

XIV

HUMAN RESOURCES DEVELOPMENT AND ORGANISATIONAL MATTERS

14.1 The response of the Reserve Bank to the challenges imposed by the changing economic and business environment has been reflected in its approach to human resource management, notwithstanding the rigidities confronting it. The traditional institutional structure and culture has sometimes operated as a drag on human resource development, particularly in skill development, management change and career planning. This has been counteracted by recruiting skilled manpower from the open market to a certain extent, including some lateral induction of experts and redeployment of existing staff in new activities after suitable training. A major challenge is to develop the special competencies and skills for an environment of deregulation and openness driven by growing sophistication of operations and ever-expanding frontiers of information technology. In this milieu, building and reinforcing a corporate vision and culture that fosters creativity and recognises talent and merit is critical.

Training and Skill Enhancement

14.2 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 Reserve Bank's training needs and that of the banking industry. A Committee of the Principals of the three training colleges, the Chief General Manager, Human Resources Development Department and a faculty member from each College was constituted for regular exchange of ideas and to deliberate on the various matters of mutual interest.

Bankers Training College (BTC), Mumbai

14.3 Being the premier institution in the field of banking studies, the BTC introduced new programmes on foreign exchange management, treasury management, integrated risk management and credit management for trainers from other training institutions. It also conducted senior level programmes in areas such as management of balance sheets of banks, operational risk management, latest developments in payment systems, corporate debt restructuring, new regulatory initiatives like Prompt

Corrective Action (PCA) and New Capital Accord for the benefit of the senior officers in commercial banks and the Reserve Bank. The College faculty continued to extend faculty support to other training institutions. Details pertaining to its activities including information on Advisory Council, faculty, and calendar of programmes are available on the Reserve Bank's web site (<http://www.rbi.org.in/training>). The BTC conducted collaborative training with Administrative Staff College of India (ASCI), Hyderabad and Jawaharlal Nehru Institute of Development Banking in the areas of risk based supervision.

Reserve Bank Staff College (RBSC), Chennai

14.4 The RBSC, catering to the training and developmental needs of Reserve Bank officers, has been constantly upgrading the contents of its programmes. In a bid to relate to live situations in the office, The RBSC developed several case studies for training purposes and forwarded them to the Regional Offices. The RBSC conducted off-site programmes for officers of the Department of Banking Supervision, the Department of Non-Banking Supervision, the Department of Banking Operations and Development, and the Urban Banks Department at Bangalore and Hyderabad. The College conducted its pilot programme on "Integrated Risk Management" in August 2002.

College of Agricultural Banking, Pune

14.5 Maintaining its pro-agricultural stance, the College of Agricultural Banking (CAB) diversified its training activities to other areas of banking such as information technology and human resources management. The CAB conducted 16 off-site programmes for the officers of Urban Co-operative Banks (UCBs), District Central Co-operative Banks (DCCBs), State Co-operative Banks (StCBs), Regional Rural Banks (RRBs), Reserve Bank and State level financial institutions. It also extended faculty support to other institutions. The College conducted 37 new programmes during the year, besides conducting nine international programmes for officers of Western Province and Regional Development Banks in Sri Lanka. The College was associated with a study of the existing Management

ANNUAL REPORT

Information System (MIS) in 29 scheduled UCBs. The College was also associated with the University of Reading, U.K. in a research project, which is funded by the Department for International Development (DFID), UK. The project is titled "Towards ensuring sustainable financial services for the poor through improved capacity building".

Zonal Training Centres

14.6 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. Based on the recommendations of the Working Group constituted to review the training facilities for Class III and Class IV staff and the plan of action drawn for its implementation, ZTCs conducted programmes on functional areas, information technology and behavioural areas. ZTCs also conducted short duration programmes on various facets of HRD *i.e.*, motivation, inter-personal skills, communication and team building. To increase awareness of the Class III employees about the Indian economy, monetary policy and the challenges confronting the Reserve Bank in regulating and supervising the country's financial system, a broad-spectrum programme of one-week duration was introduced. A programme on health awareness was introduced for Class IV employees. The development programme for Class IV employees includes topics on personal effectiveness, team work and work ethics. The importance of customer service, staff regulation, facilities available are also part of the curriculum. Programmes on investment and retirement planning for Class III and Class IV employees are regularly conducted at the ZTCs. In the recent period, off-site programmes are also conducted by ZTCs. In the recent period, ZTCs have conducted Integrated Development Programmes for Class III staff redeployed out of the Cash Department.

14.7 The number of training programmes conducted and the level of participation at the various training institutions is shown in Table 14.1. The decline in the number of programmes and participants in the College of Agricultural Banking, Pune may be attributed to the fact that the college had to cancel/merge programmes on account of inadequate nominations.

Deputation of officers for training in India and abroad

14.8 During 2002-03, 452 officers were deputed by the Reserve Bank to participate in training

Table 14.1 : Initiatives by Reserve Bank Training Colleges

Colleges	2002-2003		2001-2002		2000-2001		1999-2000	
	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants
1	2	3	4	5	6	7	8	9
RBSC	139	3,013	125	2,795	140	2,949	109	2,489
BTC	146	3,422	115	2,532	113	2,436	95	2,137
CAB	173	3,461	179	3,777	153	3,179	124	2,596
ZTCs (CLASS III)	153	2991	131	2,576	100	2,013	86	1,660
ZTCs (CLASS IV)	31	535	26	470	17	313	16	312

programmes, seminars and conferences organised by external management/banking institutions in India. The areas of training covered included human resources management, risk management, international banking and foreign trade, labour laws, trade unionism, agricultural finance and micro finance. Furthermore, the Reserve Bank deputed 39 officers for exposure in select commercial banks under the scheme of Commercial Bank Training.

14.9 The Reserve Bank deputed 204 Officers to attend training courses, seminars, conferences and workshops, conducted by banking and financial institutions in 32 countries abroad. The important areas of training related to bank supervision, derivatives, risk management, reserve management, financial programming and policies, macroeconomic management, forecasting and financial sector issues.

14.10 Under the Golden Jubilee Scholarship Scheme for higher studies abroad, four officers were selected in 2002-03 for pursuing higher studies abroad. The four selected officers have opted to pursue courses in Investment Management in the City University Business School, London; MBA in finance from Leeds University, U.K., financial and commercial regulation from the London School of Economics, London; and financial markets from the Illinois Institute of Technology, USA. The total number of officers deputed under the scheme stands at 67.

14.11 The Reserve Bank also deposes officers of outstanding merit for pursuing short duration training in the area of management development/executive development/general management. Three officers were selected in 2002-03 for such training. Three officers were granted sabbatical under the scheme for grant of sabbatical to senior officers. One officer was sponsored for Ph.D studies at Chennai University during 2002-03. One officer was deputed to Bank for International Settlements (BIS), Basle under the

ANNUAL REPORT

Visiting Fellowship scheme. Three Officers were granted study leave (one officer in India and two abroad) under the scheme for higher studies for officers of the Reserve Bank.

Training in Computer Technology

14.12 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 by the Reserve Bank in November 1995 to meet the increasing training needs in this area was further 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. Up to the end of June 2003, 3062 Class III employees and 1351 officers were trained. Furthermore, with a view to enable the officers to acquire more proficiency and skills in computer related areas which are directly linked to their job performance, 90 officers in various offices and central office departments were imparted training under the Scheme by the end of June 2003. In addition, 68 officers were deputed during 2002-03 to various external training institutions such as Indian Institute of Management, Administrative Staff College of India, National Institute of Bank Management, Management Development Institute, Xavier's Labour Research Institute and Institute for Development and Research in Banking Technology.

Training imparted to officials from other countries

14.13 During 2002-03, 295 officials from 11 countries viz., Bhutan, Bangladesh, Iran, Maldives, Nepal, Nigeria, Philippines, Sri Lanka, Sudan, Tanzania and Uganda were trained or provided study attachment facilities at the Bank's training establishments or Central Office departments.

14.14 Under the SAARCFINANCE Staff Exchange Programme two officers from the Nepal Rastra Bank (NRB), four officers from the Bank of Bangladesh and 12 officers from the Central Bank of Sri Lanka (CBS) visited the Reserve Bank during 2002-03 (July-June). The Bank of Bangladesh organised a seminar on "Microcredit Operations" in which two senior officers from the Reserve Bank participated. The SAARCFINANCE, formally recognised with approved terms of reference (ToR), is a network of South Asian Association for Regional Cooperation (SAARC) Central Bank Governors and Finance Secretaries

which works towards strengthening exchange of ideas on national macroeconomic policies and promoting understanding of global developments and their implications for the SAARC region.

Human Resource Initiatives

Modification in Officers' Promotion Policy

14.15 In order to have a degree of flexibility in the promotion policy so that the zone of consideration covers the minimum number of freshers required, it was decided, with the approval of the Committee of the Central Board, that the eligibility criterion of three years service in the present grade for promotion to the immediate higher grade may be relaxed up to two years service if an adequate number of candidates is not available for interview as per the norms prescribed in the promotion policy. Furthermore, the selection process for promotion of officers to Grades 'B' and above up to Grade 'E' was modified to take into consideration the selection interview and evaluation of the best three reports of the immediately preceding 5 years, provided all the five reports pertain to the existing grade. In case the number of reports available in the existing grade is less than five, the best three of the available four reports are to be reckoned for the selection process. In case an officer has put in three years or less in the existing grade, the actual number of reports available is taken for the selection process.

Modification in Performance Appraisal System

14.16 A comprehensive review of the Performance Appraisal System was undertaken with the help of an expert consultant. A Committee of Chief General Managers was also constituted to go through all the views and suggestions received in connection with the revision of Performance Appraisal System (PAS). As per the recommendations of this committee, it was decided to modify the performance appraisal system, effective from the performance year 2002-03. Under the modified performance appraisal system, the officers from Grade A to Grade E are to be assessed on 10 different competencies which have been identified keeping in view their job profile, level of responsibility and the position they hold. Performance / competencies are to be appraised on a five point scale with each competency having a weight of four. With a view to achieving objectivity and uniformity, a vocabulary was provided to facilitate distinguishing different levels of identified competencies on a five point rating scale. The vocabulary is common for all departments except the Legal Department for which

HUMAN RESOURCES DEVELOPMENT AND
ORGANISATIONAL MATTERS

separate vocabulary has been provided, keeping in mind the special nature of its functions.

Exit Interviews

14.17 A scheme of Exit Interview was introduced with the objective of identifying the reasons for an officer seeking separation from the Reserve Bank's service prior to superannuation, analysing the information and initiating corrective steps as may be necessary. The scheme is applicable to all categories of officers, irrespective of the length of service and the reasons for separation. The objective of the scheme is not to create hindrance in the process of separation but to see if the officer can be helped to overcome his or her difficulty or misunderstanding, if any.

Summer Placement Scheme

14.18 For the year 2002-03, 25 students were selected out of 276 who applied for summer placement. These summer interns are from diverse disciplines. Under the decentralised arrangements, Regional Offices at Ahmedabad, Bangalore, Chennai, Kolkata, New Delhi, Kanpur and Lucknow also administer the scheme in their respective areas.

Promotion of Hindi

14.19 The Reserve Bank continued to create awareness of Hindi among employees by way of intensifying training programmes in various fields under the Official Language Policy. Annual Programme on Hindi received from Government of India, was implemented successfully. Workshops were organised for senior officers in Regional Offices of Kolkata, Guwahati, Hyderabad and Patna. A targeted translation training programme, the first of its kind, for non-Hindi staff was conducted under the auspices of the Zonal Training Centre, Belapur. The use of Hindi on computers has increased in the Reserve Bank. Besides word processing, Hindi has been interfaced with application development as well as e-mail and corporate e-mail. The size of the Hindi website has grown considerably along with the number of hits to the site. The Reserve Bank set up an information desk in its Rajbhasha Department for systematically storing the processed data required from time to time by various levels of management. A revised and enlarged edition of Banking Glossary (English-Hindi), published by the Reserve Bank, has been widely welcomed by the banking sector. The Reserve Bank continued to publish its headline publications bilingually. The

Bankers Training College improved the quality of its quarterly magazine called "*Chintan Anuchintan*". Celebrations were held in the Reserve Bank to commemorate Hindi Day on September 14, 2002 with larger participation of employees in various programmes.

Industrial Relations

14.20 Industrial relations in the Bank remained by and large peaceful during the year 2002-03. The last wage settlements expired on November 1, 2002 and consequently the trade unions representing workmen employees in Classes III and IV as also the Associations of Officers submitted fresh demands for revision of pay scales. Meetings have been held with the recognised Association/Federation of employees on various matters.

Recruitment

14.21 During the year 2002, the Reserve Bank recruited 134 employees, of which 34 were from Scheduled Castes (SCs) and Scheduled Tribes (STs) categories constituting 25.4 per cent of total recruitment (Table 14.2).

14.22 The total staff strength as on December 31, 2002 was 28,884 compared with 29,922 a year ago. Of the total staff, 5347 belonged to Scheduled Castes and 2085 belonged to Scheduled Tribes (Tables 14.3 to 14.6).

14.23 During the calendar year 2002, the Bank's Liaison Officer for SC/ST employees conducted inspection of reservation rosters maintained at the Reserve Bank's 13 offices viz. Ahmedabad, Bhopal, Bhubaneswar, Belapur, Chandigarh, Chennai, Jaipur, Kanpur, Kolkata, Nagpur, New Delhi, Pune and Thiruvananthapuram. Meetings between Management and the representatives of the All India Reserve Bank Scheduled Caste/Scheduled Tribe and

**Table 14.2 : Recruitment During 2002
(January 1, 2002 to December 31, 2002)**

Category	Total Recruited	Of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	76	12	7	15.8	9.2
Class III	13	3	1	23.1	7.7
Class IV	45	9	2	20.0	4.4
<i>of which</i>					
(a) Sweepers	18	5	–	27.8	–
(b) Others	27	4	2	14.8	7.4
Total	134	24	10	17.9	7.5

ANNUAL REPORT

Table 14.3 : 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, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001	December 31, 2002	
1	2	3	4	5	6	7	8	9
Class I	7,261	7,342	835	785	249	229	11.5	3.4
Class III	12,570	13,324	1,894	2,038	1,058	1,091	15.1	8.4
Class IV	9,053	9,256	2,618	2,919	778	798	28.9	8.6
Total	28,884	29,922	5,347	5,742	2,085	2,118	18.5	7.2

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 Central Government policy effective from September 8, 1993, the Reserve Bank has provided reservation to Other Backward Classes (OBCs). The representation of OBCs in the Reserve Bank was 115 (1.58 per cent) in Class I, 117 (0.93 per cent) in Class III, and 405 (4.47 per cent) in Class IV as on December 31, 2002.

Table 14.4 : Category-wise Actual Staff Strength as on December 31, 2002

Class	Actual Strength
1	2
Class I	
1. Senior Officers in Grade F	72
2. Senior Officers in Grade E	237
3. Senior Officers in Grade D	384
4. Officers in Grade C	948
5. Officers in Grade B	1,571
6. Officers in Grade A	3,237
7. Treasurer	16
8. Deputy Treasurer	127
9. Assistant Treasurer	669
Total Strength in Class I	7,261
Class III	
1. Clerk Gr. I	3,681
2. Clerk Gr. II	6,607
3. Stenographer	368
4. Typist	729
5. Teller	395
6. Class III (Others)	790
Total Strength in Class III	12,570
Class IV	
1. Peon	1,807
2. Mazdoor	2,292
3. Class IV (Others)	4,954
Total Strength in Class IV	9,053
Total Strength in the RBI	28,884

14.24 The total strength of ex-servicemen in the Bank at the end of December 2002 stood at 121 in Class I, 523 in Class III and 1,085 in Class IV. The total number of physically handicapped employees in Class I, Class III and IV cadres in the Bank stood at 65, 295 and 147 respectively at the end of 2002.

Premises Department

14.25 Apart from the traditional functions like improving the ambience in work places and residential colonies, provision of infrastructural facilities for installation of Currency Verification and Processing Systems (CVPS) and Shredding and Briquetting Systems in 18 offices were completed. Closed Circuit Television Surveillance Systems (CCTV) were commissioned in five more office buildings bringing the total number of offices with CCTV System to nine.

Inspection of Offices/Departments in the Reserve Bank

14.26 Management Audit and Systems Inspection of Regional Offices/Central Office Departments is carried out at interval of 18 to 24 months. While the scope of the Systems Inspection is to examine compliance with extant policies, guidelines and manual provisions, Management Audit (MA) within the Reserve Bank focuses on evaluating efficiency, economy, effectiveness, delegation and co-ordination. Within this process, a risk based strategy has been evolved under which high risk-prone areas in the functioning of offices are identified for intensive deployment of inspection resources. The performance of internal inspections and compliance is monitored by a Committee of Executive Directors under the overall supervision and guidance of Inspection and Audit Sub-Committee (IASC) of the Central Board. Information Systems Audits are conducted on a regular basis. A Policy document on Information Systems Audit has been approved by the Central Board.

HUMAN RESOURCES DEVELOPMENT AND
ORGANISATIONAL MATTERS

Table 14.5 : Central Office Department-wise Strength of Staff as on December 31, 2002

Department / Office	Class I	Class III	Class IV
1	2	3	4
1. Department Administration and Personnel Management (DAPM)	124	139	69
2. Department of Banking Operations and Development (DBOD)	122	116	85
3. Department of Banking Supervision (DBS)	124	42	25
4. Department of Currency Management (DCM)	41	32	23
5. Department of Economic Analysis and Policy (DEAP)	218	242	107
6. Department of Expenditure and Budgetary Control (DEBC)	55	106	41
7. Department of External Investments and Operations (DEIO)	50	43	14
8. Department of Statistical Analysis and Computer Services (DESACS)	174	235	104
9. Department of Government and Bank Accounts (DGBA)	59	80	34
10. Department of Information Technology (DIT)	84	23	19
11. Department of Non-Banking Supervision (DNBS)	58	13	10
12. Exchange Control Department (ECD)	113	178	83
13. Human Resources Development Department (HRDD)	23	22	8
14. Internal Debt Management Department (IDMD)	26	16	9
15. Industrial and Export Credit Department (IECD)	32	29	16
16. Inspection Department (ID)	52	21	11
17. Legal Department (LD)	32	20	18
18. Press Relations Division (PRD)	7	7	6
19. Premises Department (PD)	65	60	54
20. Reserve Bank Services Board (RBSB)	13	14	8
21. Rural Planning and Credit Department (RPCD)	83	48	42
22. Secretary's Department	35	24	34
23. Urban Banks Department (UBD)	91	46	47
Total	1,681	1,556	867

Table 14.6 : Office-wise Strength of Staff as on December 31, 2002

Department/Office	Class I	Class III	Class IV
1	2	3	4
1. Ahmedabad	303	574	382
2. Bangalore	342	683	385
3. Belapur	113	266	323
4. Bhopal	136	110	113
5. Bhubaneswar	149	241	235
6. Chandigarh	155	120	122
7. Chennai	606	967	704
8. Guwahati	175	346	268
9. Hyderabad	308	461	371
10. Jaipur	207	427	324
11. Jammu	56	37	51
12. Kanpur	250	669	539
13. Kochi	40	93	55
14. Kolkata	543	1673	1040
15. Lucknow	137	221	133
16. Mumbai	841	1554	1462
17. Nagpur	244	635	380
18. New Delhi	501	1060	609
19. Panaji, Goa	10	8	3
20. Patna	223	543	387
21. Pune-CAB-CRDC	41	55	91
22. Thiruvananthapuram	200	271	209
Total	5,580	11,014	8,186

14.27 During the period July 2002-June 2003, Management Audit and Systems Inspection of 24 Regional Offices/Central Office Departments was conducted. Likewise, Information Systems Audit of 19 Regional Offices/Central Office Departments was conducted.

Library

14.28 The Central Library of the Reserve Bank, attached to the Department of Economic Analysis and Policy, plays an important role in the collection, storage and dissemination of information within the Bank. The Library has a comprehensive collection of books, journals, working papers, reports, CD ROMs and other documents. The Library maintains electronic databases of all these documents (OPAC – Online Public Access Catalogue) which can be accessed through Intranet from the Central Office building at <http://172.16.6.1/opac.html> and from all other offices of the Bank at <http://10.21.1.68>. PROQUEST Business Periodicals service is available online (for terminals having access to Internet through the Reserve Bank's leased line) from all locations from the address <http://www.il.proquest.com/pqdauto>. Access to IBID (India Business Insight Database) is

also available online (for terminals having access to Internet through the Reserve Bank's leased line) from all locations from the address <http://ibid.informindia.co.in>. Access to Elsevier Science Direct Service for Elsevier Science Journals subscribed in the Central Library is also available from site <http://www.sciencedirect.com>. The size of the Library database is 98,009 records covering books and other documents. It subscribes to 498 print and 1,800 CD ROM journals. The Library provides Current Awareness Services, for all new documents added in the Library as well as selected articles from professional journals through the Intranet on a regular basis. The Central Library also provides information services and support to various departments, training colleges and libraries in other offices of the bank.

Asian Clearing Union

14.29 The Reserve Bank hosted the 32nd Annual Meeting of the Asian Clearing Union (ACU) on June 16, 2003. The central bank Governors of Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan and Sri Lanka participated in the meeting. Two senior level officials from the Central Bank of Thailand also participated as observers. In the meeting, the Governors exchanged information on the monetary and economic conditions in their respective countries and also discussed the future role of the ACU. The review of the future role of ACU was necessitated in the context of developments taking place in the region including formation of several groups for trade promotion and economic cooperation. The meeting also elected the Governor of the Central Bank of Iran as the Chairman and the Governor of the Central Bank of Pakistan as the Vice-Chairman of the Asian Clearing Union for the calendar year 2004.

14.30 Formed in 1974, the Asian Clearing Union (ACU) at present has eight members - Bangladesh, Bhutan, India, Iran, Myanmar, Nepal, Pakistan and Sri Lanka. The ACU is headquartered in Tehran. The objectives of ACU are multilateral settlement of current account payments, conservation of foreign exchange, promotion of monetary cooperation among central banks, increasing relationships among the banking systems of member countries and providing currency swap arrangements.

Dissemination Policy

14.31 Transparency, stringent standards of quality and timeliness are the three cornerstones of the Reserve Bank's dissemination policy. During the year

under review, the Reserve Bank disseminated information through traditional and newer media. Apart from press releases, publications, notifications, frequently asked questions (FAQs), advertisements and the website, it organised meetings, workshops and seminars for interactions with special audiences. Information kiosks and intranet sites were also used for communicating with the general public visiting the Reserve Bank premises.

14.32 During the year, the Reserve Bank continued its efforts to discourage stapling of currency notes and to disseminate information relating to 7 per cent Savings Bonds through its advertising campaigns. In an attempt to attract the best talent, the Reserve Bank showcased its role and functions as also the work environment in a video film, power-point presentation and brochure. These were displayed during pre-placement talks for on-campus recruitment.

14.33 From October 2002, the Negotiated Dealing System (NDS)'s real-time information on trades in Government securities (including Treasury Bills and Repos) and call/notice/term money was made available through the Reserve Bank's website. The information includes trade details, market watch and quotes available. Data can be accessed either through the Reserve Bank's main website www.rbi.org.in or through a special URL www.nds.rbi.org.in. The site has become a major source of information on current prices of Government securities for the retail investors, mainly, co-operative banks and regional rural banks in remote areas. The website also began displaying information on the maximum and minimum interest rates on advances charged by banks. Beginning February 2003, the website publishes information on banks' minimum and maximum interest rates on rupee export credit as well as other credit. Updated on a quarterly basis, the information includes bank-group wise range of median interest rates on credit above Rs. two lakh other than export credit as well as other credit above Rs. two lakh under demand and term loans.

14.34 In the year 2002, the Reserve Bank's website was benchmarked against sites of some other central banks and supranationals by an independent London-based consultant. 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. Improvements relating to the design, navigation and technology were implemented during the year. Suggestions relating to content, especially the site for the common man, are under implementation.

**HUMAN RESOURCES DEVELOPMENT AND
ORGANISATIONAL MATTERS**

14.35 The Reserve Bank's website continued to remain a major source of information. Over 9,500 users registered themselves for receiving information through e-mail. As many as 10,018 visitors use personalisation service to access the information available on the Reserve Bank's site in the form they want. The number was 3,019 last year. During the year under review, the Reserve Bank issued 1,336 press releases and added 653 mega-bytes (MBs) of material to its website taking the volume of information available on the website to 5.5 giga-bytes (GB). On an average, around 1.94 GB data is accessed every day by users.

14.36 Regional Offices in Chennai, Ahmedabad, Bangalore, New Delhi, Mumbai (including in the Central Office building), Hyderabad, and Chandigarh installed information kiosks in the reception area. The kiosks facilitate access of visiting public in the office premises to information emanating from the Reserve Bank as well as from the respective offices. The kiosks in Mumbai, for instance, use as screen saver, the six films produced by the Reserve Bank for education of the general public. The films depict security features of currency notes, non-stapling of currency notes and an advisory to the depositors of non-banking finance companies. These kiosks also provide for an email facility so that the user can e-mail the information for further use.

14.37 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 helpdesks also served as an effective medium of communication between the general public and the various departments/offices of the Reserve Bank. Notice boards, including electronic moving display boards, were put up at strategic points in some offices to display information of interest/relevance to customers, including citizens' charter. Boxes were also installed to receive customer complaints. 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.

Customer Service Measures

14.38 Based on the recommendation of the Indian Banks' Association (IBA), the ceiling for immediate credit of outstation/local cheques was enhanced from Rs.7,500 to Rs.15,000. Guidelines relating to

extension of such facility to all individual depositors without laying any stipulation for minimum balance for the purpose, proper conduct of account of customer, charging of interest for the period for which the bank is out of funds in the event of cheque being returned unpaid and publicity of the availability of such facilities at branches were provided to banks.

14.39 With respect to savings bank account, banks were advised to inform customers regarding the requirement of minimum balance and any subsequent changes in this regard. Banks were allowed to open savings bank accounts in the names of State Government departments/bodies/agencies in respect of grants/subsidies released for implementation of various programmes/schemes sponsored by State Governments on production of authorisation from the Government departments concerned.

14.40 During the year, efforts were made for better customer service in the fields of currency management, clearing mechanism, exchange control and supervision. Regional Offices took initiatives for successful implementation of the Clean Note Policy. These measures are covered in Section XII.

14.41 Training programmes and workshops on Note Refund Rules and detection of forged notes were conducted by Regional Offices for officials of the Central Bureau of Investigation, Enforcement Directorate, Central Customs and Excise, Bharat Sanchar Nigam Limited and also for officials of private banks and financial institutions. The Reserve Bank's Chandigarh office deputed officials to institutions for blind people to educate the visually impaired about the features of genuine notes.

14.42 The National Clearing Cells at Hyderabad and Kanpur reduced the number of days in the electronic clearing service cycle from 6 to 5 so that the final settlement could be effected one day earlier. Some Regional Offices conducted seminars/workshops/presentations for commercial banks, UCBs to explain advantages of the Straight Through Processing (STP), zero clearing difference initiatives, issues in electronic clearing service, electronic funds transfer and disaster recovery preparedness.

14.43 Almost all Regional Offices organised seminars/workshops/conferences to educate Authorised Dealers on the latest exchange control regulations, including FEMA 1999, so that they could render better customer service. Some Regional Offices issued press releases indicating the names of Authorised Dealers in the State and the procedure

for release of foreign exchange for various purposes with a view to improving public awareness on liberalised rules for using foreign exchange and to reduce references to the Reserve Bank.

14.44 During the year under review, the efforts to sensitise officials of State governments, Economic Offences Wing, the local police, *etc.*, about the need for coordination among various authorities for protection of depositors continued at the Regional Office level. Some Regional Offices also organised familiarisation programmes/ workshops/seminars for auditors of non-banking finance companies (NBFCs) to explain their role and responsibility in the regulation and supervision of NBFCs.

14.45 Workshops were also organised by some Regional Offices on "Modernisation of Treasury and Payment Accounting System for Treasury Officers" to familiarise senior functionaries of various State Governments to have efficient control of Government funds. Surveys were conducted on the procedure adopted by various banks for recovery of loans under Government sponsored schemes and the problems faced by them.

Initiatives by Department of Economic Analysis and Policy (DEAP)

14.46 The Reserve Bank persevered in its objective of providing analytical research on macroeconomic and financial developments in the Indian economy during 2002-03 with continuous upgradation in technological inputs to ensure timely, comprehensive and accurate information and analysis. Consistent with this objective, the Department of Economic Analysis and Policy (DEAP) set out a Vision Statement in September 2002 indicating the major challenges that the Reserve Bank is likely to face in the near future in the context of the changing macroeconomic policy environment and the measures to deal with those challenges. A research agenda covering the effective inputs for the policy vision was also prepared.

14.47 Important publications released during the year were the Annual Report, 2001-02, Report on Trends and Progress of Banking in India, 2001-02 and a Study on Finances of State Governments. The Report on Currency and Finance, 2001-02 attempted an evaluation of the policy reforms since the early 1990s. A document titled, 'Macroeconomic and Monetary Developments in 2002-03' was also released along with the Statement on Monetary and Credit Policy. It 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 fifth issue of the 'Handbook of Statistics for the Indian Economy' was released during the year. The Handbook database, which is a storehouse of information on various aspects of the Indian economy, provides data in the electronic form as also on a user-friendly RDBMS platform. The Reserve Bank of India Occasional Papers, the research publication of the Reserve Bank, was revitalised with the issue of special annual volumes. The Reserve Bank Staff Studies, which was introduced in January 1991 to provide an outlet for in-house research efforts but discontinued in September 2000, was also revived in January 2003. Meant for internal circulation, the Staff Studies provide an avenue for well-researched internal notes (non-confidential in nature). Eight studies have been brought out under the revised series. The DEAP also assists other departments in the Reserve Bank in bringing out their publications.

14.48 The Development Research Group (DRG), which was constituted in the Reserve Bank in November 1991, continued to serve as a forum for constructive debate and interaction among professional economists and policymakers. The DRG has so far published 23 studies and a DRG Discussion Paper since its inception on a wide range of subjects relating to real, social, monetary, fiscal, banking and external sectors. During the year, studies initiated under the DRG included interest rate modelling and forecasting in India, bank portfolio changes and the monetary policy transmission mechanism, forecasting currency demand in India, supply response in Indian agriculture, targeting efficiency in the public distribution system, the effect of private remittances in India and bank soundness and macroeconomic policy. Furthermore, under the Reserve Bank's Endowment Scheme, financial support was provided to various institutions for the purposes of research and training in areas of interest to the Bank.

14.49 The DEAP coordinated the visit of two external experts *viz.*, Prof. T. N. Srinivasan of Yale University and Prof. Raghuram Rajan of Chicago Business School, who submitted a report on the research agenda of the Bank, addressing, *inter alia*, the institutional framework for strengthening the research activities of the Reserve Bank.

14.50 During 2002-03, the Reserve Bank was closely associated with the Ministry of Finance,

HUMAN RESOURCES DEVELOPMENT AND
ORGANISATIONAL MATTERS

Government of India in hosting the meeting of the Group of Twenty (G-20) countries, which aims at promoting international financial stability through informal discussions, preparation of case studies and reviews of policy issues of relevance to the members. The G-20 Deputies deliberated on a range of issues of common concern to the G-20 members including measure for extending the benefits of globalisation, Sovereign Debt Restructuring Mechanism (SDRM), domestic policy requirements for regeneration of international capital flows, combating financing of terrorism, standards and codes, and enhancing the effectiveness of aid.

14.51 In order to align the present foreign direct investment (FDI) reporting system of India with the international reporting system by including equity capital of unincorporated entities, reinvested earnings and inter company debt transactions, the Reserve Bank was actively involved with the Government of India in preparing the 'Report of the Committee on the Compilation of Foreign Direct Investment in India'. As a follow up of the Report, a Technical Monitoring Group was set up for speedy implementation of the recommendations made by the earlier Committee and the first Action Taken Report was submitted to the Government of India in June 2003. Accordingly, data on FDI have been revised since 2000-01 with expanded coverage to include besides equity capital, reinvested earnings and 'other direct capital' (inter-corporate debt transactions between related entities). A 'Technical Group on External Debt Statistics' was reconstituted in October 2002 with members from the Reserve Bank and the Government of India to take a fresh look on the definitional aspects, accounting procedures and institutional arrangements concerning collection, monitoring and reporting of the external debt statistics of India consistent with international best practices. An "Ad-hoc Group on Prepayment of External Debt" was constituted in January 2002 with members from the Reserve Bank and the Government of India to deliberate on the issues on conceptualisation/identification of high cost debt including guaranteed debt and prepayment of selected corporate debt. The Government retired high cost loans during the year based on the recommendations of the Group. The Reserve Bank is actively involved in various Groups on issues relating to the World Trade Organisation and General Agreement on Trade in Services (GATS).

14.52 To implement the recommendations of the National Statistical Commission (NSC), the Reserve Bank was identified as an implementing agency by

the Government of India. There were 40 recommendations of the NSC relating to financial and external sector to be implemented by the Reserve Bank. Out of the 40 recommendations, 37 recommendations have already been complied with.

14.53 Seminars were arranged in memory of late Prof. P. R. Brahmananda and late Prof. M. J. Manohar Rao of the University of Mumbai. Delegates from Universities/Institutions, other financial institutions and Government bodies attended the seminar.

Initiatives by Department of Statistical Analysis and Computer Services (DESACS)

14.54 Several initiatives were undertaken to refine and improve the primary compilation of information on macroeconomic parameters for which the Reserve Bank is the primary source. As recommended by the National Statistical Commission, the methodology of compilation of data on international investment position (IIP) was re-oriented with a view to generating IIP with a time lag of six months. Moreover, given the requirement under the Special Data Dissemination Standards (SDDS), annual estimates of IIP of India as on March 1997 to March 2002 were compiled and presented in the Reserve Bank's website as per the format and timeliness prescribed by the International Monetary Fund (IMF).

14.55 A new reporting system, viz., Non Resident Deposit – Comprehensive Single Return (NRD-CSR) was introduced by the Reserve Bank in April 2003 as a single, comprehensive reporting framework for non-resident Indians' deposit schemes. For this purpose, a software package was developed by the Reserve Bank and provided to the banks to assist them in reporting data on non-resident deposits. The Reserve Bank also conducted workshops for the benefit of bank officials to ensure proper data reporting at various centres.

14.56 The package for electronic reporting of R-Return transactions to the Reserve Bank by banks, i.e., Foreign Exchange Transactions – Electronic Reporting System (FET-ERS) was upgraded to include information on short-term external debt of maturity up to 180 days as recommended by the National Statistical Commission (NSC). The revised software also includes a module for compilation of quick estimates as well as more disaggregated data on trade in services as per Extended Balance of Payments (EBOP) classification. Beta testing of the software has been completed for implementation at all Authorised Dealers' offices.

ANNUAL REPORT

14.57 The "Technical Group on Re-examination of Data Reporting system on Software Exports", which was formed in pursuance of the recommendations of the National Statistical Commission, has submitted its Report in March 2003. The Group suggested a comprehensive survey (in the nature of a census) every three years and a representative survey (every quarter) for developing a comprehensive information database on software and IT exports from the country.

14.58 As part of the implementation of the Bank for International Settlements (BIS) system for compilation of International Banking Statistics (IBS) of the banks in India, the quarterly data on international assets and international liabilities of banks were released in the form of Consolidated Banking Statistics (CBS) and Locational Banking Statistics (LBS). The Reserve Bank became the third among the central banks in developing countries (after Taiwan and Turkey) to be included in the International Banking Statistics of the BIS. A workshop on IBS was conducted for officials of all authorised commercial/co-operative banks in order to ensure quality, coverage and timeliness of IBS data.

14.59 The third phase of the enterprise data warehouse project, the Central Database Management System (CDBMS), comprising System Integration and Development was completed during the year. Four selected subject areas covering analytical information requirement in the areas of macro-economic research, monetary and liquidity management, financial sector supervision and regulation were implemented in this phase. The site has been made operational and opened for access to users from within the Reserve Bank across different centres. The process of enriching the site with more reports, universes and data cubes based on user feedback is underway.

Parliamentary Committees

14.60 Dr. Bizay Sonkar Shastri, Chairman, National Commission on SCs and STs, visited the Reserve Bank on December 9, 2002 and had discussions with Shri Vepa Kamesam, Deputy Governor, Executive Directors and senior officials.

14.61 The Committee of Parliament on Official Languages (3rd Sub Committee), headed by Shri Pradeep Kumar, Director, visited the Reserve Bank on January 10, 2003. The Committee had discussions with Deputy Governors Shri G.P. Muniappan, Dr. Rakesh Mohan, Executive Directors and other senior officials.

14.62 Senior Officials of the Bank at the Regional Offices at Bhubaneswar, Bangalore, Ahmedabad, Bhopal, Lucknow, Patna and from the Central Office, Mumbai appeared before Standing Committees of Parliament on Finance, Industry and Estimate Committee, during the year on various occasions.

14.63 Parliamentary Committee on Agriculture, headed by Shri S. S. Palanimanickam, during their visit to Mumbai, held discussions with Deputy Governor, Shri Vepa Kamesam and other senior officials on May 24, 2003.

Central Board and its Committees

14.64 Seven meetings of the Central Board were held during the year, of which five meetings were held at the traditional centres, viz. Mumbai, New Delhi (two meetings), Chennai and Kolkata and two were held at non-traditional centres, viz. Hyderabad and Guwahati. 48 weekly meetings of the Committee of the Central Board were held during the year at Mumbai. The Committee of the Central Board attended to the current business of the Reserve Bank. The discussions at the meetings of the Central Board broadly covered matters pertaining to general superintendence and direction of the Reserve Bank's affairs in diverse fields such as currency management, information technology, human resource development, banking supervision, monetary and credit policy and the Reserve Bank's accounting policy. The Central Board also reviewed the functions of Local Boards, taking into account the changes in the Reserve Bank's role in supervision over the financial system as also the changing organisational structure of the Reserve Bank.

14.65 One meeting of the Staff Sub-Committee, four meetings of the Inspection and Audit Sub-Committee (IASC) and three meetings of the Building 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 affairs of the Reserve Bank. The Building Sub-Committee advised the Bank during the year on various matters including construction / structural rehabilitation of office buildings and staff quarters, augmentation/renovation of air conditioning plants and lifts in office buildings. The Staff Sub-Committee considered the proposals for sanction of additional posts in all categories of staff in various Departments and Regional Offices of the Reserve Bank during the year. The Committee also considered matters concerning manpower planning.

HUMAN RESOURCES DEVELOPMENT AND
ORGANISATIONAL MATTERS

Central Board/Local Boards

14.66 Dr. Bimal Jalan was re-appointed as Governor of the Reserve Bank for a further period of two years commencing from November 22, 2002 and ending on November 21, 2004.

14.67 Dr. Y. V. Reddy, Deputy Governor relinquished charge of his office on July 31, 2002 on his appointment as Executive Director, IMF.

14.68 Dr. S. Narayan, Finance Secretary, Ministry of Finance, New Delhi 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 August 7, 2002 in place of Shri C. M. Vasudev.

14.69 Dr. Rakesh Mohan took over as Deputy Governor of the Reserve Bank from September 9, 2002 for a period of three years.

14.70 Dr. Ashok Lahiri, Member, Local Board, Southern Area resigned from the Local Board on his appointment as Chief Economic Adviser, Government of India on October 17, 2002.

14.71 Shri G. P. Muniappan Deputy Governor relinquished the charge of his office on expiry of his term on May 31, 2003.

14.72 Smt. K. J. Udeshi took over as Deputy Governor of the Reserve Bank on June 10, 2003 for the period upto October 12, 2005 or until further orders.

14.73 Shri Vepa Kamesam was reappointed as Deputy Governor of the Reserve Bank for the period from July 1, 2003 and upto September 23, 2003 or until further orders.

14.74 Shri D. C. Gupta, Finance Secretary and Secretary (Expenditure), Government of India, Ministry of Finance, New Delhi 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 July 21, 2003 in place of Dr. S. Narayan.

14.75 Shri P. N. Khanna, Member, Local Board (Northern Area) passed away on August 26, 2002.

14.76 Shri R. Jankiraman, former Deputy Governor passed away on May 18, 2003.

Appointment/Retirement of Executives

14.77 Shri S. L. Parmar, Executive Director retired from the Reserve Bank's service from the close of business on January 31, 2003.

14.78 Shri P. B. Mathur, Executive Director retired from the Reserve Bank's service from the close of business on February 28, 2003.

14.79 Smt. Shyamala Gopinath, Shri Y. S. P. Thorat and Shri P. K. Biswas were appointed as Executive Directors with effect from March 1, 2003. While or Shri Thorat and Shri Biswas took over charge on March 1, 2003, Smt. Gopinath assumed charge of her office on June 27, 2003 on her return from deputation with the IMF, Washington.

14.80 Shri Mohammad Tahir, Executive Director retired from the Reserve Bank's service from the close of business on March 31, 2003.

14.81 Smt. Usha Thorat was appointed as Executive Director with effect from April 1, 2003.

14.82 Shri K. L. Khetarpaul, Executive Director voluntarily retired from the Reserve Bank's service from the close of business on June 10, 2003.

14.83 Smt. K. J. Udeshi, Executive Director voluntarily retired from the Reserve Bank's service as at the close of business on June 10, 2003 on her appointment as Deputy Governor of the Reserve Bank.

14.84 Shri A. V. Sardesai was appointed as Executive Director with effect from June 12, 2003.

Foreign Dignitaries

14.85 Mr. E. Asiedu-Mante, Deputy Governor of Bank of Ghana, visited the Reserve Bank on July 23, 2002 and had discussions with Shri Vepa Kamesam, Deputy Governor, Executive Directors and senior officials of the Reserve Bank.

14.86 Mr. Dai Xianglong, Governor, Peoples' Bank of China, visited the Reserve Bank on November 26, 2002 and met Governor and Deputy Governors. He also addressed the senior officials of the Reserve Bank.

14.87 Prof. Jagdish Bhagwati, Columbia University, New York, visited the Reserve Bank to deliver the Twelfth C.D. Deshmukh Memorial Lecture on December 12, 2002.

14.88 Sir Howard Davies, Chairman, Financial Services Authority, U.K., visited the Reserve Bank from January 6 to 7, 2003 and held discussions with Deputy Governor Shri G.P. Muniappan on U.K. operations of Indian banks.

14.89 Prof. Ronald I Mckinnon of Stanford University, USA, visited the Reserve Bank from January 9 to 11, 2003. He had discussions with

ANNUAL REPORT

Dr. Rakesh Mohan, Deputy Governor and addressed a seminar on January 11, 2003.

14.90 Mr. Mohsin Khan, Director, IMF, visited the Reserve Bank from January 29 to 31, 2003. He held discussions with Dr. Rakesh Mohan, Deputy Governor and also addressed a seminar on January 31, 2003.

14.91 A team of officials from the Bank of Uganda, headed by Dr. Gabriela Braun, visited the Reserve Bank on February 4, 2003 and had discussions with senior officials of the Bank.

14.92 A team from the World Bank, headed by Mr. Mark Baird visited the Reserve Bank and held discussions with Dr. Rakesh Mohan, Deputy Governor on February 7, 2003.

14.93 A delegation of Cooperative Bankers in Poland, headed by Mr. Eugeniusz Lasz Kiewicz, President of the National Union of Cooperative Banks, Poland, visited the Reserve Bank on February 12, 2003 and had discussions with officials.

14.94 A German delegation, headed by Mr. Ernst Welteke, President, Bundesbank, visited the Reserve

Bank on February 28, 2003 and had discussions with Dr. Rakesh Mohan, Deputy Governor.

14.95 A group of officials from the Secretariat of the South Asian Federation of Stock Exchanges (SAFE), representing Bangladesh, Bhutan, Sri Lanka, Nepal and Pakistan visited the Reserve Bank on March 7, 2003 and had interaction with senior officials of the Reserve Bank.

14.96 Mr. Kenneth S. Rogoff, Director (Research) IMF visited central office on 18th July 2003 and had discussions with Governor, Deputy Governors and senior officials of the Bank. He also addressed a seminar.

Auditors

14.97 The Government of India appointed M/s. Chandabhoy & Jassoobhoy, Mumbai, M/s. P. B. Vijayaraghavan & Co., Chennai, M/s. P.K. Mitra & Co., Kolkata, M/s. J. L Sengupta & Co., Kolkata, M/s. S. N. Nanda & Co., New Delhi and M/s. Khimji Kunverji & Co., Mumbai as auditors of the Reserve Bank for the year 2002-03. While the first three audit firms were re-appointed, the latter three have been appointed for the first time by the Central Government.