrastructure for the financial system.

#### **Training and Skills Enhancement**

14.3 The three training colleges of the Reserve Bank, viz., Bankers Training College, Mumbai,

Reserve Bank Staff College, Chennai, and College of Agricultural Banking, Pune cater to the training needs of officers of the Reserve Bank and the banking industry.

#### *Bankers Training College, Mumbai*

14.4 The Bankers Training College conducted 115 programmes in which 2,532 participants were trained during 2001-02 as compared with 113 programmes and 2,436 participants during 2000-01.

#### *Reserve Bank Staff College, Chennai*

14.5 The Reserve Bank Staff College conducted 125 programmes during 2001-02 in which 2,795 officers were trained as compared with 140 programmes benefiting 2,949 officers during 2000-01. It also conducted off-site training programmes at Kanpur and Nagpur offices to meet the training needs of officers in pursuance of the observation made in the report of the Inspection and Audit Sub-Committee of the Central Board of Directors.

#### *College of Agricultural Banking, Pune*

14.6 The College of Agricultural Banking conducted 179 programmes in which 3,777 officers were trained during 2001-02 as compared with 153 programmes and 3,179 officers during 2000-01.

#### *Zonal Training Centres*

14.7 The Zonal Training Centres (ZTCs) at the four metropolitan centres cater exclusively to the training needs of the Reserve Bank's employees in Class III and Class IV. During 2001-02, ZTCs conducted 131 programmes for Class III employees and 26 programmes for Class IV employees. The number of employees trained during the year was 2,576 in Class III and 470 in Class IV as compared with 2,013 employees in Class III and 313 in Class IV in 2000-01. ZTC, Chennai conducted three short duration programmes on "Bank Frauds in the Banking Sector" for police officers from Tamil Nadu and officials of the Central Bureau of Investigation. During the year, the ZTCs conducted off-site programmes at Kanpur, Nagpur, Hyderabad, Bangalore and Patna offices to enhance the reach of the programmes and address

the specific training needs of the employees at these centres.

14.8 A four member in-house Working Group was constituted to review the training facilities for Class III and IV employees. Powers have been delegated to Regional Directors/Chief General Managers/General Managers-in-Charge to assess the training needs and organise need-based in-house/on-site training courses for their employees in Class III and Class IV.

#### *Training on Executive Skills of Senior Officers*

14.9 A thrust was given to development of executive skills of senior officers of the Reserve Bank with a view to broadening their vision and enhancing deeper insight into organisational issues, effectiveness of leadership and related challenges. Accordingly, two programmes on Empowerment and Leadership for officers in grades 'E' and 'F' were arranged at the Indian Institute of Management (IIM), Ahmedabad and IIM, Lucknow. The programmes focussed on macroeconomics, management techniques, human resources management, leadership styles, motivation, stress management, time management and value based system in governance.

#### *Deputation of Officers for Training in India and Abroad*

14.10 During the year 2001-02, 355 officers were deputed by the Reserve Bank to participate in training programmes, seminars and conferences organised by various external management/ banking institutes in India. Furthermore, the Reserve Bank deputed 39 officers for exposure in select commercial banks under the revised scheme of commercial bank training. A training programme on Attitudinal Development and Customer Service was conducted for the staff of Cash Departments in Kanpur and Lucknow offices with a view to enable them to understand better the need for customer care and services.

14.11 During 2001-02, 131 officers were deputed by the Reserve Bank to attend training courses, seminars, conferences, workshops *etc.* conducted by banking and financial institutions in 23 countries abroad. Under the Golden Jubilee Scholarship Scheme, four officers were selected in 2001-02 for pursuing higher studies abroad. The total number of officers deputed under the scheme till date stands at 63. The Reserve Bank also deposes officers of outstanding merit for pursuing short duration courses in the area of management development/executive development/ general management. Six officers were selected during 2001-02 for such studies. Under the

scheme for grant of sabbatical to senior officers, three officers were granted sabbatical.

14.12 One officer was sponsored at the Indian Institute of Technology, while another officer was sponsored at the Indira Gandhi Institute of Development Research (IGIDR) for Ph.D. studies. Furthermore, two officers were deputed abroad under the Harvard Asia Fellowship scheme. One officer was deputed to the Bank for International Settlements (BIS) under the Visiting Fellowship scheme offered by the BIS.

#### *Training in Computer Technology*

14.13 The Reserve Bank continued to provide incentives to staff members to acquire qualification in the field of computers. The scheme of base level computer training for officers and Class III employees introduced in November 1995 was liberalised. Regional Offices and Central Office departments were delegated powers to depute officers and Class III employees to reputed computer training institutions to gain working knowledge of computers. As at the end of June 2002, 2,970 Class III employees and 1,314 officers have been trained. Furthermore, with a view to enabling the officers to acquire more proficiency and skills in computer related areas directly linked to their job performance, 146 officers in various offices and Central Office departments were imparted training under the scheme for advanced computer training by the end of June 2002. During 2001-02, 109 officers were deputed for computer training to various external training institutions such as the IIM, the Administrative Staff College of India, the National Institute of Bank Management, the Management Development Institute, the Xaviers Labour Research Institute and the Institute for Development and Research in Banking Technology.

14.14 The recommendations made by the Working Group on "Training Needs/Plans in the Context of Technology" have been accepted by the Reserve Bank. An action plan has been drawn up to achieve 100 per cent computer literacy in the smaller offices by the end of 2002 and in bigger offices by the end of 2003. A Committee set up to examine the issues relating to the introduction of e-Learning in the Reserve Bank has submitted its report.

#### *Training Imparted to Officials from Other Countries*

14.15 During 2001-02, 151 officials from 11 countries, *viz.*, Bangladesh, Ghana, Iran, Kenya, Maldives, Nepal, Sri Lanka, Tanzania, Thailand,

Uganda and Zambia were trained/provided study attachment facilities at the Reserve Bank's training establishments/Central Office departments.

### **Human Resource Initiatives**

#### **Interactive Groups**

14.16 As a sequel to the Regional Directors' Conference 2000, the following interactive groups were set up to look into various dimensions of organisational development and to help formulate appropriate HR intervention strategies : (i) Interactive Group on Promotion Policy; (ii) Interactive Group on Motivation and Delegation; (iii) Interactive Group on Work Process Re-engineering; and (iv) Interactive Group on Career Planning. The Reports submitted by the Groups are under examination.

#### *Review of Performance Appraisal System*

14.17 The Performance Appraisal System is under a comprehensive review with the help of a consultant. After discussions with a cross-section of officers from various offices, a report has been submitted which is under examination.

#### *Counselling Centre*

14.18 The Reserve Bank has started a counselling facility for its employees and their family members in Mumbai from September 2001 on an experimental basis. A part-time professional counsellor has been engaged for this purpose.

#### *Informal Focus Group - Human Resource Development (HRD) Network of Public Sector Banks/Financial Institutions*

14.19 An Informal Focus Group of HRD chiefs has been formed with the Reserve Bank as a convener in order to create a network of the leading Public Sector Banks (PSBs)/Financial Institutions (FIs) headquartered at Mumbai. The Indian Banks Association (IBA) is also included in the network. The Group, which commenced effective November 2001, meets at least once every quarter and discusses the HR practices in different banks/FIs and thereby provides advantage of experiences to members on mutual terms.

#### *Committee on Re-grouping/Re-organisation of Regional Office and Central Office Departments*

14.20 A Committee of Executive Directors has been set up to consider the feasibility of Re-grouping/Re-

organisation of Regional Office and Central Office departments.

#### *RBI Employees' Early Severance Scheme*

14.21 The Early Severance Scheme (ESS), introduced on February 13, 2001, was withdrawn on December 15, 2001.

#### *Summer Placement Scheme*

14.22 The Reserve Bank offers a Summer Placement Scheme by inviting applications from reputed management institutes. For the year 2001-02, 26 students were selected in Maharashtra and Goa for preparing project reports in different areas of central banking. Under the decentralised arrangements, the Regional Offices at Ahmedabad, Bangalore, Chennai, Kolkata, New Delhi, Kanpur and Lucknow administer the scheme in their respective area of operations.

#### *Promotion of Hindi*

14.23 The Reserve Bank has been implementing the Official Language Policy as per the directives issued by the Government of India from time to time and also the provisions of statutes relating to the Official Language. Annual Programme 2001-02 was successfully implemented. Use of Hindi through computers was the main focus during the year. For various purposes of bilingual computerisation, a high-tech Computer Lab has been set up in the Reserve Bank, where staff as well as officers are imparted hands on training. Bilingual software applications have been developed for simple operations. Useful material was added to the Reserve Bank's Hindi website. Computer training programmes by the Reserve Bank's training colleges were conducted for the officers of the Reserve Bank, PSBs and co-operative banks.

14.24 The Reserve Bank Staff College, Chennai organised the first two-day seminar for the officers of the Reserve Bank on programming in Hindi and developing applications with the co-operation of experts from the Indian Institute of Technology, Chennai, C-DAC, Pune and its wing in Bangalore.

14.25 The Reserve Bank continued to implement several schemes of the Government of India, viz., the Hindi Teaching Scheme, shield schemes and various incentive schemes. Several periodicals, viz., *Chintan Anuchintan*, *Without Reserve*, the Reserve Bank Bulletin are published in Hindi/bilingual form. Hindi Day functions were also organised in order to create an atmosphere congenial to use of Hindi in day-to-

day work. Use of Hindi increased at the senior management level in the discussions and deliberations at various meetings.

14.26 The third sub-committee of the Committee of Parliament on Official Language visited the Thiruvananthapuram office of the Reserve Bank and reviewed the progress made in the use of Hindi in that office. Besides, the Records and Evidence Sub-Committee of the said Committee also visited the Reserve Bank's Lucknow and Panaji branches.

14.27 In the field of translation, besides the routine translation, viz., Hindi translation of the documents enumerated in the Official Languages Act, translation work emanating from various other sources, such as, Joint Parliamentary Committee (JPC), master circulars was also completed.

### Industrial Relations

14.28 Industrial relations in the Reserve Bank remained, by and large, peaceful during 2001-02 (July-June). The All India Reserve Bank Employees' Association (AIRBEA) (recognised) representing Class III employees and the All India Reserve Bank Workers' Federation (AIRBWF) (recognised) representing Class IV employees raised certain issues with regard to some demands and also about some changes in procedures/systems in the matter of currency management. A series of meetings were held both with AIRBEA and AIRBWF and as an outcome, the unions extended full co-operation to the management in rendering better customer service and for improved productivity. Discussions were also held from time to time with the Officers' Associations about their service conditions.

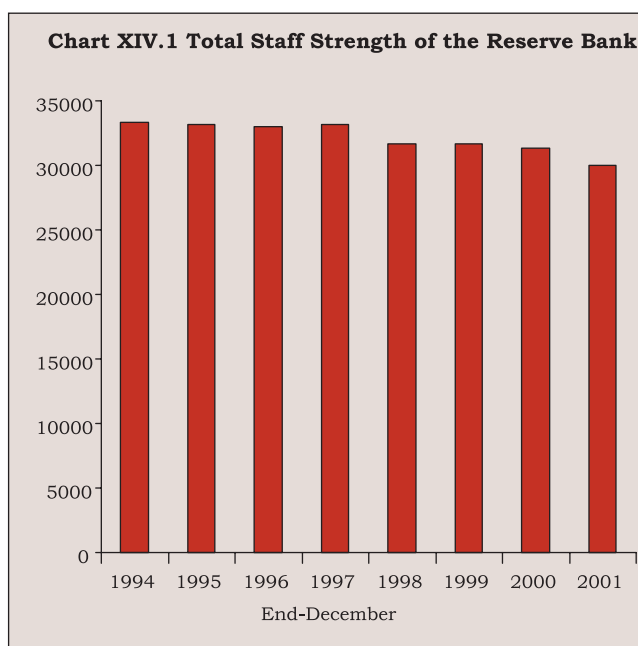
### Recruitment

14.29 During the year 2001, the Reserve Bank recruited 214 employees, of which 61 were from Scheduled Castes (SCs) and Scheduled Tribes (STs) constituting 28.5 per cent of total recruitment (Table 14.1).

**Table 14.1 : Recruitment During 2001  
(January 1, 2001 to December 31, 2001)**

Category	Total Recruited	Of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	40	11	4	27.5	10.0
Class III	69	7	4	10.1	5.8
Class IV	105	20	15	19.0	14.3
<i>of which</i>					
(a) Sweepers	22	7	2	31.8	9.1
(b) Others	83	13	13	15.7	15.7
<b>Total</b>	<b>214</b>	<b>38</b>	<b>23</b>	<b>17.8</b>	<b>10.7</b>

14.30 The declining trend in total staff strength continued during the year. It fell from 31,275 at end-December 2000 to 29,922 by end-December 2001 (Chart XIV.1). Of the total staff, 7,860 belong to SCs/STs (Tables 14.2-14.5).



**Table 14.2: Total Staff Strength**

Cadre	Category- wise Strength						Per cent to Total Strength	
	Total Strength		SC		ST		SC (4 to 2)	ST (6 to 2)
	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2001
1	2	3	4	5	6	7	8	9
Class I	7,342	7,881	785	776	229	208	10.7	3.1
Class III	13,324	13,837	2,038	2,067	1,091	1,093	15.3	8.2
Class IV	9,256	9,557	2,919	2,976	798	804	31.5	8.6
<b>Total</b>	<b>29,922</b>	<b>31,275</b>	<b>5,742</b>	<b>5,819</b>	<b>2,118</b>	<b>2,105</b>	<b>19.2</b>	<b>7.1</b>

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<b>HUMAN RESOURCE DEVELOPMENT AND ORGANISATIONAL MATTERS</b>
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**Table 14.3: Category-wise Actual Staff Strength as on December 31, 2001**

Class	Actual Strength
1	2
<b>Class I</b>	
1. Senior Officer in Gr. F	65
2. Senior Officer in Gr. E	205
3. Senior Officer in Gr. D	401
4. Officer in Gr. C	885
5. Officer in Gr. B	1,481
6. Officer in Gr. A	3,468
7. Treasurer	18
8. Deputy Treasurer	128
9. Assistant Treasurer	691
<b>Total Strength in Class I</b>	<b>7,342</b>
<b>Class III</b>	
1. Clerk Gr. I	4,009
2. Clerk Gr. II	6,933
3. Stenographer	370
4. Typist	765
5. Teller	393
6. Class III (Others)	854
<b>Total Strength in Class III</b>	<b>13,324</b>
<b>Class IV</b>	
1. Peon	1,902
2. Mazdoor	2,347
3. Class IV (Others)	5,007
<b>Total Strength in Class IV</b>	<b>9,256</b>
<b>Total Strength</b>	<b>29,922</b>

14.31 During the calendar year 2001, the Bank's Liaison Officer for SC/ST employees conducted inspection of reservation rosters maintained at the Reserve Bank's Hyderabad, Mumbai and Bangalore offices. Meetings between the Management and the representatives of the All India Reserve Bank Scheduled Castes/Scheduled Tribes and Buddhist Employees' Federation were held on three occasions during the year to discuss issues relating to implementation of reservation policy in the Reserve Bank. In accordance with the policy of the Central Government, the Reserve Bank has provided reservation to Other Backward Classes (OBC). The representation of OBCs in the Reserve Bank (as on December 31, 2001) was 103 (1.4 per cent) in Class I, 109 (0.8 per cent) in Class III and 379 (4.1 per cent) in Class IV.

14.32 During the year, the National Commission for Scheduled Castes and Scheduled Tribes and the Parliamentary Committee on Welfare of Scheduled Castes and Scheduled Tribes visited the Reserve Bank Central Office to review the safeguards provided for SCs/STs.

14.33 The total strength of ex-servicemen in the Reserve Bank at end-December 2001 stood at 117 in Class I, 568 in Class III and 1,182 in Class IV. The total number of Physically Handicapped employees

**Table 14.4 : Central Office Department-wise Staff Strength as on December 31, 2001**

Department	Class I	Class III	Class IV
1	2	3	4
1. Department Administration and Personnel Management (DAPM)	126	147	70
2. Department of Banking Operations and Development (DBOD)	123	127	87
3. Department of Banking Supervision (DBS)	131	47	27
4. Department of Currency Management (DCM)	50	33	25
5. Department of Economic Analysis and Policy (DEAP)	215	254	113
6. Department of Expenditure and Budgetary Control (DEBC)	57	112	44
7. Department of External Investments and Operations (DEIO)	55	44	14
8. Department of Statistical Analysis and Computer Services (DESACS)	131	274	106
9. Department of Government and Bank Accounts (DGBA)	60	91	34
10. Department of Information Technology (DIT)	99	25	17
11. Department of Non-Banking Supervision (DNBS)	61	16	12
12. Exchange Control Department (ECD)	130	200	91
13. Human Resources Development Department (HRDD)	22	25	9
14. Internal Debt Management Cell (IDMC)	29	15	9
15. Industrial and Export Credit Department (IECD)	35	29	18
16. Inspection Department (ID)	54	20	11
17. Legal Department (LD)	30	21	17
18. Press Relations Division (PRD)	7	7	6
19. Premises Department (PD)	52	64	59
20. Reserve Bank Services Board (RBSB)	12	14	9
21. Rural Planning and Credit Department (RPCD)	78	47	43
22. Secretary's Department	37	25	34
23. Urban Banks Department (UBD)	77	55	48
<b>Total</b>	<b>1,671</b>	<b>1,692</b>	<b>903</b>

**Table 14.5 : Office-wise Staff Strength as on December 31, 2001**

Office	Class I	Class III	Class IV
1	2	3	4
1. Ahmedabad	298	591	389
2. Bangalore	349	697	397
3. Belapur	111	278	226
4. Bhopal	141	113	114
5. Bhubaneswar	141	246	239
6. Chandigarh	151	123	120
7. Chennai	568	1,098	731
8. Guwahati	182	348	273
9. Hyderabad	297	488	401
10. Jaipur	216	437	326
11. Jammu	53	38	45
12. Kanpur	259	709	550
13. Kochi	39	93	53
14. Kolkata	589	1,764	1,090
15. Lucknow	134	220	136
16. Mumbai	884	1,654	1,504
17. Nagpur	253	702	403
18. New Delhi	527	1,122	642
19. Panaji, Goa	9	8	4
20. Patna	220	568	403
21. Pune-CAB-CRDC	36	55	91
22. Thiruvananthapuram	214	280	216
<b>Total</b>	<b>5,671</b>	<b>11,632</b>	<b>8,353</b>

in Class I was 60 while those in Class III and IV cadres stood at 299 and 151, respectively, at end-December 2001.

### Banker to Governments

14.34 The function of banker to Governments vested with the Reserve Bank has been evolving in the recent years reflecting the process of economic reform. The endeavour of the Reserve Bank has been to create conditions for the common person to pay Government dues at his/her bank branch of choice while ensuring instantaneous credit to the Government account with the Reserve Bank. In July 2001, a state-of-the-art technological architecture for management of Government Accounts at Central Accounts Section (CAS), Nagpur was set up. The system is designed to provide information on a real-time on-line basis to Central and State Governments in respect of their cash balance position and other transactions. As a further improvement, a Virtual Private Network (VPN) is being established to act as a hub for electronic interchange of information between CAS, Nagpur and various civil and non-civil ministries. The arrangements will enable various Principal Accounts Officers of Government to transmit Inter-Government transactions to CAS electronically and receive confirmation advices (clearance memos)

instantly eliminating most of the reconciliation problems.

14.35 In response to suggestions received in the Conference of State Finance Secretaries held in Mumbai in May 2001, the Reserve Bank constituted a Working Group on Accounting and Reconciliation Procedure on State Government Transactions. The Group, which submitted its report in May 2002, recommended institutional arrangements for co-ordination, appropriate improvements in the existing system to ensure quick flow of transactions, information and accounts from point of origin to its final accounting, progressive switch over to Cheque Payment System replacing the current bills payment system, standardisation of format of challans suitable to computerised environment, wider use of information technology in maintenance of Government accounts and payment of the penal interest by the agency banks in respect of delayed credit into Government accounts. All the recommendations of the Group were accepted and with a view to ensuring time-bound implementation, an Advisory Committee drawing representatives from the Finance Departments of State Governments, the Accountants General and the Reserve Bank is being formed.

14.36 In order to assess the level of customer satisfaction and to suggest methods of improvement in the operations of the Government business, four Groups were set up by the Reserve Bank (one each at Bangalore, Chennai, Hyderabad and Nagpur Offices) during October 2001. The Groups, which submitted their reports in January 2002, made a number of useful recommendations including, *inter alia*, laying down a roadmap for enhancing the level of computerisation both at agency banks (capturing 80 per cent in the short run) and Government Departments; transmission of scrolls through electronic media; provision of tele-banking facility for the benefit of Government departments; review of *challan* formats; acceptance of only local cheques for Government payments; phasing out of non-MICR instruments; and, increasing use of electronic clearing service (ECS) for effecting Government payments. The Groups also recommended the setting up of a Standing Advisory Committee at all centres for review of problems on an ongoing basis for finding acceptable solutions. The recommendations are being implemented in consultation with the Governments/agency banks. This would facilitate the modernisation of the banker to government function of the Reserve Bank (Box XIV.1).

### Box XIV.1

#### The Reserve Bank as Banker to Government

By custom and tradition or by express provision in the laws by which they have been established, central banks the world over are bankers to their respective Governments although the actual practices vary among countries. In India too, the Reserve Bank has been the banker to the Central and State Governments since April 1, 1935. Sections 20 and 21 of the Reserve Bank of India Act, 1934 provide that the Central Government shall entrust the Reserve Bank with all its money, remittance, exchange and banking transactions in India and the management of its public debt, and shall also deposit all its cash balances with the Reserve Bank free of interest. The Reserve Bank may, by agreement with any State Government, take over similar functions on behalf of that Government under Section 21A of the Reserve Bank of India Act.

Accordingly, the Reserve Bank is the common banker to the Central Government and all the State Governments with the exception of Jammu & Kashmir and Sikkim. The Reserve Bank provides a range of banking services such as acceptance of money on Government account, payment/withdrawal of funds and collection and transfer of funds by various means throughout India. The Governments' principal accounts are maintained at CAS, Nagpur. Government accounts are handled by the Reserve Bank at 15 Offices, besides two State Government Cells at Bhopal and Chandigarh. Where there is no full-fledged office of the Reserve Bank, it appoints commercial banks as agents and they are made responsible for transacting the entire Government business; at present, PSBs and two private sector banks handle Government accounts through 20,800 branches. Currently, the Agency banks handle Government transactions of around Rs.12 lakh crore in a full financial year. Over and above these, sizeable transactions are handled at Reserve Bank Offices. Some transactions, though minimal, are handled in Governments' own treasuries and sub-treasuries, numbering 453, equipped with Currency Chests.

In addition to being a banker to Government, the Reserve Bank provides a full range of related services to Government. These include exchange, remittance transactions, management of public debt and issue of new loans, handling the foreign exchange transactions of the Government of India, investment of surplus funds of Governments, providing safe custody facility, provision of ways and means advances, management of special funds like Consolidated Sinking Fund, Guarantee Redemption Fund, Calamity Relief Funds, National Defence Scheme, etc., issue and management of tap bonds like Relief Bonds, administration of the scheme for disbursement of pensions of

Central and State Governments' employees through PSBs, and as an Advisor to Government on all matters involving monetary and economic issues.

A number of issues arise in the context of the role of the Reserve Bank as a banker to Government. First, the Reserve Bank could consider shedding of the retail banking business in relation to Governments in favour of the agency banks; in the long run, the Reserve Bank could maintain only the Principal Accounts of the Governments. Secondly, the cost of conducting government business has been rising in the recent years; under the existing arrangements, the Reserve Bank is not entitled to any remuneration from the State Governments for the conduct of ordinary banking business of the Government other than such advantage that may accrue to it from holding of cash balances free of obligation to pay interest thereon. The existing minimum balances, however, do not compensate the Reserve Bank for the cost of conducting Government business; at the same time, the Reserve Bank is also required to remunerate the Agency banks for conducting Government business on its behalf at a rate related to the costs incurred by them for conducting Government business. The rate is revised quinquennially and the present rate is 11.80 paise per Rs.100 of Government turnover. Agency banks had requested for a revision of the methodology of determining the rates and an Expert Committee was constituted to study their request. In most of the countries, the cost is borne by the respective Governments and not by the central bank. A possible way of rationalising the agency charges from the present cost plus system could be to move over to a system of bidding for Government business by agency banks. Thirdly, the Governments could use ECS for bulk and repetitive transactions like salary, pension, income tax refund orders and also examine the feasibility of introducing a variant of an electronic funds transfer system to facilitate collection of taxes, beginning with direct taxes. Finally, the existing system of all deposits in the Government account to be accompanied by an appropriate *challan* in multiple copies, different shapes and sizes could be substituted by a simple pay-in slip as in the case of bank deposit, and at a later stage, electronically by quoting the PAN.

#### References

1. Reddy, Y.V. (2002), "Economic Reforms and Evolving Role of RBI as Banker to the Governments", *Address at the Conference of the Silver Jubilee Celebrations of the Indian Civil Accounts Organisation*, New Delhi, April 3.

## Premises Department

14.37 Continuing the process of improvement in the infrastructural facilities, the state-of-the-art backbone/structured cabling network was extended to all the Reserve Bank's office premises. This network which is primarily used for data transfer as a part of the INFINET is being progressively used for voice applications. In order to improve the security environment, the closed circuit TV surveillance system was provided in four more offices and will be extended to remaining offices shortly. In addition, state-of-the-art access control systems incorporating bio-metrics and other security features as well as X-ray baggage checking systems are being provided in all offices of

the Reserve Bank. The Reserve Bank is constructing its own office building at Lucknow which is expected to be completed by mid-2004.

## Legal Reforms

14.38 In the context of the ongoing changes in the financial sector and the information technology sector, a number of steps have been initiated to amend the provisions of existing laws to make them compatible with the changed environment. The major legal reforms initiated in the banking sector in the recent months encompass areas such as security laws, Negotiable Instruments Act, fraud on banks and regulatory framework of banking (Box XIV.2).

### Box XIV.2

#### Legislative Reforms : 2001-02

During the period July 2001-June 2002, a number of initiatives were taken to amend the existing laws to make them compatible with the evolving environment. A number of bills were introduced in the Parliament. In addition, a number of proposals are pending with the Government as discussed below.

1. *Negotiable Instruments (Amendment) Act, 2001*: The Bill was introduced in Lok Sabha on July 24, 2001. The Bill provides, *inter alia*, for increasing the punishment for dishonour of cheques from one year to two years and speedy and time bound disposal of the cases by summary trial. The Parliament Standing Committee on Finance recommended that the recommendations of the Working Group for the introduction of truncation of cheques and electronic cheques may be incorporated in the Bill.
2. *Banking Regulation Act, 1949*: The draft bill suggesting comprehensive amendment to the Banking Regulation Act, 1949 was forwarded to the Government of India. The major highlights of the draft Bill are prohibition on connected lending and advances to associate companies of the banks, prohibition on acquisition of more than five per cent in the share capital of the banking companies without the approval of the Reserve Bank, empowering the Reserve Bank to supercede the Board of Directors of a banking company in certain circumstances, directing the auditors to report contravention of the provisions of the Act and give such information in the Report, consolidated supervision of the banking company and its subsidiaries and also of consolidation of the accounts.
3. *Reserve Bank of India Act, 1934*: The draft bill suggesting amendments to the Reserve Bank of India Act, 1934 forwarded by the Reserve Bank is under consideration of the Government of India. Some of

the changes that have been proposed include separation of the debt management of the Government from the monetary management, disclosure of credit information to other central banks or monetary authority outside India on reciprocal basis and other regulatory authorities in India, streamlining the Cash Reserve Ratio by removing the prescribed limit to accord flexibility in the management of monetary policy, empowering the Reserve Bank for the electronic transfer of fund and multiple payment system.

4. *Amendment of Deposit Insurance and Credit Guarantee Corporation Act*: An outline for a (proposed) new Bill named as 'Deposit Insurance Corporation' has been forwarded to the Government. The proposed legislation, *inter alia*, provides for doing away with the credit guarantee function, introducing risk-based premium for insured banks, and provisions for vesting requisite powers to enable the Corporation to adopt a proactive role and take requisite steps for cancellation of registration of insured banks or order for their winding up in certain cases.
5. *Illustrative Legislation on "Financial Fraud (Investigation, Prosecution, Recovery and Restoration of Property) Act, 2001"*: An illustrative legislation on prevention of bank frauds by Dr. N.L. Mitra, Vice-chancellor of National Law University, Jodhpur has been submitted to the Government for their consideration. The Expert Committee on Bank Frauds was constituted by the Reserve Bank. The Committee had examined and suggested both the preventive and curative aspects of frauds. The important recommendations of the Committee are: a need for including financial fraud as a criminal offence and amendments to the Indian Penal Code by including a  
(Contd...)



(Concl'd...)

new chapter on financial fraud; amendments to the Indian Evidence Act to shift the burden of proof on the accused person and special provision in the Code of Criminal Procedure for transferring the properties involved in the financial fraud and confiscating unlawful gains; and preventive measures including the development of best practice code by banks and FIs.

6. Other Bills that are pending include: a Bill on Factoring of Debts Due to Industrial and Commercial Undertaking; a proposal to replace the existing Public Debt Act, 1944

with a new Act namely Government Security Bill; a draft Bill 'the Urban Co-operative Banks Supervisory Authority Act, 2001' for constituting Supervisory Authority for urban co-operative banks; and, proposal for amending the SBI Act, the NHB Act and the NABARD Act for disinvestments of the Reserve Bank share holding in the capital of SBI, NHB and NABARD.

7. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002, was promulgated on June 21, 2002 for the purpose and matters connected therewith or incidental there to.

### Inspection of Departments in the Reserve Bank

14.39 The performance of the Inspection Department and compliance of observations made by the department in respect of Offices/Departments is monitored by an Executive Directors' Committee under the overall supervision of Inspection and Audit Sub-Committee (IASC) of the Central Board. During the period July 2001-June 2002, Management Audit and Systems Inspection of 20 Regional Offices/Central Office Departments was conducted. Management Audit continues to focus on evaluating 3 "E"s, viz., Efficiency, Economy and Effectiveness of the organisation. The scope of Management Audit was enlarged to include aspects relating to (a) delegation, its effectiveness and control and (b) co-ordination, inter-departmental and intra-departmental. Inspection of Regional Audit Cells has commenced from this year. The Inspection Department is in the process of evolving risk based strategy for conducting inspections by identifying activities which are more risk prone so that audit resources are deployed intensively in these areas.

### Dissemination Policy

14.40 With the widening and deepening of interest in economic and financial markets with special reference to the role of the central bank, the Reserve Bank has been laying emphasis on an appropriate communications policy. The main objective of the dissemination policy of the Reserve Bank is to build and nurture a fruitful and beneficial partnership between the Reserve Bank and the public through a two-way process of creating public awareness about policy and obtaining continuous feedback on policy intentions. The main features of this process are, *inter alia*, transparency, timeliness and credibility. Furthermore, the communications policy is dynamic and enables the Reserve Bank to keep pace with technological developments in the domestic and international arena.

14.41 The Reserve Bank provides quality data to the public emanating from a robust statistical system established and strengthened over the years. During the last few years, an increasing use of internet has been made to improve the dissemination practices. The Reserve Bank website is also used for meeting the requirement of data dissemination under the Special Data Dissemination Standards of the International Monetary Fund (IMF). The communications from the Reserve Bank include, *inter alia*, daily press release on money market data at about 9.00 A.M., details of repos and reverse repos as part of Liquidity Adjustment Facility at about 1.00 P.M., the U.S. dollar-rupee and euro-rupee reference rates at about 2.00 P.M. and monetary, banking and financial data through the Weekly Statistical Supplement. Analyses of macro-economic developments are provided in the monthly Bulletin, the Annual Report, the Report on Trend and Progress of Banking in India and the Report on Currency and Finance. The Reserve Bank also brings out the Hindi editions of its various regular publications.

### Enhancing the Reserve Bank Website

14.42 During the year under review, the Reserve Bank added two new features to its website to make it more user friendly. The visitors can register on the website for receiving the desired information through e-mail as soon as it is published on the website; 5,261 users had registered themselves by end-June 2002 for receiving information through e-mail. The visitors can also personalise the Reserve Bank site to directly access the sections that they want to view regularly. A total of 4,471 people have used this facility up to end-June 2002. The existing facility of e-mailing of monetary policy documents and announcements relating to auctions of government securities continued. A total of 711 and 2,690 e-mails were sent of the Monetary and Credit Policy Statements announced in October 2001 and April 2002, respectively.

14.43 A query facility was provided for exchange rates on the home page. The rates of four major currencies for previous seven days are displayed in the form of a chart on the site to provide the visitors an at-a-glance view of the movements in these currencies *vis-a-vis* the Indian rupee. The data tables in Weekly Statistical Supplement and Reserve Bank Bulletin were made available in an archived format. This facility enables the visitors to access the same data tables on a historical basis from the website. The balance sheets of major commercial banks for the year ended March 2001 were placed on the website. Access to these was provided through a special URL called [www.bankresults.rbi.org.in](http://www.bankresults.rbi.org.in).

14.44 During the year under review, the Reserve Bank issued 1,435 press releases and added 600 mega-bytes of material to its website taking the volume of information available on the website to over 45 giga-bytes (GBs). On an average, more than one GBs of data are accessed every day by users.

14.45 Among the other initiatives taken during 2001-02 in disseminating information was the live telecast of Governor's press conferences on the occasion of the Monetary and Credit Policy in October 2001 and April 2002 aimed at reaching the clarifications sought by newsmen on the monetary policy to the general public. The telecast was subsequently also placed on the Reserve Bank website. Similarly, the Deputy Governor's comments on the Union Budget for 2002-03 were also webcast.

14.46 In order to assess the scope for further improvement in the Reserve Bank's website, a comprehensive study was undertaken through a London-based firm. The study rated the Reserve Bank site *vis-a-vis* the sites of eight central banks and major international financial institutions on the basis of parameters, such as, overall effectiveness, design, navigation, content, use of technology, contact information and home page as gateway to information. The overall rating of the site was satisfactory. As against five stars for best practices, the Reserve Bank's site was rated four stars in three parameters, three stars in six parameters and three stars in overall effectiveness.

14.47 Some of the positive features of the website highlighted were its accessibility to market professionals needing specialised information; intelligent use of internet's strength; large amounts of stored data and archived material; interactivity and value-added functions; and alternative formats to provide most documents. Inconsistent navigation,

confusing search engines, "breadcrumb" tracking system, lack of adequate summaries and non-specialised material were some of the areas suggested for improvement in the study. The Reserve Bank has undertaken steps to implement the suggestions made in the study.

#### *Public Awareness*

14.48 During the year, the Reserve Bank also continued its efforts towards making aware general public through its advertisement campaigns. It released advertisements in print and electronic media to educate the depositors of non-banking financial companies (NBFCs) about the criteria to be verified in a NBFC before depositing their money with them. The total telecast time of the advertisement was 10,280 seconds. Advertisements were also released in publications in 11 languages.

#### *Regional Developments*

14.49 During the year, information dissemination at regional level witnessed an intensified effort. Several offices and departments set up helpdesks to clarify doubts raised by the general public through e-mail/telephone/fax. The nodal officers manning the helpdesks replied to the queries relating to their departments. The e-mail addresses of help desks were placed on the Reserve Bank's website to facilitate direct interaction between members of public and the departments/offices. Some Regional Offices, such as, Chennai, Ahmedabad, Bangalore and New Delhi have installed an information kiosk in the reception area to facilitate access to information relating to their offices as well as general information to the public visiting their premises.

14.50 Wide publicity was given at the regional level to the Grievances Redressal Mechanism. The mechanism provides a forum to the public to seek redressal of their complaints against any department of the Reserve Bank. Some Regional Offices regularly organised workshops on adjudication of defective notes and detection of forged notes for bankers and officials representing Police, CID, Income Tax, Railways, Post and Telegraphs, Customs, Chamber of Commerce, etc.

14.51 Notice boards put up at strategic points in the Reserve Bank's various premises display information of interest/relevance to customers. Complaint boxes were also placed to receive customer complaints. The citizens' charter was prominently displayed in the Reserve Bank's premises.

14.52 The external relations cell in Central Office continued to attend to queries received on telephone/fax/letter/e-mail from the press and the public seeking information and guidance relating to the areas of banking, finance, foreign exchange/investment.

14.53 The Library of the Department of Economic Analysis and Policy in the Central Office has an important role in the storage/retrieval and provision of information services within the Reserve Bank. The collection of the Library consists of 1,15,540 books and other documents, 436 print and 1700 CD-ROM journals, a CD-ROM collection of 950 and on line subscription to various electronic databases for books, journals, journal articles and other publications. The Library provides information support to various departments, training colleges and libraries in regional offices. The On-line Public Access Catalogue (OPAC) for books, periodicals and articles could be accessed through intranet. The Library added 1,033 new books, 683 *gratis* publications and 401 bound volumes during 2001-02. Library user training programmes were arranged for the benefit of officers of various departments of the Reserve Bank.

#### **Customer Service Measures**

14.54 Evaluation of customers' satisfaction on Citizens' Charter through feedback mechanism was undertaken at quarterly intervals in respect of banking, foreign exchange and issue departments. Suggestions received were evaluated and implemented wherever feasible.

14.55 Some Regional Offices introduced telebanking facility during the year under review. Through this facility, banks and financial institutions can access their local transaction details as well as funds position in their current accounts maintained with the Reserve Bank.

14.56 Monthly customers' meets with exporters and importers were conducted for dissemination of information related to Foreign Exchange Management Act (FEMA) at some centres. Workshops were organised and press releases issued to popularise the Electronic Funds Transfer and Electronic Clearing Service schemes. Training programmes/seminars for officials of State Governments/NBFCs and their auditors were conducted to familiarise them with the regulatory framework put in place by the Reserve Bank.

14.57 Regional Offices took several measures to implement Clean Note Policy, such as, increased

disposal of soiled notes, organising special drives to mop up soiled and mutilated notes from public, making available fresh currency notes and coins through bank branches and other willing public organisations.

14.58 Regular interaction through customer service meets, officers' participation in meetings/seminars/workshops and interaction with various organisations/banks/institutions and dignitaries continued during the year. In addition, Regional Offices issued regular advertisements in local papers informing the public that they can seek redressal of their grievances by contacting designated officers.

14.59 Other customer friendly measures introduced by Regional Offices included operationalising electronic moving display boards flashing information useful to customers in the Banking Hall, deploying a floor marshal in the Banking Hall to guide and assist customers who come to the Reserve Bank's premises to transact business, preparing handouts/pamphlets especially on exchange control matters for customers and banks and disseminating information through interviews with local electronic media.

14.60 Issue and servicing of Relief Bonds have been decentralised/delegated to over 1,500 branches of banks including FI promoted private banks and Stock Holding Corporation of India Ltd. all over the country with larger number of access points for prospective investors. In addition, the demat form bonds styled as Bond Ledger Account have been made available to the investors.

14.61 The Reserve Bank decided to withdraw the requirement of obtaining succession certificate from the legal heirs, even for amounts exceeding Rs. 25,000, in the account of a deceased customer, subject to observance of certain safeguards. Similar guidelines were issued to banks for release of other assets such as safe custody articles and mortgaged security.

14.62 Banks were advised that it is not essential to open an account only through an introducer and it may be done on the basis of certain official documents such as passport, ration card, electoral card, identity card, driving licence, PAN card and sales tax number. Banks were also advised to follow a flexible approach by adopting alternate methods to establish identity of the person while opening an account. At the instance of the Government of India, banks were advised not to insist on production of ration cards for the purpose of verifying identity of an individual or proof of residence.

14.63 The Reserve Bank, in consultation with the Indian Banks' Association, examined the question of reducing further the outer limit for collection of outstation cheques. Since there was a scope for banks to further reduce this period of outer limit by introducing 'quick collection service' or by ascertaining the fate of collection by fax, *etc.*, banks were advised to review their existing arrangements and capabilities and work out a scheme for reduction in collection period.

14.64 While updating passbooks of customers maintaining savings/current accounts, banks were advised to provide complete information regarding every transaction, by remodeling the packages, if necessary.

14.65 Banks were advised to remain vigilant about fraudulent encashment by unscrupulous persons opening deposit accounts in the name/s similar to already established concern/s resulting in erroneous and unwanted debit of drawer's accounts. Once the irregularity/fraud has been committed by their staff towards any constituent, the banks should acknowledge their liability and pay just claim as follows: i) in cases where bank is at fault, bank should compensate customer without demur and ii) in cases where neither the bank nor the customer is at fault, then also the bank should compensate customer (up to a limit).

#### **Initiatives by Department of Economic Analysis and Policy**

14.66 An important objective of the Reserve Bank is to provide to the public an informed assessment of macro-economic and financial developments in the Indian economy through analytical research and data dissemination in line with international best practices. The Department of Economic Analysis and Policy (DEAP), which is responsible for preparation of the Reserve Bank's Annual Report, has been bringing out various publications to ensure timely, comprehensive and accurate information and analysis. During the year, the DEAP brought out the Reserve Bank's major publications, *i.e.*, 'Report on Trend and Progress of Banking in India, 2000-01', 'Report on Currency and Finance, 2000-01' and 'State Finances : A Study of Budgets of 2001-02'. An important publication of the DEAP in recent years has been the 'Macroeconomic and Monetary Developments'. This document is issued along with the Statement on Monetary and Credit Policy and provides the macroeconomic background for policy formulation. In addition to the monthly dissemination of key economic and financial information in the Reserve Bank's Bulletin (and weekly

dissemination through its Weekly Statistical Supplement), the 'Handbook of Statistics on Indian Economy, 2001' was released during the year. The Handbook database, which is a storehouse of information on various aspects of the Indian economy, was converted into a RDBMS platform to enable intelligent search features in a user-friendly manner in the CD-ROM. The DEAP takes into account feedback received from users of its publications to further improve the analytical and material content. The DEAP also assists other departments in the Reserve Bank in bringing out their publications. An inter-departmental Working Group has been set up to restructure the monthly Bulletin to enhance its analytical standards and information content.

14.67 The Department has been closely involved with promotion of country-level professional interactions within the SAARC region. SAARC-FINANCE which functioned as an informal network of SAARC countries' central bank governors and finance secretaries was formally recognised with approved terms of reference by the SAARC Council of Ministers during the eleventh SAARC summit held in Kathmandu during January 2-3, 2002. Under the SAARC-FINANCE Staff Exchange Programme, three officers from Royal Monetary Authority of Bhutan and two officers from Central Bank of Sri Lanka visited the Reserve Bank during 2001-02.

14.68 The Development Research Group (DRG) of the Department, which was constituted in November 1991, continued to serve as a forum of constructive debate and interaction among eminent outside experts and officials within the Reserve Bank. The DRG has so far published 23 studies since its inception on a wide range of subjects relating to real, social, monetary, fiscal, banking and external sectors. A DRG Discussion Paper entitled "A Study of State Public Accounts in India - With Special Emphasis on State Provident Funds" was released during the year.

14.69 The Reserve Bank's Endowment Scheme under which the financial support is provided to various institutions for the purposes of research and training in areas of interest to the Reserve Bank was amended. The extant system of annual funding of Professorial Chairs in leading Universities/research institutions in India was replaced by corpus funds with the objective of according greater operational flexibility to host institutions and to streamline administrative procedures. The host institutions are required to invest the corpus funds in Government or other Trustee securities in a stipulated manner, and to meet expenditure in respect of the research/teaching

activities from the interest earned out of the corpus funds. The new funding system would commence from 2002-03. New corpus funds were set up in apex national bodies promoting excellence in research and higher learning in areas of interest to the Reserve Bank.

14.70 A book entitled "Money, Income, Prices in 19<sup>th</sup> Century India" by Prof. P.R. Brahmananda, undertaken as a research project under the Reserve Bank's Endowment Scheme, was published during the year.

14.71 Initiatives were also taken during the year to promote research and human resource development within the Reserve Bank. In order to enhance the motivational level of employees and encourage high quality research of international standards, it has been decided to reimburse a multiple of the submission fee, wherever applicable, for articles prepared by the employees and accepted for publication in reputed national/international journals. The scheme for deputing officers for undertaking M.Phil/Doctoral studies in reputed institutions is being streamlined. A mechanism is also being worked out to circulate the reports of officers attending conferences/seminars/training programmes within India and abroad, including the posting of summary of such reports on the Reserve Bank's website.

14.72 With the focus of structural reforms in the Indian economy turning to the States, the need to focus on macroeconomic and financial developments at the regional level has assumed special importance. In this context, a Working Group was formed to assess and re-define the role of regional offices of the DEAP. The recommendations of the Working Group are under consideration.

#### **Initiatives by Department of Statistical Analysis and Computer Services**

14.73 During 2001-02, the Department of Statistical Analysis and Computer Services (DESACS) published the results of various Basic Statistical Return (BSR) surveys showing different distributional aspects and characteristics of deposits, credit and investments of scheduled commercial banks in India and a compendium "Selected Financial Statistics - Public Limited Companies, 1974-75 to 1999-2000 (Selected Industries)". Dissemination of International Banking Statistics (IBS) of India began during the year.

14.74 India's external debt statistics were successfully reconciled with the World Bank. The

system of electronic reporting of R-Return transactions to the Reserve Bank by banks through the Foreign Exchange Transactions - Electronic Reporting System (FET-ERS) was extended to more than 1,500 authorised dealers (ADs). The development of a new version of FET-ERS and a new computerised Comprehensive Single Return (CSR) for all non-resident deposits to enable compilation of data on residual maturity basis was carried forward. An International Workshop on Commonwealth Secretariat - Debt Recording and Management System (CS-DRMS 2000+) for India, Maldives, Sri Lanka, Thailand and Kenya was organized in the College of Agricultural Banking, Pune during April 15, 2002 to May 2, 2002 in collaboration with the Commonwealth Secretariat (COMSEC), London.

14.75 The Department launched a Survey of Small Borrowal Accounts (each with a credit limit of Rs.2,00,000 or less) with March 31, 2001 as the reference period, with the objective of obtaining a profile and structural pattern of these accounts. The modalities to launch a Survey of India's Foreign Liabilities and Assets have been finalised to collect essential data for five quarters from March 2001 to March 2002.

14.76 The second phase of the data warehouse project, Central Database Management System (CDBMS), was completed during the year. During this phase, detailed technical architecture, data modeling and system design for the selected subject areas were completed. The third phase of the project, *i.e.*, construction and implementation is under progress.

#### **Parliamentary Committees**

14.77 The Joint Parliamentary Committee (JPC) on Stock Market and other matters headed by Lt. General (Retd.) P.M. Tripathi visited Mumbai between July 10 and 12, 2001 to interact with various agencies including the Reserve Bank. The JPC had informal interactions with the Governor and senior officials of the Reserve Bank on various issues relating to the matters being investigated by them.

14.78 The Sub-Committee on Drafting and Evidence of the Committee of Parliament on Official Language visited the Reserve Bank's Offices at Thiruvananthapuram, Lucknow, and Panaji on September 12, December 26 and 31, 2001 respectively. The third sub-Committee of the Committee of Parliament on Official Language, visited Thiruvananthapuram on January 23, 2002.

14.79 Governor appeared before the Standing Committee on Finance for a discussion on the Fiscal Responsibility and Budget Management Bill, 2000 in October 2001.

14.80 Senior officials of the Reserve Bank at the Regional Offices of RPCD at Ahmedabad, Bhubaneswar, Bhopal, Chennai, Hyderabad, Jaipur, Kolkata, Panaji and Thiruvananthapuram as well as senior officials of Central Office of RPCD appeared before various Parliamentary Committees, viz., Standing Committee on Agriculture, Estimates Committee, House Committee, Standing Committee on Urban and Rural Development, Standing Committee on Food, Civil Supplies & Public Distribution and Standing Committee on Finance during the year on several occasions.

14.81 The Public Accounts Committee, headed by Sardar Buta Singh, visited Mumbai and had discussions at the Reserve Bank on June 19, 2002 with Governor on management of fiscal imbalances and fiscal liabilities.

14.82 Dr. Bizay Sonkar Shastri, Chairman of National Commission for SCs/STs visited Mumbai and had discussions with Shri Vepa Kamesam, Deputy Governor on June 6, 2002.

#### Central Board and its Committees

14.83 Seven meetings of the Central Board were held during the year, of which four meetings were held at traditional centres, viz., Mumbai, Delhi, Chennai and Kolkata and three at non-traditional centres, viz., Lucknow, Panaji and Ahmedabad. Forty-six weekly meetings of the Committee of the Central Board were held during the year at Mumbai. The Committee of the Central Board as usual, attended to the current business of the Bank, including approval of the Reserve Bank's weekly accounts pertaining to the Issue and the Banking Departments. The discussions at the meetings of the Central Board broadly covered matters relating to general superintendence and direction of the Reserve Bank's affairs, in which the Directors, with their vast experience in diverse fields, actively contributed to important decisions pertaining to currency management, information technology, human resource development, banking supervision, monetary and credit policy, the Reserve Bank's accounting policy, etc.

14.84 In addition to the above, six meetings of the Inspection and Audit Sub-Committee (IASC), five meetings of Building Sub-Committee and three meetings of Staff Sub-Committee were held during

the year. These Sub-Committees of the Central Board have been constituted to assist the Central Board in direction of the Reserve Bank's affairs. During the year, the Inspection and Audit Sub-Committee reviewed the critical areas pointed out in the Inspection and Audit Reports and the overall compliance position of these reports at periodical intervals with a view to maximising productivity and efficiency of operations. It gave several directions for improving the systems and procedures in the Reserve Bank. The Building Sub-Committee advised the Reserve Bank during the year on various matters including construction/rehabilitation of office buildings and staff quarters, setting up of Close Circuit TV/ Access Control System for strengthening security arrangements in the Reserve Bank and surveillance over it, standardisation of specifications required for work stations in the Reserve Bank's premises, laying of backbone structured cabling system for connectivity with INFINET, etc. The Staff Sub-Committee, which mainly deals with the proposals for sanction of additional posts in different departments, also considered matters pertaining to manpower planning.

#### Central Board / Local Boards

14.85 Dr. Y. V. Reddy, was reappointed as Deputy Governor of the Bank for a further period of two years commencing from September 1, 2001.

14.86 Shri Vepa Kamesam and Shri G. P. Muniappan took over as Deputy Governors of the Bank from July 1, 2001.

14.87 Shri C.M. Vasudev, Secretary (Economic Affairs), Ministry of Finance, Department of Economic Affairs was nominated as the Government nominee Director on the Central Board under Section 8(1)(d) of the Reserve Bank of India Act, 1934 with effect from December 3, 2001 in place of Shri Ajit Kumar.

14.88 Dr. A.P.J. Abdul Kalam resigned from the Central Board of Directors and the Local Board (Northern Area) of the Bank in June 2002.

#### Appointment/Retirement of Executives

14.89 Shri D.P. Sarda, Executive Director retired from the Bank's service from the close of business on July 31, 2001.

14.90 Smt. K.J. Udeshi was appointed as Executive Director of the Bank with effect from August 1, 2001.

14.91 Shri M.R. Umarji, Executive Director (on deputation), Department of Non Banking Supervision (DNBS) relinquished charge of his office from the

close of business on November 30, 2001 on completion of his tenure in the Bank.

14.92 Shri N. Sadasivan, former Deputy Managing Director, State Bank of India was taken on deputation as Executive Director, Department of Non Banking Supervision (DNBS), and he assumed charge of his office with effect from December 10, 2001.

#### **Foreign Dignitaries**

14.93 Mr. Oduetse A. Motshidisi, Deputy Governor and Mr. Moses D Pelaelo, Director, Banking Supervision Department, Bank of Botswana visited the Bank on September 6, 2001 and met Shri G.P. Muniappan, Deputy Governor and other senior officials of the Department of Banking Supervision.

14.94 A delegation of French Parliamentary Members headed by Mr. Andre Lajoinie, visited the Bank on September 19, 2001, as a part of study tour of India and held discussions with Dr. Y.V. Reddy, Deputy Governor and other senior executives of the Bank.

14.95 Dr. William White, Economic Advisor, Bank for International Settlements (BIS) visited the Bank on December 14, 2001 to address a seminar on "Changing Global Economy and the Role of Monetary Policy".

14.96 Mr. Lyonpo Yeshey Zimba, Finance Minister of Bhutan, visited the Bank on January 22, 2002 and

held discussions with Deputy Governor Shri G.P. Muniappan.

14.97 Mr. T. PadoaSchioppa, Member, Executive Board of European Central Bank visited the Bank from January 24 to 25, 2002. He met the Governor and Deputy Governors Dr. Y.V. Reddy and Shri G.P. Muniappan.

14.98 Mr. A.S. Jayawardena, Governor, Central Bank of Sri Lanka, visited the Bank from February 14 to 15, 2002. He met Governor, Deputy Governor Shri Vepa Kamesam and other senior officials of the Bank.

14.99 Mrs. Stephane Pallez, Secretary of International Affairs (Treasury Department in the Ministry of Economy, Finance and Industry) in Paris visited the Reserve Bank and had discussions with Governor on May 2, 2002.

14.100 Mr. Anwar-ul-Haq Ahady, Governor, Da Afghan Bank (Central Bank of Afghanistan) visited Mumbai and had discussion with Governor on June 4, 2002.

#### **Auditors**

14.101 The accounts of the Reserve Bank were audited by M/s. Kapoor Tandon & Co., Kanpur, M/s. N. C. Rajagopal & Co., Chennai, M/s. P.K. Mitra & Co., Kolkata, M/s. R.K. Khanna & Co., New Delhi, M/s. Chandabhoy & Jassoobhoy, Mumbai and M/s. P.B. Vijayraghavan & Co., Chennai. All the six audit firms were re-appointed by the Central Government.