

# X

## GOVERNANCE, HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

*During the year, the pace of activities relating to human resource development, communication processes, economic policy research, information management, international relations, corporate risk management, corporate strategy, promotion of Rajbhasha, legal processes and development of physical infrastructure, was sustained. In fact, the Reserve Bank earned accolades and international recognition in the areas of corporate risk management, sports welfare and construction of infrastructure even as sustained efforts were made to firm up India's position in international relations.*

X.1 This chapter discusses the achievements of a number of departments of the Reserve Bank during 2016-17 and their priorities and agendas set for 2017-18. Major achievements with respect to communication processes during the year included the launch of a mobile application version of the Bank's website and more intensive use of the social media besides a slew of public awareness and financial literacy campaigns. In the area of human resource initiatives, notable developments include the introduction of structured e-learning courses targeted at larger groups of staff members, the launching of the RBI Academy and adoption of a vision document for sports. The Reserve Bank was the recipient of the *Rashtriya Khel Protsahan Puruskar - 2016*, announced by the Government of India in recognition of the Bank's contribution in the field of 'Employment of Sports persons and Sports Welfare Measures'. As part of the Enterprise-Wide Risk Management (ERM) Framework that was adopted by the Bank in 2012, a Risk Tolerance Framework is being finalised and the incident reporting system has been modified by widening the reporters' universe to secure greater involvement of staff members in the risk-reporting process. A notable achievement during the year was the International Operational Risk Working Group (IORWG) recognising the Reserve Bank's strategy for enhancing risk culture,

as a 'best practice'. Similarly, the Indian Green Building Council (IGBC) awarded 'Platinum' rating to all the new constructions and select residential constructions in recognition of the Bank's efforts to introduce green building concepts in construction projects.

X.2 During the year, more state governments were integrated with the Reserve Bank's Core Banking Solutions (e-Kuber) and all (25) agency banks were integrated with e-Kuber for processing Goods and Services Tax (GST) transactions seamlessly. Building upon the formulation of a business continuity plan, a business impact analysis was carried out even as a medium-term corporate strategy and action plan for the Bank is being finalised. As part of the continuing thrust on promoting the use of Hindi, a number of officers were deputed and successfully cleared the newly-introduced examination of proficiency in Hindi. Furthermore, several important legislations relating to the financial sector such as the Insolvency and Bankruptcy Code, Specified Bank Notes (SBNs), and Payment and Settlement Systems were introduced/amended.

X.3 A number of studies on a variety of topical issues were prepared and published in the area of economic and policy research, even as the pace of activities relating to statutory and

non-statutory publications, data dissemination and organisation of events that were marked by intellectual contributions from the highest echelons of the field, sustained their momentum. As far as statistics and information management is concerned, the coverage of the SAARCFINANCE database that has been developed in-house, was enhanced, while the formats of eXtensible Business Reporting Language (XBRL)-based returns for submissions by banks were streamlined and a technical guidance note on these returns was issued for ensuing quality and uniformity. In addition, a nowcasting exercise was undertaken incorporating sentiments captured from news articles with the application of latest technological innovations like web-scraping. In the international arena, Bank's notable achievements include effective coordination of the Financial Sector Assessment Program (FSAP). Besides, as Chair of BRICS and as co-chair of the G-20 Framework Working Group (FWG), several related events were organised even as the country position on a range of international financial architecture (IFA) issues in the G-20 IFA Working Group, was mooted.

### GOVERNANCE STRUCTURE

X.4 The Central Board of Directors is the apex body in the governance structure of the Reserve Bank. There are also four Local Boards for the Northern, Southern, Eastern and Western areas of the country which take care of local interests. The central government appoints/nominates Directors to the Central Board and Members to the Local Boards in accordance with the Reserve Bank of India (RBI) Act. The composition of the Central Board is enshrined under Section 8(1) of the RBI Act, 1934. It comprises of the Governor, who is the Chair, and four Deputy Governors of the Reserve Bank; four Directors nominated by

the central government, one from each of the four Local Boards as constituted under Section 9 of the Act; ten Directors nominated by the central government and two government officials nominated by the central government.

X.5 The Central Board is assisted by three committees: the Committee of the Central Board (CCB), the Board for Financial Supervision (BFS) and the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS). These committees are chaired by the Governor. In addition, the Central Board has four sub-committees, viz., the Audit and Risk Management Sub-Committee (ARMS); the Human Resource Management Sub-Committee (HRM-SC); the Building Sub-Committee (BSC) and the Information Technology Sub-Committee (IT-SC). These sub-committees are typically headed by an external Director.

#### *Meetings of the Central Board and CCB*

X.6 The Central Board held seven meetings during the accounting year 2016-17 in Bengaluru, Mumbai, Kanpur, Kolkata, New Delhi (twice) and Chennai. The Finance Minister of India addressed the post-Budget meeting held in New Delhi on February 11, 2017.

X.7 CCB held 46 meetings during the year, 34 of which were held through electronic mode. CCB attended to the current business of the Reserve Bank, including approval of its Weekly Statement of Affairs. External Directors were invited to CCB meetings by rotation.

X.8 No meeting of the Local Boards could be held in 2016 due to lack of quorum. Two meetings of the Local Boards pertaining to Eastern and Western areas were held on April 25 and June 02, 2017 subsequent to the induction of new members in the respective Boards.

X.9 A Standing Committee of the Central Board set up in 2014-15 to look into important concerns pertaining to UCBs, NBFCs, currency management, *etc.* in regions where Local Boards were not able to function, held meetings in each of the four regions (five meetings in all after July 2016) to discuss region-specific issues and concerns.

*Attendance of Directors*

X.10 The details of participation of Directors in the meetings of the Central Board, its committees and sub-committees are given in the Annex.

*Central Board/ Local Boards – Changes*

X.11 Dr. Raghuram G. Rajan relinquished charge as Governor on completion of his tenure. Dr. Urjit R. Patel who was holding the charge of Deputy Governor was appointed Governor for a period of three years with effect from September 04, 2016. Earlier, Shri N. S. Vishwanathan was appointed Deputy Governor for a period of three years from July 04, 2016 *vice* Shri Harun R. Khan. Dr. Viral V. Acharya was appointed as Deputy Governor for a period of three years from January 23, 2017 *vice* Dr. Urjit R. Patel. Shri R. Gandhi relinquished charge as Deputy Governor on the forenoon of April 03, 2017. Shri B.P. Kanungo was appointed Deputy Governor for a period of three years from April 03, 2017 *vice* Shri R. Gandhi. Shri S. S. Mundra relinquished charge as Deputy Governor on the forenoon of July 31, 2017.

X.12 Shri Y. C. Deveshwar and Professor Damodar Acharya, Directors on the Central Board nominated under Section 8(1)(c) of the RBI Act, 1934 vacated their positions on the expiry of their terms on September 02, 2016 and October 11, 2016, respectively. Dr. Nachiket Mor nominated under Section 8(1)(b) of the RBI Act, ceased to be a Director of the Central Board on expiry

of his term on May 15, 2017. The term of Shri Shaktikanta Das, Director on the Central Board nominated under Section 8(1)(d) of the RBI Act, ended on May 31, 2017. Shri Subhash Chandra Garg, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, was nominated as a Director on the Central Board under Section 8(1)(d) of the RBI Act, 1934 with effect from July 12, 2017 *vice* Shri Shaktikanta Das.

X.13 Dr. Rajiv Kumar, Dr. Ashok Gulati and Shri Manish Sabharwal were nominated as Directors on the Central Board of Directors of the Reserve Bank under Section 8(1)(c) of the RBI Act, 1934 for a period of four years each with effect from February 09, 2017.

X.14 Shri Vallabh Roopchand Bhanshali and Shri Dilip S. Shanghvi were appointed as Members on the Western Area Local Board under Section 9(1) of the RBI Act, 1934, for a period of four years with effect from February 09, 2017 and March 11, 2017, respectively. Dr. Prasanna Kumar Mohanty was appointed as Member on the Southern Area Local Board under Section 9 (1) of the RBI Act, 1934 for a period of four years with effect from February 09, 2017. Shri Sunil Mitra was appointed as Member on the Eastern Area Local Board under Section 9(1) of the RBI Act, 1934 for a period of four years with effect from February 09, 2017. Dr. Nachiket Mor nominated under Section 9(1) of the RBI Act, 1934 ceased to be a Member on the Eastern Area Local Board on expiry of his term on May 15, 2017.

*Executive Directors – Changes*

X.15 During the year, Shri U. S. Paliwal, Executive Director, superannuated and two Executive Directors - Shri G. Mahalingam and Shri Chandan Sinha - took voluntary retirement.

Against consequential vacancies Shri Sudarshan Sen, Shri M. Rajeshwar Rao, Smt. Surekha Marandi, Smt. Malvika Sinha and Shri S. Ganesh Kumar were promoted as Executive Directors.

#### **Agenda for 2016-17: Implementation Status**

X.16 E-meetings for the CCB introduced in 2014 continued to be held on e-mode every Wednesday except on the last Wednesday of the month, which was held as a face-to-face meeting. The agenda notes for various meetings of the Central Board and its committees/sub-committees were provided to the participants in soft form.

#### **Agenda for 2017-18**

X.17 The Reserve Bank will examine the feasibility of publishing minutes of the Board meetings as a step towards greater transparency.

### **COMMUNICATION PROCESSES**

X.18 Transparency, timeliness and credibility continue to be the mainstay of the Reserve Bank's communication strategy. The Reserve Bank endeavours to strike a chord with the public through communication that is dynamic, evolving and responsive to domestic and international developments. The Department of Communication (DoC) is the nodal department that formulates the communication policy and maintains a two-way communication between the Reserve Bank and the public.

#### **Agenda for 2016-17: Implementation Status**

##### *The Website*

X.19 To make its website (www.rbi.org.in) more user-friendly, the Reserve Bank launched a mobile application (app) version of the Bank's website on March 09, 2017. The app is available for download on Android as well as iOS platforms from the Play Store/App Store, respectively, using the keyword

'Reserve Bank of India'. To start with, the most accessed sections of the website (www.rbi.org.in), namely, press releases, IFSC/MICR codes, bank holidays and current rates including policy rates and reference rates of four major currencies have been made available on the app. There is a dynamic window on the top of the landing page of the app which displays public awareness messages released by the Reserve Bank.

##### *Social Media*

X.20 The website of the Reserve Bank is also integrated with two social media sites – Twitter to send alerts for press releases and YouTube for speeches, media interviews and press conferences of the top management including post-policy press conferences and financial education films produced by the Reserve Bank. As at end-June 2017, the Reserve Bank's Twitter account had over 2.5 lakh followers and YouTube had over 11,000 subscribers.

##### *Monetary Policy Communication*

X.21 Under the new Monetary Policy Framework introduced in October 2016, the Reserve Bank has been communicating the resolutions of the Monetary Policy Committee (MPC) through press releases followed by a press conference. The Governor's post-policy conferences on the bi-monthly statements on monetary policy were disseminated through YouTube along with live streaming on the Reserve Bank's website and business television channels. The audio and transcripts of the press conferences were uploaded on the Bank's website. The minutes of MPC meetings were uploaded on the website of the Reserve Bank on the 14<sup>th</sup> day after every meeting of the MPC as provided under Section 45ZL of the RBI Act, 1934.



### Awareness Campaigns and Advertisements

X.22 During 2016-17, the Reserve Bank undertook a pan-India mass media public awareness and financial literacy campaign. Using the tagline *RBI Kehta Hai* and mnemonic 'Moneykumar' the awareness campaign created an identity for better recall.

#### *Mann ki Baat*

X.23 The campaign began with Prime Minister Shri Narendra Modi urging people, in his *Mann Ki Baat* of July 31, 2016 that was broadcast on All India Radio, to be alert and watchful of fictitious emails/calls/SMS scams. The message aimed to alert the public about fraudulent offers of cheap funds through lottery wins and job offers while seeking account and card details. The campaign also focused on educating the common man on various banking facilities that are available.

#### *Currency Matters*

X.24 Following demonetisation in November 2016, the Reserve Bank in conjunction with the Ministry of Finance, issued two rounds of advertisements to create awareness about the security features of the new design of currency notes of ₹500 and ₹2000 denominations, apart from the government's decision on demonetisation. These advertisements were issued in 660 newspapers on November 09, 2016. In the second round, a combined advertisement on the security features of ₹500 and ₹2000 notes was published in Hindi and vernacular languages in 420 newspapers on November 14, 2016. One more round of advertisements on currency was issued on November 12, 2016.

X.25 The announcement of withdrawal of Specified Bank Notes (SBNs) in November was a challenge to communication function as it touched millions of people in the country.

DoC disseminated information on the same on a timely basis and in a manner that was easy to understand. All the communications issued to banks on the withdrawal of SBNs were promptly posted on the Bank's website under a separate heading titled 'All You Wanted to Know from RBI about Withdrawal of Legal Tender Status of ₹500 and ₹1000 Notes' with notifications to banks, press releases, data releases and Frequently Asked Questions (FAQs) clearly segregated for ease of reference. The Department also responded to more than 2500 queries on SBNs from the public received through emails and as many telephone calls during the period from November 8, 2016 to June 30, 2017. The queries were answered with reference to the FAQs published on the website which were amended simultaneously with the instructions that followed subsequently.

#### *Know Your Customer (KYC)*

X.26 Under the Depositors Education and Awareness (DEA) Fund Scheme, the Reserve Bank released an advertisement for creating awareness on KYC updation in bank accounts in 114 newspapers in 14 languages between September 02 and September 04, 2016.

#### *Rural Sensitisation*

X.27 A pilot programme was conducted in rural areas to create awareness on select topics like Business Correspondents, insurance, responsible borrowing, nomination, investment in unscrupulous entities, Banking Ombudsman and KYC. The 10-day campaign was conducted in four districts of Maharashtra and Uttar Pradesh, covering about 200 villages. The main takeaways from the campaign included continued supply-side constraints in the form of server downtime, inadequate ATMs, printers, etc.; need for more awareness programmes and sensitisation of ground-level bank staff and the imperative of real-time mid-course correction of such awareness programmes for better customisation.

### *Awareness through BEST Buses and Digital Campaigns*

X.28 One more pilot project for public awareness was done through displays on 30 BEST buses in Mumbai for one month. The messages included awareness on KYC updation as well as cautioning the public against fictitious mails.

### *Media Workshops*

X.29 During the year, DoC held a workshop at the College of Agricultural and Banking (CAB), Pune from March 06 - 08, 2017 with the objective of familiarising mediapersons with the major functional areas of the Reserve Bank and their nuances. The workshop was also attended by Hindi and Marathi mediapersons.

X.30 Two more workshops were held to familiarise mediapersons in Delhi on Demystifying the Revised Prompt Corrective Action Framework,

and Database on Indian Economy and other RBI publications.

### **Agenda for 2017-18**

X.31 DoC will continue to conduct workshops/sessions for the media on important regulatory and banking related issues. The Reserve Bank has been focusing on increasing consumer awareness on banking services, regulations and consumer protection matters. As part of these efforts, DoC, in coordination with other stakeholder departments of the Bank, will extend the pan-India mass media public awareness campaign across all media to cover more segments of the public. The department is expecting to make substantial progress in setting up the museum-cum-financial literacy centre in Kolkata. In line with international experience, efforts will be made to integrate the RBI website with more social media platforms during the year (Box X.1).

### **Box X.1**

#### **Social Media and Central Bank Communication: An Overview**

Central banks around the world have been traditionally cautious and conservative in communicating their policy matters to the general public. The speed with which messages can go viral on social media has made them virtually impossible to be ignored as a medium of communication even for central banks. Central banks are, therefore, opening up gradually and cautiously and increasingly using social media to connect with the public and making their presence felt in public domain.

To understand the role of social media in central bank communication and the present trend in its usage, a quick study of 24 major central banks and their use of social media for communicating with the public was undertaken. The study revealed that to start with,

- Central banks prefer to disseminate the information available on their websites in the form of a *really simple syndication* (RSS) feed or an e-mail alert.
- Most of the central banks (22 of the 24) use *Twitter* to send alerts for information already disseminated through the website.

- Barring a few, most of them do not respond to tweets posted by general public.
- *YouTube* is the third most popular social media used, with 18 of the 24 central banks using it primarily for consumer awareness and education.
- *Facebook* is also popular media used to connect with people with 15 of the 24 central banks using the same.
- To connect with the youth, some of the central banks use *LinkedIn*, *Instagram* and *Flickr*. Around 1/3<sup>rd</sup> of the 24 central banks use *LinkedIn* for recruitment purposes and sharing ideas and experiences among the central bankers and *Flickr* for updating photos of the events and meetings of the central banks and officials.
- Central banks in Europe use a wide variety of social media platforms, including *Facebook*, *Flickr* and *Instagram*. In particular, select central banks used *Facebook* to directly interact with students. The Swiss National Bank uses *Facebook* to seek feedback on its monetary policy and uses it as an input for formulating

(Contd....)

monetary policy. The Bank of England has a presence on relatively less popular platforms like *Pinterest* (personalised social platform), *Podcast* (for broadcasting news and announcements on ipods) and *Soundcloud* (medium for distributing audio content), apart from its active presence in most of the popular social media. Further, the Bank of England also carries out various public awareness programmes and quizzes for students on social media like *Facebook*; and participants are rewarded with attractive prizes and gifts. On the contrary, the Bank of Japan has a minimal social media presence (only on *Twitter*).

- *YouTube* is more popular among developing countries to create awareness and clarify concepts about the functioning of the central banks. In particular, African countries have shown remarkable presence on social media. South-East Asian central banks are the new entrants to social media space and mostly *Facebook* and *Twitter*. Some of them also have a presence on

*YouTube* for dissemination of educational videos and clippings.

- Some central banks, including the Reserve Bank, use *MobileApp* to stay engaged with the public. The Bank of England uses the *App* guide for checking banknotes. It provides an interactive guide on security features of the current Bank of England currency notes. Federal Reserve's *App* provides users latest insights into the state of the economy and provides information, such as, press releases and notifications. ECBstatsApp is an *App* that allows one access to the statistics compiled by the European Central Bank (ECB) assisted by various national central banks. The Czech National Bank's official *App* informs users about all valid Czech banknotes and coins and the protective elements they contain. The official Bank Negara Malaysia mobile *App* disseminates the central bank's latest news and announcements, foreign exchange rates, fraud alerts, watch lists and many other user friendly features for the benefit of the public.

## HUMAN RESOURCE INITIATIVES

X.32 The Human Resource Management Department (HRMD) endeavours to facilitate the Reserve Bank's central banking activities by enhancing staff efficiency, drawing out the best from them and creating an atmosphere of trust and teamwork.

### *In-house Training*

X.33 The Reserve Bank strives to impart necessary knowledge and skill upgradation for development of technical and behavioural

skills of its human resource. It also helps the employees in attaining personal growth and in improving their effectiveness at work. The six training establishments of the Bank, viz., Reserve Bank Staff College (RBSC), Chennai; College of Agricultural Banking (CAB), Pune; and four Zonal Training Centres in Mumbai, New Delhi, Kolkata and Chennai, cater to its training requirements (Table X.1).

### *Training at External Institutions*

X.34 During 2016-17, 816 officers were deputed by the Bank to participate in training programmes,

**Table X.1: Reserve Bank Training Establishments - Programmes Conducted (July-June)**

Training Establishment	2014-15		2015-16		2016-17	
	Number of Programmes	Number of Participants	Number of Programmes	Number of Participants	Number of Programmes	Number of Participants
1	2	3	4	5	6	7
RBSC, Chennai	141	2626 (30)	125	2741 (50)	129	3346 (172)
CAB, Pune	215	7183 (63)	198	7580 (69)	173	5788 (56)
ZTCs (Class I)	105	2241	97	2055	101	1934
ZTCs (Class III)	98	2036	102	2247	104	2130
ZTCs (Class IV)	53	1041	38	807	33	758

**Note:** Figures in brackets pertain to foreign participants.

**Table X.2 Number of Officers Trained in External Training Institutions in India and Abroad during 2014-15 to 2016-17**

Year	Trained in India (external institutions)	Trained abroad
1	2	3
2014 - 15	906	562
2015 - 16	905	599
2016 - 17	816	506

seminars and conferences organised by external management or banking institutions in India. Class III and Class IV employees were also deputed for trainings in external institutions in India during the year. Further, the Bank deputed 506 officers to attend various training courses, seminars, conferences and workshops conducted by banking and financial institutions and multilateral institutions in different countries (Table X.2).

#### *Study Leave Schemes and Golden Jubilee Scholarship*

X.35 Eight officers of the Bank availed of the schemes for pursuing higher studies overseas

(other than the Bank's Golden Jubilee Scheme), during the year. A total of 479 employees pursued select part-time/distance education courses up to June 30, 2017 under the Bank's incentive scheme. Under the Golden Jubilee Scholarship Scheme, seven officers were selected during the year to pursue higher studies in reputed universities abroad.

#### *Other Initiatives*

##### *Structured e-learning*

X.36 The Reserve Bank has introduced structured e-learning courses targeted at larger groups of staff members. This will be an ongoing process with newer modules being prepared and hosted on the Learning Management System of the Bank. At present nine e-learning modules are being offered by the RBSC on the Bank's intranet.

X.37 During the course of the year, 129 students were selected and provided internship in the Bank as part of the summer internship scheme.

X.38 The year also saw the setting up of the RBI Academy (Box X.2).

### **Box X.2 The RBI Academy**

The RBI Academy was launched on September 26, 2016 with a specialised programme on corporate finance conducted in collaboration with IIM, Ahmedabad. Thereafter, it has conducted basic programmes on macroeconomics, microeconomics, faculty development programme, two programmes each on fundamentals and advance courses of IS audit and assurance, and a programme on Big Data. The participants were from the Reserve Bank, commercial banks and SEBI.

The long-term goal of the Academy is to become an institution catering to the training needs of officers from central banks, commercial banks and financial institutions in areas of regulatory concern so as to increase awareness about central banking issues and allied areas.

The Academic Advisory Council (AAC) of the Academy comprises eminent persons and academicians. The council meets every six months to assess the progress of the Academy and to guide the future course of action. It has been advising on the programmes to be conducted, their content, faculty and mode of delivery.

Going forward, it is proposed to conduct about 15 programmes in the next 12 months on topics such as big data, forensic audit, dynamic stochastic general equilibrium (DSGE) modelling, supervisory legal framework, risk assessment and cyber security.

The brick and mortar Academy is proposed to come up at Navi Mumbai.



### Grants and Endowments

X.39 Towards promoting research, training and consultancy in the banking and financial sector, the Reserve Bank provided financial support amounting to ₹320 million to the Indira Gandhi Institute of Development Research (IGDR), Mumbai; ₹75 million to the Centre for Advanced Financial Research and Learning (CAFRL), Mumbai; ₹15.3 million to the National Institute of Bank Management (NIBM), Pune; ₹10.9 million to the Indian Institute of Bank Management (IIBM), Guwahati; and ₹6.14 million to the London School of Economics (LSE) India observatory and the IG Patel Chair.

### Industrial Relations

X.40 Industrial relations in the Bank remained by and large cordial during the year. The Bank continued to hold periodic meetings with recognised associations/federations of officers and employees/workmen on various matters related to service conditions and welfare measures for employees.

### Superannuation Benefits

X.41 The demand from pensioners and retirees related to improvement in pension remains unresolved and the Bank is still engaged with the Government of India for an early resolution of the same.

### The RBI Policy Challenge

X.42 The second edition of the RBI Policy Challenge, a national level competition, got underway in October 2016. The competition, aimed at enhancing knowledge regarding monetary policy making amongst undergraduate and post graduate students, was well received. The Challenge was organised in three rounds, viz., at the Regional, Zonal and National levels. In the National Finals held at Central Office, Mumbai on March 30, 2017, the team from the Madras School of Economics emerged as winners.

**Table X.3: Recruitments by the Reserve Bank in 2016 \***

Category of Recruitment	Category-wise strength				
	Total	of which		Per cent of total	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	159	18	11	11.32	6.92
Class III	486	82	38	16.87	7.82
Class IV					
(a) Maintenance Attendant	1	0	0	0	0
(b) Others	20	2	6	10.00	30.00
<b>Total</b>	<b>666</b>	<b>102</b>	<b>55</b>	<b>15.32</b>	<b>8.26</b>

\*January to December

### Recruitments and Staff Strength

X.43 During 2016 (January-December), the Reserve Bank recruited 666 employees. Of these, 102 belonged to Scheduled Castes (SCs) and 55 to Scheduled Tribes (STs), together constituting 23.58 per cent of the total recruitments (Table X.3).

X.44 The total staff strength of the Reserve Bank as on December 31, 2016 was 15,461 as compared to 15,854 a year ago. Of the total staff strength, 19.41 per cent belonged to the SC category and 6.53 per cent belonged to the ST category (Table X.4).

X.45 During 2016 (January-December), four meetings were held between the management and representatives of the All India Reserve Bank

**Table X.4: Staff Strength of the Reserve Bank\***

Category	Category-wise strength						Per cent to total strength	
	Total Strength		SC		ST		SC	ST
	2015	2016	2015	2016	2015	2016	2016	2016
1	2	3	4	5	6	7	8	9
Class I	7,233	6,781	1,062	993	434	408	14.64	6.02
Class III	3,756	4,017	552	620	212	234	15.43	5.83
Class IV	4,865	4,663	1,486	1,388	405	368	29.76	7.89
<b>Total</b>	<b>15,854</b>	<b>15,461</b>	<b>3,100</b>	<b>3,001</b>	<b>1,051</b>	<b>1,010</b>	<b>19.41</b>	<b>6.53</b>

\*: End December

Scheduled Castes/Scheduled Tribes and the Buddhist Federation to discuss issues relating to the implementation of the Reserve Bank's reservation policy.

X.46 In accordance with the central government's policy, the Reserve Bank is providing reservations to Other Backward Classes (OBCs) effective from September 08, 1993. The representation of OBCs in the Reserve Bank as on December 31, 2016 stood at 2,133. Of these, 650 were in Class I, 848 in Class III and 635 in Class IV.

X.47 The total strength of ex-servicemen in the Reserve Bank, as at end December 2016, stood at 939. Out of these 161 were in Class I, 188 in Class III and 590 in Class IV. The total number of physically challenged employees in Class I, Class III and Class IV cadres in the Reserve Bank stood at 196, 72 and 86 respectively, as on December 31, 2016 (Table X.5).

X.48 As on June 30, 2017, the number of full time employees in the Bank stood at 14,684. Of these, 6,744 were in Class I, 3,618 in Class III and 4,322 in Class IV.

#### *Prevention of Sexual Harassment of Women at the Workplace*

X.49 The formal grievance redressal mechanism for prevention of sexual harassment of women at the workplace, which has been in place since

1998, was further strengthened with the issue of a new comprehensive set of guidelines in 2014-15 in accordance with the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act and Rules, 2013. One complaint was received and resolved during January to December 2016.

X.50 During the year, a number of awareness programmes were organised for employees at various Regional Offices for creating awareness about the mechanisms in place at the Bank and also for sensitising the staff regarding these matters. Likewise, workshops on awareness on prevention of sexual harassment were also organised to create awareness among newly recruited Officers and Assistants. RBSC, Chennai has also been conducting gender sensitisation programmes for members of complaints committees. The training establishments also held sessions during induction programme for newly recruited officers / staff that focused on gender sensitisation.

#### *Right to Information (RTI)*

X.51 The Bank received 14,542 requests for information and 1,412 first appeals under the RTI Act during 2016-17, all of which were attended to. During the year, four training programmes/workshops were conducted on the RTI Act for staff at the Bank's training centres.

#### *Rashtriya Khel Protsahan Puruskar*

X.52 The Reserve Bank was the recipient of the *Rashtriya Khel Protsahan Puruskar* - 2016 announced by the Ministry of Youth Affairs and Sports, Government of India. The award was handed over by the Hon'ble President of India in a ceremony held at Rashtrapati Bhawan on August 29, 2016. The accompanying citation recognised the contribution made by the Bank in the field of 'Employment of Sportspersons and Sports Welfare Measures'.

**Table X.5: Total Strength of OBCs, Ex-servicemen and PWD\***

Category	Total strength	OBC	Ex-servicemen	PWD
1	2	3	4	5
Class I	6,781	650	161	196
Class III	4,017	848	188	72
Class IV	4,663	635	590	86
<b>Total</b>	<b>15,461</b>	<b>2,133</b>	<b>939</b>	<b>354</b>

\*: end December 2016.  
PWD : Persons with Disability.

### **Agenda for 2016-17: Implementation Status**

X.53 The Manpower Planning Committee constituted to look into the manpower needs of the Bank over the next five years (2016 – 2020) submitted its report during the year. The Committee endeavoured to make a realistic and futuristic assessment of staff requirement by taking into account the impact of changes in the activities and processes that are already underway or are expected to take place over the next five years, areas which are likely to expand in near future, activities that are expected to shrink or become redundant over the next five years because of various initiatives, *etc.* Implementation of the Committee's recommendations is presently underway.

### **Agenda for 2017-18**

X.54 Review of extant guidelines on recruitment; review of training policy; formulation of a policy for succession planning in the Bank; policy on use of social media and implementation of the vision document for sports, are some of the main items in the agenda of the department for the year 2017-18.

### **STRATEGIC RESEARCH UNIT (SRU)**

X.55 SRU was established in February 2016 with an objective to undertake research and analysis of topics across various verticals within the Reserve Bank. As part of its operation, SRU delivers high quality policy papers and economic monitor that reviews key macroeconomic and financial sector developments, and also features research on special themes of contemporary relevance.

### **Agenda for 2016-17: Implementation Status**

X.56 During 2016-17, the Unit initiated several policy notes in varied areas including real sector, financial markets, investment situation, fiscal position and the external sector. The monthly economic monitor has been a regular feature

of the Unit during the year. Besides the regular surveillance and market intelligence related work, the Unit also conducted a number of mid-term projects that looked into issues related to urban co-operative banks, India's equilibrium exchange rate, export elasticity, forex interventions, adequacy of forex reserves and household finance. In addition to the above, SRU was involved in cutting edge research projects that delved into the areas of food security, public infrastructure, fiscal consolidation, and inflation dynamics. Several of these studies have already been published or accepted for publication in notable journals.

X.57 SRU is also collaborating with the CAFRAL in organising joint seminars. Several such seminars were organised during the year wherein eminent professors, experts and market participants from finance and economics delivered lectures or presented their research findings. A separate lecture series has also been started to encourage the presentation of in-house research.

### **Agenda for 2017-18**

X.58 Going forward, the Unit is envisaged to be the hub at the Reserve Bank with a concentrated talent pool of employees trained with a doctorate degree for doing cutting-edge research in economics and finance. The Unit will continue its monitoring and market intelligence work and present the same as inputs to policy making. It would undertake research in areas of strategic and contemporary interest across various verticals of the Reserve Bank. It would also continue to disseminate research inputs through seminars and publications.

### **ENTERPRISE-WIDE RISK MANAGEMENT IN THE RESERVE BANK**

X.59 The Enterprise-wide Risk Management (ERM) framework was adopted by the Reserve

Bank in February 2012 to develop an integrated assessment and management of its risk exposures. A three-phase roll out of the ERM framework was envisaged. The first phase included the development of methodologies and tools for identification, assessment and reporting of financial and non-financial risks as well as building an institutional memory of 'Incidents'<sup>1</sup> and 'Near Misses'<sup>2</sup>, which have since been accomplished. The second phase envisages a quantitative assessment of operational risk (OR) and articulation of Bank's risk appetite for

reserve management and risk tolerance level for operational risk; while the former has been set in motion with the building up of the requisite database since July 01, 2013 and adoption of the Basic Indicator Approach (BIA) for quantification of OR, the latter has been initiated with the rollout of the Risk Tolerance Framework (RTF) in the Bank (Box X.3). Two important goals for the third and final phase are an increased involvement of the risk monitoring function in the assessment and management of policy risk as well as the review of the bifurcation of risk taking and risk

### Box X.3

#### Risk Tolerance Framework of the Reserve Bank

The global financial crisis (GFC) triggered the strengthening of risk management systems across the financial world, with one of the key developments in this regard being the strengthening of the risk oversight function by the Boards of the financial entities. Central banks were no exception to this trend, as some of the leading ones from the advanced economies had acquired considerable financial risk on their balance sheets due to the qualitative and quantitative easing operations. While the Reserve Bank did not see a slippage in the quality of its balance sheet due to the GFC, it proactively strengthened its internal risk control framework by implementing a phased rollout of the ERM framework in 2012. As a part of this phased approach, the Reserve Bank is in the process of putting in place a RTF whereby its governance structure will formally articulate its attitude to risk, and the nature and extent of risk that it is willing to accept in pursuit of its mission, vision, business objectives and overall strategic goals.

Strategically, this is a key framework given that while the Reserve Bank is a risk-sensitive institution, it also recognises that it is exposed to various types of risks including policy, strategic, reputational, financial, and operational, in the pursuit of its core objectives (particularly those of fostering monetary and financial stability), which need to be managed effectively. Going forward, RTF is expected to be the cornerstone of a broader risk framework, which, *inter alia*,

would integrate risk management into the organisational strategy, thus enabling prioritised risk management of key risks.

RTF, as being implemented in the Reserve Bank, has the following four components:

- i. *Risk Tolerance Statement*: which is a formal articulation of the organisation's risk philosophy and attitude to risk. The Reserve Bank is now seen to be among select central banks, which have formally articulated their 'risk philosophy';
- ii. *Risk Tolerance Limits (RTLs)*: which are a series of limits meant to ensure that the Bank's operations are carried out in conformity with its articulated risk tolerances;
- iii. *Risk Reporting Framework*: which seeks to monitor and report to the governance structure the ongoing conformity with the defined RTLs; and
- iv. *Definition of Roles and Responsibilities*: of the various stakeholders in this framework, to obviate any gaps or overlaps in it.

While the latter three of the foregoing four components already exist in the Reserve Bank in various forms, the implementation of RTF will facilitate creation of a consistent, comprehensive and integrated framework.

<sup>1</sup> Incident is an occurrence that is not covered by or violates extant instructions/policies/procedures. It includes events that cause loss to the Bank or hinder the achievement of the Bank's objectives or raise the scope of such loss/hindrance. Incidents also encompass 'Near Miss' events.

<sup>2</sup> Near Misses is an incident which was not prevented by internal controls but did not result in actual or adverse impact either due to chance or other external factors.

management in the Bank. The Risk Monitoring Department (RMD) is the nodal department for the formulation and operationalisation of ERM in the Reserve Bank.

#### *Strengthening the Risk Culture*

X.60 Fostering a risk culture in the organisation by, *inter alia*, sensitising the staff at all levels, is considered crucial for achieving a shared understanding of the Bank's attitude to risk and for creating an enabling environment for viewing errors as a learning experience, even as risk reporting facilitates timely mitigating interventions to avert losses.

#### **Agenda for 2016-17: Implementation Status**

X.61 RMD has taken several measures for strengthening the risk culture in the Bank. These include conducting seminars, conferences, classroom discussions in training establishments, outreach to Regional Offices (ROs) across the country as well as development and dissemination of case studies based on real-life Incidents, which have scope for organisational learning. The incident reporting system has also been modified by widening the reporters' universe to secure greater involvement of staff in the risk-reporting process (Box X.4). Thus, while almost all Senior Officers of

#### **Box X. 4 Developments in the Incident Reporting System**

The adoption of ERM framework by the Reserve Bank in February 2012, *inter alia*, envisaged the building up of institutional memory of *Incidents* and *Near Misses*. In pursuit of this vision of the Bank, the Incident Reporting Framework (IRF) was developed specifying the principles and guidelines as well as a template for reporting of *Incidents* by the in-charges of the respective business units (BUs)<sup>3</sup> to the RMD. In order to facilitate the development of the 'loss' database, which is also a prerequisite for the quantification of the Bank's operational risk, a user-friendly software has been implemented for the reporting of *Incidents* by BUs.

Given the importance of sharing of the *Incidents* across the BUs for strengthening risk management in the Bank, a structure of incentives for reporting and dis-incentives for non-reporting of risk events has been developed, which includes the following:

- (i) As part of the principles enunciated in IRF, *Incidents* reported to RMD do not trigger the initiation of administrative action (since the objective of reporting of *Incidents* to RMD is only to build up a loss database and wherever possible, facilitate organisational learning with a view to introducing appropriate controls to obviate the recurrence of similar risk events);
- (ii) *Incidents* reported by a BU to RMD are not to be reckoned as an audit finding. However, the controls implemented by BU to prevent the recurrence of the risk event/s are assessed during audit and the absence (or

ineffectiveness) of requisite controls can be included as audit observations;

- (iii) Unreported risk events, identified during the audit, are included as audit observations, which consequently, also have an impact on the overall risk profile of the *auditee*;
- (iv) Fostering risk culture: Since the willingness to share *Incidents* by BUs is, *inter alia*, a function of the risk awareness in the Bank, several steps have been taken by RMD to strengthen the risk culture in the organisation. These include conducting a number of seminars to sensitise the officers on ERM; designating two Risk Officers (over 100 in all) in each BU to help foster a risk culture in their respective units; and developing case studies of unique *Incidents* for placing them on the Bank's intranet and making these available to the TEs; and
- (v) The universe of the reporters has been widened on a pilot basis for a few CODs and ROs to permit any officer of these BUs to intimate an incident, directly to the RMD through a simplified reporting template that has been placed on the Bank's intranet portal. The framework also provides for ensuring the confidentiality of the reporter's identity.

The foregoing measures have helped in enhancing risk awareness and improving risk reporting in the Bank.

<sup>3</sup> Business Unit refers to the reporting Central Office Department, Regional Office or Training Establishment of the RBI.



the Bank have been provided exposure to the ERM framework, over 100 designated Risk Officers spread across all the Central Office Departments (CODs), ROs and Training Establishments (TEs) have also been intensively trained. The seminars/conferences have benefitted from the 'tone from the top' provided by the involvement of the top management in reinforcing the risk culture in the organisation.

#### *RBI's Practice Internationally Recognised*

X.62 The International Operational Risk Working Group (IORWG), a forum of 69 central banks and the BIS, has a well-defined process for identifying best practices in various aspects of operational risk management in central banks. In 2016-17, the IORWG (of which the RBI is a member) has recognised the Bank's strategy for enhancing risk culture as a 'best practice' that may be emulated by the other member central banks.

#### *Central Bank Risk Managers' Conference (CBRMC), 2016*

X.63 The Reserve Bank hosted the 12<sup>th</sup> edition of the CBRMC on November 17-18, 2016 in Mumbai. CBRMC was launched under the aegis of the BIS in 2004 and has since been hosted by various central banks around the world. This edition of the conference was attended by senior risk officials from 31 central banks and the BIS, and focused on the economic capital framework as its central theme. The Reserve Bank has, at the invitation of the BIS, joined the steering group of the forum. Immediately following the CBRMC, a two-day European Central Bank (ECB)-RBI technical cooperation workshop on risk management was also organised on November 21-22, 2016 in Mumbai, as per the MoU signed between the ECB and the Reserve Bank in January 2015.

### **Agenda for 2017-18**

#### *Move towards Convergence of Risk Ratings*

X.64 RMD has launched a project along with the Inspection Department for developing a web-enabled risk reporting and analysis platform, viz., Audit Management and Risk Monitoring System (AMRMS). This project in the form of software, once operationalised, will, *inter alia*, enable greater convergence of risk assessment by the internal audit function with that of the risk monitoring function through its Risk Assessment Methodology for Operational Risk (RAM-OR), by providing an on-screen comparison of risk ratings under the two methodologies. This is expected to bring about a higher degree of objectivity and consistency in the risk assessment process within the Bank through a harmonised risk-rating framework.

#### *Holistic Risk Assessment of the Bank*

X.65 The Risk Register (RR) is a comprehensive inventory of all the processes/sub-processes inherent in the functioning of a Business Area (BA) as well as of all their identifiable risks. RRs have been prepared for each BA of the Bank and upon finalisation of all of them, a composite view of the operational risk profile for the entire Bank will be available. As regards the measurement of financial risk exposures of the Bank, the Economic Capital Framework, already in place, provides an ongoing balance-sheet-wide monitoring mechanism therefor, and enables an informed decision on building up the requisite level of financial buffers against such exposures.

### **INTERNAL AUDIT/INSPECTION IN THE RESERVE BANK**

X.66 Internal audit/inspection undertaken by the Inspection Department of the Reserve Bank provides risk assurance to the top management.

The inspections are conducted under the Risk Based Internal Audit (RBIA) framework wherein internal control and governance processes are examined by a team consisting of Principal Inspecting Officer, Inspecting Officers and information systems (IS) Auditors. The Inspection Department also provides support to the Audit and Risk Management Sub-Committee (ARMS) of the Central Board as also to the Executive Directors' Committee (EDC) overseeing the internal audit function.

#### **Agenda for 2016-17: Implementation Status**

X.67 The implementation of Audit Management and Risk Monitoring System (AMRMS) is in an advanced stage. A parallel run of the RBIA module was underway and was to go live by July 2017. The process of preparation of request for proposal (RFP)/scope of vulnerability assessment and penetration testing (VA-PT) for identified critical IT applications was completed and the modalities for conducting the technology audit/VA-PT for these critical IT applications were issued to the empanelled external audit firm. During the year, the compliance processing of VA-PT/technology audit of data centres and CBS application (including e-Treasury module) was undertaken and the action taken by business owner departments with regard to the vulnerabilities of VA-PT findings were closely monitored. VA-PT of the video conferencing (VC) system was undertaken and the audit report has been submitted. In addition, VA-PT/technology audit of the Next Generation Real Time Gross Settlement (NG-RTGS) system was also undertaken and the draft audit report has been submitted.

#### **Agenda for 2017-18**

X.68 In the first phase of AMRMS implementation, the module on RBIA has gone live in July 2017. The other modules of

AMRMS application will be rolled out in 2017-18. The scope of AMRMS includes automating RBIA and other audit modules such as vertical audit, control self-assessment audit (CSAA), scrutinies and technology audit along with other supplementary audit functions. A host of benefits will accrue due to AMRMS being a centralised web-based application accessible from any RBI office. The endeavour will usher in a less-paper environment along with standardisation and uniformity in the conduct of inspections by using standardised checklists in accordance with the best international practices.

X.69 VA-PT/technology audit of select critical IT applications would also be carried out.

#### **INTERNATIONAL RELATIONS**

X.70 The International Department has the mandate of monitoring global developments, conducting international policy analysis and fostering international cooperation at various international fora such as G-20, BRICS, SAARC, BIS, FSB and IMF.

#### **Agenda 2016-17: Implementation Status**

X.71 The apogee of the department's work during the year was the effective coordination of the Financial Sector Assessment Program (FSAP) for India. The IMF's Article IV consultations, conducted every year, were also coordinated.

X.72 Being Chair of BRICS, India hosted several BRICS events during 2016, including the Eighth BRICS summit in Goa in October. On the eve of the summit, the Reserve Bank co-hosted the first BRICS Economic Forum Seminar and the BRICS Finance Ministers' and Central Bank Governors' (FM&CBG) Meeting. The Reserve Bank as the Chair of the BRICS Contingent Reserve Arrangement (CRA) maintained readiness to meet any request for drawal. It also worked with other

members to set up a system of macroeconomic information exchange.

X.73 With India co-chairing the G-20 Framework Working Group (FWG), its meeting at Varanasi was successfully co-hosted with the Ministry of Finance during March 28-29, 2017. The department worked in close collaboration with the government for shaping India's growth strategy for the G-20 Hangzhou Action Plan in 2016 and the Hamburg Action Plan in 2017. Under the German Presidency, India played a lead role in shaping up a set of resilience principles in the area of private

finance, external sector and monetary policy, which were endorsed at the G-20 FM&CBG meeting.

X.74 On a range of international financial architecture (IFA) issues being discussed in the G-20 IFA Working Group, a sustainable approach to capital account liberalisation was mooted (see Box X.5).

X.75 The Bank contributed to the finalisation of the FX Global Code, a set of global principles of good practices in the forex market. A notable achievement has been inclusion of the Indian

### Box X.5

#### Approaches to Capital Account Liberalisation: OECD and IMF

Capital flows can be viewed as trade in assets that allows international risk sharing. As future consumption can be bought through such trade by postponing current consumption or *vice versa*, it allows economic entities to smooth consumption inter-temporally (Lewis and Liu 2015). However, capital flows are prone to sudden surges, stops and even reversals and, therefore, are not an unmitigated blessing. Bhagwati (1998) argued that claims of enormous benefits from free capital mobility across borders were not persuasive. In this backdrop, it would be of interest to look at the approaches of the two main international organisations dealing with capital account liberalisation (CAL), viz., the OECD and the IMF.

OECD's views are reflected in its two codes introduced in 1961, viz., the Code on Liberalisation of Capital Movements (generally known as the OECD Code) and the Code of Liberalisation of Current Invisible Operations. The codes aim at encouraging members to progressively remove barriers to capital movements in quest for faster growth. In 1992, short-term capital movements were covered under the code, thus limiting the scope for capital flow management measures (CFMs). In 2002, restrictions on overseas portfolio investment were made untenable under the code.

The IMF's approach to CAL has evolved over a period of time. Before the onset of the Asian financial crisis, there were moves to recognise capital account convertibility as an explicit goal. However, the overwhelming evidence from the Asian financial crisis forced IMF to backtrack. Accordingly, gradualism, with some CFMs and macroprudential

measures (MPMs), were deemed as a legitimate policy for emerging markets to exercise. The IMF's Independent Evaluation Office (IEO) also noted in 2015 that empirical literature was unable to establish a robust positive relationship between CAL and growth. Cross-border spill-overs of capital flows have since increased and the G-20 countries were urged to take them on board while dealing with national policies.

From an emerging market perspective, the IMF's approach appears prudent and pragmatic. It also stands vindicated in the wake of the global financial crisis. While the OECD Code may have served the advanced economies, emerging markets have demanded more flexibility in the codes as they do not sufficiently provide for CFMs or MPMs. India has been of the view that adherence to the OECD code should remain a voluntary process, enabling members to decide on its appropriateness in the context of evolving macro-financial conditions. While the OECD codes are currently under revision, G-20 has asked the IMF and the OECD to converge their views, especially with respect to MPMs.

#### References:

- Bhagwati, J. (1998), "The Capital Myth: The Difference Between Trade in Goods and in Dollars", *Foreign Affairs*, May/June.
- Lewis, K. K. and E. X. Liu (2015), "Evaluating International Consumption Risk Sharing Gains: An Asset Return View", *Journal of Monetary Economics*, 71: 84-98.

experience on macroprudential policies in the Committee on Global Financial Systems' (CGFS) report.

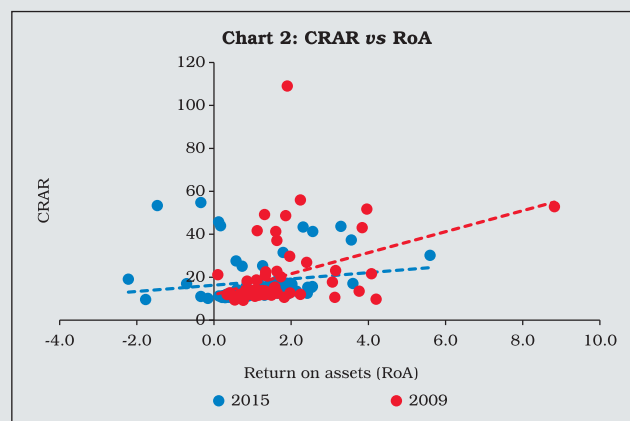
X.76 India took part in almost all the surveys, thematic reviews and peer reviews conducted by the FSB during 2016-17. The G-20 financial regulatory agenda during 2016-17 focused on assessment of effects of reforms with the FSB working on a structured framework for post implementation evaluation of effects of G-20

regulatory reforms. While the Reserve Bank generally supported this framework as a kind of incentive for member nations to develop stronger database and assessment methodologies at their country level for better self-evaluation, due concerns were expressed on the likely possibility of missing out the unintended consequences on the plea of lack of materiality (of evidence) and feasibility (of data), particularly in case of emerging market economies (EMEs) (Box X.6). A follow up on the FSB peer review of India, August

### Box X.6 Effects of G-20 Regulatory Reforms on India

G-20 in 2008 initiated comprehensive financial regulatory reforms to address the fault lines that led to the global financial crisis. Currently, Financial Stability Board (FSB) under the aegis of G-20 is focussing on the effects of reforms and presented its findings, predominantly for advanced economies (AEs), in its second Annual Report, 2016. A key finding of FSB has been that bulk of adjustment to higher capital has taken place through accumulation of retained earnings rather than sharp adjustment through lending or asset growth, although some decline in risky lending for EU banks is observed.

In the Indian context, along with enhanced capital requirements, there has been an added issue of increase in non-performing assets (NPAs) since 2013. Notwithstanding this, banks' capital to risk weighted assets ratio (CRAR) remained above the stipulated levels (Chart 1). Unlike AE banks, however, higher CRAR has not led to a significant reduction in asset size or risky lending for Indian banks as a whole (Cohen, 2013). There are, nevertheless, bank group-

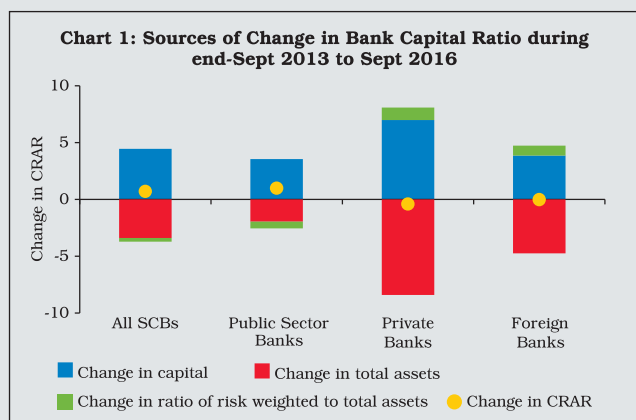


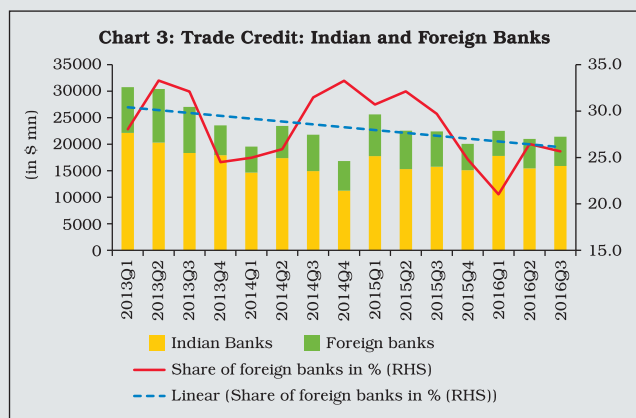
wise variations to this trend. Further, a bank-wise analysis shows that banks with higher CRAR also have higher return on assets (RoA) although the degree of this positive relationship has slightly flattened in 2015 in the post Basel III phase (Chart 2).

On the market liquidity impact of the liquidity coverage ratio (LCR) since January 2015, the FSB report concludes lack of any broad deterioration in market liquidity conditions. In the Indian context, the existence of SLR and the gradual carve-outs from it for LCR have enabled a frictionless transition to LCR relative to the cross-country experience. However, some banks which were very close to the prescribed LCR appeared to have been impacted at the margin as reflected in call money rates, although not in volumes (Pattanaik *et al.* 2017).

Total loss absorbing capacity (TLAC) is another regulatory measure imposed on global systemically important banks

(Contd...)





(GSIBs) to address the 'too-big-to-fail' problem. One of the consequences of this regulatory measure, as per the FSB is an attempt by many of the GSIBs to reduce their presence and activities and at times close down their businesses in EMEs. Remittances are one such area which has been

2016 was underway during the year. The FSB meeting on Analytical Group on Vulnerabilities was hosted in January 2017.

X.77 The department hosted a senior-level conference with Banque de France on challenges related to cyber threats and operational risks. As regards green finance, the Bank engaged itself with the G-20 Green Finance Study Group.

X.78 A working group of the SAARC countries was formed to enhance coverage and standardisation of the SAARCFINANCE database. The third seminar on the SAARCFINANCE database and the first meeting of the working group on SAARCFINANCE database were organised during November 17-18, 2016 at the College of Agriculture Banking (CAB), Pune. In October 2016, the SAARCFINANCE central bank Governors agreed on a road map on the areas of cooperation such as the cost of remittances within the region, banking regulation and supervision, financial inclusion, regional database, research studies, and capacity building. During the year,

hit due to a decline in correspondent banking in countries like South Africa. While India remains insulated from such an impact, higher capital standards for GSIBs has had implications for trade finance. Though the market share of foreign banks in India's international trade finance is on an average about 30 per cent, it has seen a declining trend in recent years (Chart 3).

#### References:

Cohen B. (2013), "How have Banks Adjusted to Higher Capital Requirements?" *BIS Quarterly Review*, September.

Financial Stability Board (2016), *2<sup>nd</sup> Annual Report, Implementation and Effects of G-20 Financial Regulatory Reforms*.

Pattanaik S., R. Kavediya and A. Hait (2017), "The Unintended Side Effects of Basel III Liquidity Regulations on the Operating Target of Monetary Policy", *RBI Working Paper*, February.

liquidity support in US dollars was provided to the central banks of Sri Lanka and Maldives, and to Bhutan in Indian rupees under the SAARC swap arrangement.

X.79 Under the aegis of the Joint Technical Coordination Committee with the Nepal Rastra Bank (NRB), measures were initiated to address their concerns on several bilateral banking issues. Besides, the South Asia Regional Training and Technical Assistance Centre (SARTTAC) was set up in New Delhi by the IMF with cooperation of Government of India and the Reserve Bank.

X.80 Technical assistance programmes and staff exchange visits were organised for various SAARC central banks in several areas. In addition, during 2016-17, the department also organised 35 exposure visits by leading global universities, officials from central banks and international standard setting bodies. *Mimamsa* - the International Department's discussion forum was also started during the year and talks by national and international experts were organised under the forum.



### Agenda for 2017-18

X.81 The department will continue to work along with the government to shape the national growth strategy and preserve India's stance under the G-20 Argentina Presidency and the 15<sup>th</sup> General Review of Quotas (GRQ) during 2017-18. It will also work towards completion of FSAP, currently underway and provide country responses. The department's work-streams relating to the FSB will cover, *inter alia*, shadow banking, asset management, cyber security FinTech and Resolution Steering Group's work.

X.82 Efforts are currently underway to establish a network of financial institutions in BRICS including plans to strengthen the BRICS institutions of CRA and National Development Bank (NDB). A proposal for establishment of the BRICS Bond Fund (BBF) is also being examined.

X.83 The department will host the second meeting of the Working Group on the SAARCFINANCE database along with a seminar on the SAARCFINANCE database, with a view to expanding coverage and improving data quality.

### GOVERNMENT AND BANK ACCOUNTS

X.84 The Department of Government and Bank Accounts (DGBA) oversees the functions of the Reserve Bank of India as banker to banks and banker to government, besides formulating internal accounting policies of the Bank.

### Agenda for 2016-17: Implementation Status

X.85 During the year, DGBA pursued with various state governments through its Regional Offices (ROs) for further integration of their receipts and payments with the Reserve Bank's CBS (e-Kuber). As at the end of June 2017, 14 states had gone live for e-receipts and eight for

e-payments. A standard operating procedure for imposition of penalties on agency banks has also been put in place.

X.86 A Working Group on Business Process Reengineering (BPR) is examining the changes required for government banking in the context of implementation of CBS in the Reserve Bank and agency banks, IT induction in government, more efficient payment systems, wider coverage of Aadhaar, greater financial inclusion and vastly enhanced mobile connectivity. A Committee on Cost of Government Banking, comprising members from both government and agency banks, was also constituted which will make recommendations on the rates at which commission could be paid to agency banks for carrying out government banking on behalf of the Reserve Bank. Both the committees are expected to submit their reports soon.

X.87 The Empowered Committee of State Finance Ministers on Goods and Services Tax (GST) had finalised banking arrangements for GST, wherein the Reserve Bank will be the aggregator for the funds. The government is putting in place the required operational and accounting guidelines. The systems of agency banks are also being integrated with the Reserve Bank's CBS (e-Kuber). All agency banks have been integrated with the Reserve Bank's CBS in a testing environment for processing of GST transactions seamlessly.

### Agenda for 2017-18

X.88 After successful commencement of GST, DGBA, in consultation with DIT, will continue to monitor the progress of full implementation of GST framework. Further, integration of the remaining state governments with the Reserve Bank's e-Kuber will be taken forward. The practice

of Paper-to-Follow (P2F) for state government cheques under the cheque truncation scheme is proposed to be discontinued in consultation with DPSS. The report of the Working Group on BPR for government business will be examined for implementation towards improving the overall conduct of government business.

### **MANAGING FOREIGN EXCHANGE RESERVES**

X.89 The Department of External Investments and Operations (DEIO) manages the country's foreign exchange reserves (FER). The increasing volume of FER warrants strengthening the reserves management structure in terms of valuation methods, risk management practices, accounting framework and IT infrastructure including disaster management.

#### **Agenda for 2016-17: Implementation Status**

X.90 Diversification of India's foreign currency assets (FCA) continued during the year by way of investment in new markets and asset classes within the framework of safety, liquidity and returns. A number of proactive and preventive measures were taken to ensure the efficacy of the extant IT security system. The hot standby dealing room and back office is fully operationalised at a different location to mitigate the impact of disaster induced disruptions.

#### **Agenda for 2017-18**

X.91 The agenda for 2017-18 includes further diversification of FCA, active management of the gold portfolio, strengthening of the risk management framework relating to portfolio management as well as IT systems and further enhancement of staff capacities.

### **ECONOMIC AND POLICY RESEARCH**

X.92 A knowledge centre for macroeconomic policy oriented research, the Department of

Economic and Policy Research (DEPR) of the Reserve Bank is entrusted with the task of providing research inputs and management information system (MIS) services for policy-related decision making. The department's contributions are multi-dimensional – apart from being a source of important primary national level data, DEPR is also responsible for the Reserve Bank's headline and research publications as also the Bank's collaboration with external experts on policy-oriented research.

#### **Agenda for 2016-17: Implementation Status**

X.93 During the year, the department brought out the flagship publications of the Reserve Bank – the *Annual Report*, the *Report on Trend and Progress of Banking in India*, *State Finances: A Study of Budgets*, the *Reserve Bank of India Bulletin*, and the second edition of the *Handbook of Statistics on Indian States*. The department compiled and disseminated primary statistics on monetary aggregates, balance of payments, external debt, combined government finances, household financial savings and flow of funds.

X.94 During 2016-17, twenty two research papers were completed, of which 18 were published outside the Bank in domestic and foreign journals. In addition, 11 working papers were brought out during the year. Together, the research areas covered were: regional study on the availability of clean notes, regional study on impact of MGNREGA, equilibrium exchange rate, credit and production linkages in agriculture, call money rate spread in India, corporate leverage in EMEs, interaction of asset prices with bank credit and monetary policy, and bank lending and loan quality in India. Several initiatives were also undertaken for promoting research in collaboration with external experts. Two working papers were brought out in collaboration with the International Monetary Fund (IMF), viz., *Quarterly Projection*

*Model for India; and Inflation Forecast Targeting for India.* A Development Research Group (DRG) study on *Shocks and Inflation* was completed during the year.

X.95 The department organised a number of events during the year, including the 16<sup>th</sup> C. D. Deshmukh Memorial Lecture that was delivered by Prof. Willem H. Buiter, 'The Good and the Bad Fiscal Theory of the Price Level', in April 2017. Eminent professors, viz., Prof. Kenneth Kletzer, University of California, Santa Cruz and Prof. Rajesh Singh, Iowa State University visited the Reserve Bank during the year. Apart from intensive interactions, Prof. Kletzer delivered a talk on 'Fiscal Interdependence, Fiscal Insurance and Sovereign Debt' while Prof. Singh deliberated upon 'Money, Interest Rates and Exchange Rates in Segmented Asset Markets' and 'Monetary Policy Under Financial Exclusion'. The DEPR Study Circle, an in-house forum, organised 15 presentations on diverse themes. Besides, external experts, including Prof. Barry Eichengreen, University of California, Berkeley; and Dr. Naoyuki Yashino, Asian Development Bank Institute, Tokyo were invited to make presentations. The Department coordinated the SEACEN training course on 'Financial Cycles and Crises' hosted by the Bank in December 2016 wherein 32 participants from 10 SEACEN member central banks attended the course. The annual research conference of the department was held in Kochi in June 2017 and included a keynote address by Prof. V. V. Chari, University of Minnesota (on the role of economic policy adviser) and a panel discussion (on de-globalisation and protectionism) by academic and policy experts, apart from staff deliberations on evolving organisational issues. The second edition of the *Handbook of Statistics on Indian States*, that provides a wealth of data on the regional economy, was also released at the conference.

### Agenda for 2017-18

X.96 Going forward, apart from the usual statutory and non-statutory publications and compilation and dissemination of data, some policy-oriented macroeconomic and monetary policy issues have been identified for focused analysis and research during 2017-18. They include: inter-relationship between credit and output to delve into the apparent disconnect between the two evolving in recent years; fiscal policy and growth in the context of the on-going debate on the efficacy of fiscal policy *vis-à-vis* other policies in reviving economic activity in EMEs; quality of state government finances, which will specifically analyse the efficiency of expenditures; micro aspects of remittances that will study details such as modes and frequency of transfers, transaction cost at receivers' end, and speed of delivery and utilisation of remittances; and volatility spill-overs across money, bond and forex markets that will examine dynamic conditional correlation between the markets from the viewpoint of appropriate policy responses. Furthermore, in keeping with the frequency of release of many other macroeconomic statistics as also the practices of advanced economies, generation of quarterly estimates of household financial savings and flow of funds will be attempted. The department will continue to organise a number of seminars and lectures during 2017-18. The release of '*History of the Reserve Bank* Volume-V by the History Cell will also be taken up once the draft is finalised.

### STATISTICS AND INFORMATION MANAGEMENT

X.97 The Department of Statistics and Information Management (DSIM) provides high quality statistical services, including compilation, analysis and dissemination of macro-financial statistics to the public, and statistical support and analytical inputs for meeting the policy and

operational needs of the Reserve Bank. DSIM maintains multi-dimensional statistical systems related to banking, corporate and external sectors; undertakes structured surveys relating to enterprises and households as inputs for monetary policy formulation; manages the centralised submission of returns through XBRL system and dissemination through the Reserve Bank's data warehouse; and provides statistical analyses and forecasts.

#### **Agenda for 2016-17: Implementation Status**

X.98 During 2016-17, DSIM released core statistics relating to banking, corporate and external sectors in a timely manner and in several areas, with reduced time lags. With the help of the SAARC countries, a database on key macroeconomic and financial variables since 2001 was established in May 2016 and its coverage was enhanced during the year. The advance release calendar for 2017 for India as well as for five other SAARC countries was placed on the website.

X.99 With new data requirements, the rationalisation of two existing annual returns on deposits is being implemented with fully automated submission and processing. A project on web-based reporting and maintenance of detailed information on banking entities with wider scope was launched under the guidance of a Technical Advisory Group (TAG).

X.100 The coverage of XBRL-based return submission by banks was extended to accommodate more diverse returns and users. Around 30 additional returns pertaining to different departments of the Bank were completed and will go live soon on the XBRL platform. The formats of returns were streamlined under the aegis of the inter-departmental Returns Governance Group (RGG). Regional rural banks and non-banking

financial companies were brought under the XBRL reporting in a phased manner.

X.101 In a major step towards harmonisation of banking statistics, a technical guidance note on XBRL returns was issued for ensuing quality and uniformity of the inputs received through the returns prescribed by the Reserve Bank, as part of statutory, regulatory, supervisory, policy and research requirements. This will ensure uniform application of the aggregation rules for compiling reporting-line items by different banks.

X.102 During the year, monetary policy surveys were conducted as per calendar, to support policy decisions. The Technical Advisory Committee on Surveys (TACS) provided guidance on related technical issues, which were further examined in collaboration with the Indian Statistical Institute, Kolkata for refinement of estimates. The department also completed exploratory work towards fine-tuning of the computation of capacity utilisation at aggregate level from the Order Books, Inventories and Capacity Utilisation Survey.

X.103 During 2016-17, a number of studies were undertaken in the areas of risk and vulnerability in the private corporate sector; and nowcasting for short-term forecasts of manufacturing sales growth incorporating sentiments captured from news articles with application of latest technological innovations like web-scraping.

#### **Agenda for 2017-18**

X.104 The representativeness of the household surveys will be further improved under the guidance of the TACS by extending it to smaller cities/rural areas. The coverage of the Consumer Confidence Survey will be enhanced to cover seven more cities and the survey design of the Inflation Expectations Survey of Households will be refined.



X.105 An innovative use of existing information bases will be attempted to aid policy making. Payment system data will be used to generate an Employment Index. As part of half-yearly surveillance, stress tests will be conducted to assess the private corporate sector's risk profile using an industry-level sensitivity analysis under suitably chosen stress scenarios in macroeconomic variables and corporate performance parameters.

X.106 The department will initiate a project on revamping the data warehouse system. The next generation warehouse, *i.e.*, 'Centralised Information Management System' will include a big-data platform.

X.107 For the purpose of facilitating research and generation of leading indicators, the department will work on building databases comprising national electronic funds transfer (NEFT) and national automated clearing house (NACH) transaction-level payment system data in the Hadoop System<sup>4</sup>. A new web-based, self-validating system of collecting and maintaining branch information will be developed into which the Geographical Information System will be integrated. The web-based banking assets and liabilities (Nostro/Vostro balances) reporting system will be implemented.

X.108 Further centralisation and standardisation of reporting will involve more returns prescribed by the Reserve Bank being brought under the XBRL-based submission and the existing XBRL system will be migrated to a new IT infrastructural setup (virtual server) to handle the increased reporting load and to improve efficiency of the system. Measures will be taken to reduce the reporting burden for banks by standardisation of items under the aegis of the RGG. This will include

providing harmonised definitions of additional data-elements.

X.109 A need is felt to enhance the extant statistical and supervisory information systems on credit in the Reserve Bank. This could be in the form of setting up of a Public Credit Register (PCR), an extensive database of credit information for India that is accessible to all stakeholders. The PCR would help in improving efficiency of the credit market besides helping the central bank in supervision as well as the policy making. DSIM would be working in coordination with other departments and outside experts in rolling out the PCR and enhancing its scope and coverage in a phased manner.

### LEGAL ISSUES

X.110 The Legal Department is an advisory department established for examining and advising on legal issues and for facilitating the management of litigation on behalf of the Reserve Bank. It vets the circulars, directions, regulations and agreements for various departments of the Reserve Bank with a view to ensuring that the decisions of the Reserve Bank are legally sound. The Legal Department also extends support and advice to DICGC and other RBI subsidiaries on legal issues, litigation and court matters.

### **Agenda for 2016-17: Implementation Status**

X.111 Several important legislations concerning the financial sector were brought in/amended during the year. The Insolvency and Bankruptcy Code, 2016 sought to consolidate and amend the laws relating to reorganisation and the insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner. The Code has provided for the establishment of the Insolvency

<sup>4</sup> A programming framework that supports the processing and storage of extremely large data sets.



and Bankruptcy Board of India for regulation of the insolvency professionals, insolvency professional agencies and information utilities.

X.112 The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 provides for the targeted delivery of subsidies and services to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers.

X.113 The Finance Act, 2017 amended Section 31 of the Reserve Bank of India Act, 1934 relating to the issue of demand bills and notes, providing for the central government to authorise any scheduled bank to issue electoral bonds.

X.114 The Finance Act, 2017 also amended certain provisions of the Payment and Settlement Systems Act, 2007. The amendment provides that instead of the existing Board for Regulation and Supervision of Payments and Settlement, the Payments Regulatory Board will exercise functions relating to the regulation and supervision of payments and settlement systems under the Act. The new Board shall consist of the Governor of the Reserve Bank as Chairperson and the following Members: Deputy Governor of the Reserve Bank in charge of Payment and Settlement Systems, one officer of the Reserve Bank to be nominated by the Central Board of the Reserve Bank; and three persons to be nominated by the central government.

X.115 The Specified Bank Notes (Cessation of Liabilities) Act, 2017 provided for the cessation of liabilities on specified bank notes<sup>5</sup> in public interest.

X.116 The Calcutta High Court *vide* its decision dated March 03, 2017 upheld the Reserve Bank's

powers to require a company to transit from the business of residuary non-banking companies (RNBC).

### **Agenda for 2017-18**

X.117 In 2017-18, the department will continue to advise various departments on legal matters and furnish specific legal opinions whenever sought. It will also continue its efforts at managing litigation on behalf of the Reserve Bank and function as a secretariat to the Appellate Authority under the Right to Information Act. Amendments to various Acts administered by the Reserve Bank will be pursued during the year in order to meet international commitments and standards and to clarify relevant provisions.

### **CORPORATE STRATEGY AND BUDGET MANAGEMENT**

X.118 The Corporate Strategy and Budget Department (CSBD) formulates the annual budget of the Reserve Bank by adopting activity based budgeting which emanates from annual action plans drawn by the Bank's offices, departments and training establishments. Action plans of the business units are analysed in the context of priorities, timelines and achievable milestones *vis-à-vis* constraints and implementable corrective measures in order to make the goals realistic and sensible.

X.119 The department has the responsibility of rolling out an active and comprehensive business continuity management (BCM) framework for the Bank. The department aims at putting in place a robust and resilient framework that manages business disruption smoothly keeping in view the satisfaction and interest of all stakeholders and befitting the image of the Bank.

<sup>5</sup> The term "specified bank note" means a bank note of the denominational value of five hundred rupees or one thousand rupees of the series existing on or before the 8<sup>th</sup> day of November, 2016.

### Agenda for 2016-17: Implementation Status

X.120 Execution of activity-driven budgets of all accounting units was scrupulously monitored. The department had prepared the BCM policy for the Bank. A business impact analysis (BIA) was carried out at all Central Office Departments (CODs) and select Regional Offices (ROs)/ Training Establishments (TEs). Time-sensitive critical activities of the Bank were determined by the department. The department, besides overseeing the smooth conduct of meetings of the governing board and its sub-committees, was actively engaged in the reconstitution of the Governing Council of CAFRAL and appointment of Directors of CAFRAL and NIBM. Approvals for

establishment of State Government (SG) Cells, and Department of Non-Banking Supervision and Department of Cooperative Bank Supervision Cells were granted to select Tier III offices.

### Agenda for 2017-18

X.121 The department's agenda for 2017-18 includes the implementation of a full-fledged BCM framework which is dynamic and vibrant, setting up a Crisis Command and Control Centre, formulating a cohesive strategic plan for the Bank which is inclusive and in sync with elevated aspirations of all stakeholders (Box X.7), reducing and rationalising expenditure by fine-tuning the process of budget formulation, internalising the

#### Box X.7

#### Corporate Strategy in the Reserve Bank

##### Background

In an endeavour to benchmark the Reserve Bank alongside the best central banks in the world, a medium-term strategy and action plan framework has been established wherein granular action plans of all Central Office Departments of the Reserve Bank have been aggregated into broad strategies and linked to the core purpose, values and vision statement. The intent is to clearly communicate the manner in which strategy can be operationalised and its implementation measured and evaluated. This is expected to demonstrate clarity of purpose and sharpen the effectiveness of strategy.

##### Strategy and Action Plan

A well-defined strategic planning and monitoring process provides the framework for identifying priorities and developing actions in order to deliver optimal results. An overarching strategy framework helps to clearly bring out the manner in which various business units contribute to the actualisation of the Bank's vision and mission through their strategies and action plans. Therefore, articulation and translation of the organisation's vision, mission and culture into operational terms is critical for the successful implementation of strategy. The strategies and the corresponding action plans of the Reserve Bank are listed in the strategy document and linked to the core purpose,

values and vision statement. Implementation status thereon is monitored on a quarterly basis.

##### Linking Action Plan to Budget of the Bank

It is important to facilitate efforts to align the deliverable action plans with the budget of the Bank, leading to adequate and efficient allocation of resources in line with the Bank's priorities. A well-articulated strategic plan will help business units (Central Office Departments /Regional Offices/ Training Establishments) prioritise the activities that they plan to carry out during the year and budget accordingly. Resource allocation would thereby get closely aligned with the strategic and operational plan. The corporate strategy framework, in the long run, will help bring about greater efficiency and accountability in the Bank's functioning.

##### Objectives of the Framework

Specifically, the framework seeks to:

- Provide the top management with a bird's eye view of how the agenda set by them is translating into strategies and action plans on the ground and how budgetary resources are being allocated as per organisational priorities.
- Sensitise the staff at all levels that departmental goals serve strategic objectives and help them realise how each of them is instrumental directly or indirectly in

*(Contd...)*

helping the Bank to achieve its core purpose, values and vision.

- Generate a strong enterprise-wide commitment for carrying out the organisation's strategy by linking organisational structure to the strategy framework.
- Monitor implementation of action plans.
- Achieve optimum allocation of resources by determining the Bank's strategic priorities and devoting resources to them while at the same time rationalising resources elsewhere by establishing a clear link between strategic planning, operational plan and the budget.

#### **Measurement**

The strategy and action plan framework helps align action plans with strategic objectives, while a measurement

mechanism puts in place a framework for monitoring their effective implementation. To enable measurement of the implementation of action plans with clear timelines and milestones, templates enumerating their strategies and action plans are prepared by each department quarterly. These templates enable various departments to self-monitor the status with respect to the achievement of the action plans that they have set for themselves and their plans for the following quarters in terms of (i) clear timelines; (ii) milestones; (iii) barriers; and (iv) initiating timely corrective measures to plug the gap between the envisaged goals and their actual achievement. The status received from various departments is compiled, analysed and submitted to the top management to review the agenda set by them and also the associated strategies and priorities.

use of technology for ease of operations, and initiating holistic measures to revamp capacity and deliverable capability of external funded institutions.

### **CORPORATE SERVICES**

X.122 The Department of Corporate Services (DCS) coordinates and facilitates internal corporate services such as tendering and awarding contract for printing of the Bank's publications, entering into rate contract for procurement of major stationary items, facilitating conduct of seminars and conferences, entering into corporate tie-up with major airlines and hotel chains and empaneling of travel agents to meet the requirements of various regional offices and central office departments of the Reserve Bank.

#### **Agenda for 2016-17: Implementation Status**

X.123 Presently, an interdepartmental working group is reviewing the current policy on records management to suggest modifications in current instructions as well as the inclusion of best practices on records management which will suit

processes in an evolving business environment. The handbooks on functions related to procurement and rate contract, protocol and event management are being finalised. The department also carried out an impact analysis on a quarterly basis to assess the benefits of the common and centralised rate contracts and remedial measures were taken accordingly, wherever required.

#### **Agenda for 2017-18**

X.124 During 2017-18, the department will assist the Department of Information Technology (DIT) in the implementation of the Electronic Documents Management System (EDMS) and simultaneously encourage the stakeholder departments to reinforce the best practices for managing records in the Bank.

### **RAJBHASHA**

X.125 During 2016-17, the Reserve Bank continued its efforts to ensure compliance with the statutory provisions of the Official Languages Act with a view to promoting the use of Hindi in its working. The Rajbhasha Department of the Reserve Bank is entrusted with this responsibility.

**Agenda for 2016-17: Implementation Status**

X.126 During the year, 111 staff members passed the *Pragya*<sup>6</sup> examination of the Government of India. As per the new scheme of the Rajbhasha Department, Government of India, a number of staff members were nominated for *Parangal*<sup>7</sup> also and 192 passed this examination. To create a conducive environment among staff members to use Hindi on computers, staff members were trained in Hindi typing and were nominated for a typing examination conducted by Hindi Teaching Scheme of the Government of India. To increase the use of Hindi in noting and correspondence, 144 workshops were conducted across the Bank. A 'Hindi Fortnight' was also celebrated in all Regional Offices and Central Office Departments by conducting several competitions in Hindi in innovative ways.

X.127 For learning Hindi through a regional language, teaching material was prepared in Assamese and Konkani. Such material has already been prepared in six other languages (Tamil, Malayalam, Kannada, Telugu, Oriya and Bangla) of Region 'C'. Besides, teaching material for learning regional languages (Bangla, Kannada, Oriya, Tamil, Telugu and Malayalam) through the Hindi medium was also prepared for the officers on transfer to region 'C' in order to help them communicate in local languages. In order to sensitise senior officers and Heads of Central Office Departments on the requirements of the Official Language Policy, a workshop was conducted at Bhubaneswar during December 16-17, 2016. A seminar based on the role of information

technology in Hindi was organised at Hyderabad on March 10, 2017. A Rajbhasha conference for all Rajbhasha officers was organised at CAB, Pune during April 07-08, 2017. Apart from these, an administrative glossary (English-Hindi) has been brought out by the Bank for the use of banks and financial institutions.

*Training*

X.128 Towards implementation of the Official Language policy in an effective manner, Rajbhasha officers were imparted training in the management development programme to enhance their skills. A translation workshop was conducted at the Reserve Bank Staff College, Chennai regarding translation of legal documents, financial and banking terminologies.

X.129 A book in Hindi titled *Bankon Mein Grahak Seva* was published which contained articles on customer service. Bank's Hindi journal *Banking Chintan Anuchintan* received a Gold award from the Association of Business Communicators of India. The statutory publications of the Bank - the *Annual Report* and *Report on Trend and Progress of Banking in India* continued to be prepared in a bilingual form. In addition, the *Financial Stability Report*, *Weekly Statistical Supplement* and the monthly *Bulletin* were also published in a bilingual form and the same were placed on Bank's website. *Rajbhasha Samachar* was published along with its e-version which covers in-house activities and events of the Bank to promote the use of Hindi. The Rajbhasha Department also prepared the *Annual Rajbhasha Report* regarding the progressive use of Hindi in the Bank.

<sup>6</sup> The examination is conducted for those who do not have working knowledge of Hindi.

<sup>7</sup> Examination of proficiency in Hindi.

*Incentives*

X.130 An incentive scheme for writing outstanding books in Hindi on the subject matter of banking was introduced during the year, with an award of ₹125,000. During the year, an all-India Hindi essay writing competition as well as a Hindi and Bilingual House Magazine competition were held for public sector banks and financial institutions.

*Visit of Parliamentary Committee*

X.131 The Committee of Parliament on Official Language (the Third Sub-Committee) visited the Central Office of the Reserve Bank in Mumbai on January 23, 2017 to inspect and review the status of implementation of the Rajbhasha policy. The sub-committee suggested further measures for promoting the usage of Hindi in the Bank and also instructed that intensive efforts be made for the implementation of the official language in all spheres of the Bank.

**Agenda for 2017-18**

X.132 An annual work plan for 2017-18 is being prepared keeping in view the requirements of the annual programme published by the Government of India and the issues raised by the Committee of Parliament on Official Language. Developing a new *Rajbhasha Reporting System* is another agenda for 2017-18. In addition, a booklet on statutory provisions on official language will be brought out for dissemination among staff members of the Bank.

**PREMISES DEPARTMENT**

X.133 The responsibilities of the Premises Department encompass creating, maintaining and upgrading the Reserve Bank's physical infrastructure. In 2016-17, significant developments have taken place in this direction including the initiation of new activities.

**Agenda for 2016-17: Implementation Status**

X.134 During the year, the Premises Department acquired land for constructing new office buildings in centres where the Reserve Bank was functioning from rented premises, viz., Agartala (Tripura), Ranchi (Jharkhand) and Imphal (Manipur). On the construction front, officers' quarters along with common amenities at Anna Nagar (Chennai) and Dadar-Parel (Mumbai) are nearing completion. Work for construction of infrastructural facilities for the Centre for Advanced Financial Research and Learning (CAFRAL) at Mumbai, and reconstruction work of the residential quarters at Hauz Khas (New Delhi), Chembur (Mumbai) and Kharghar (Navi Mumbai) have commenced.

X.135 The Indian Green Building Council (IGBC) awarded a 'Platinum' rating to all the new constructions by the Bank [viz., RBSC (Chennai) and IGIDR (Mumbai) hostels, Ameerpet Senior Officers' flats (Hyderabad) and the on-going Anna Nagar complex], as also the existing residential complex at Ameerpet (Hyderabad) in recognition of the efforts to introduce green building concepts in construction projects.

X.136 Another major thrust area of the department's function has been conservation of water and energy and their efficient use. Along with rain water harvesting, the Bank has installed grid interactive solar power generators for enhancing capacity in various premises.

X.137 E-tendering has been introduced for procurement (beyond the threshold limit of ₹1 million and sale of goods/scrap, etc. beyond ₹0.5 million) with the objective of ensuring faster processing, better price discovery and greater transparency in procurement processes. A portal for this purpose has been launched in coordination with MSTC Ltd, a public sector undertaking.



X.138 The Department continued its focus on strengthening perimeter security by operationalising an internet protocol based CCTV (IPCCTV) system in 20 office buildings. Installation of integrated security system in the Central Office building is expected to be completed soon.

**Agenda for 2017-18**

X.139 Construction of office buildings at Naya Raipur and Dehradun and residential colonies at Trikuta Nagar, Jammu is expected to commence

during 2017-18. An office building at Imphal is presently on the drawing board. Residential colonies in Mumbai (Andheri and Malad), Jaipur (Malviya Nagar), Chandigarh and Ahmedabad (Vasna) are also being planned. Steps have already been initiated for construction of a Holiday Home at Lonavala and reconstruction of the residential colony at Guwahati (Zoo Narangi Road).

X.140 During 2017-18, concrete steps for further conservation of water and electricity across all premises have been envisaged as part of the green initiative.

**Table 1: Attendance in the Meeting of the Central Board of Directors during  
July 01, 2016 - June 30, 2017**

Name of the Member	Appointed/Nominated under RBI Act, 1934	No. of Meetings Held	No. of Meetings Attended
1	2	3	4
Raghuram G. Rajan	8 (1) (a)	2	2
Urjit R. Patel	8 (1) (a)	7	7
R. Gandhi	8 (1) (a)	6	6
S. S. Mundra	8 (1) (a)	7	7
N.S. Vishwanathan	8(1) (a)	7	6
Viral V. Acharya	8(1) (a)	2	2
B.P. Kanungo	8(1) (a)	1	1
Nachiket M. Mor	8 (1) (b)	7	4
Y. C. Deveshwar	8 (1) (c)	2	0
Damodar Acharya	8 (1) (c)	2	2
Natarajan Chandrasekaran	8 (1) (c)	7	5
Bharat N. Doshi	8 (1) (c)	7	7
Sudhir Mankad	8 (1) (c)	7	7
Rajiv Kumar	8 (1) (c)	2	2
Ashok Gulati	8 (1) (c)	2	2
Manish Sabharwal	8 (1) (c)	2	2
Anjuly Chib Duggal	8 (1) (d)	7	4
Shaktikanta Das	8 (1) (d)	7	4

**Table 2: Attendance in the Meeting of the Committees of the Central Board  
during July 01, 2016 - June 30, 2017**

Name of the Member	Appointed/Nominated under RBI Act, 1934	No. of Meetings Held	No. of Meetings Attended
1	2	3	4
<b>I. Committee of the Central Board (CCB)</b>			
Raghuram G. Rajan	8 (1) (a)	7	7
Urjit R. Patel	8 (1) (a)	46	32
R. Gandhi	8 (1) (a)	34	23
S. S. Mundra	8 (1) (a)	46	16
N. S. Vishwanathan	8 (1) (a)	46	28
Viral V. Acharya	8 (1) (a)	21	17
B. P. Kanungo	8 (1) (a)	12	7
Nachiket M. Mor	8 (1) (b)	26	10
Y. C. Deveshwar	8 (1) (c)	04	0
Damodar Acharya	8 (1) (c)	08	7
Natarajan Chandrasekaran	8 (1) (c)	28	13
Bharat N. Doshi	8 (1) (c)	32	25
Sudhir Mankad	8 (1) (c)	30	24
Rajiv Kumar	8 (1) (c)	6	3
Ashok Gulati	8 (1) (c)	7	7
Manish Sabharwal	8 (1) (c)	7	6
<b>II. Board for Financial Supervision (BFS)</b>			
Raghuram G. Rajan	Chairman	2	2
Urjit R. Patel #	Chairman	9	8
Urjit R. Patel	Member	2	2
R. Gandhi	Member	9	8
S. S. Mundra	Vice-Chairman	11	11
N.S. Vishwanathan	Member	11	11
Viral V. Acharya	Member	4	3
B.P.Kanungo	Member	2	1
Nachiket M. Mor	Member	10	9
Bharat N. Doshi	Member	11	10
Sudhir Mankad	Member	11	11
Ashok Gulati	Member	4	3
<b>III. Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)</b>			
Raghuram G. Rajan	Chairman	1	1
Urjit R. Patel#	Chairman	2	2
Urjit R. Patel	Member	1	1
R. Gandhi	Vice-Chairman	3	3
S. S. Mundra	Member	3	2
N.S. Vishwanathan	Member	3	3
Viral V. Acharya	Member	1	1
Damodar Acharya	Member	1	1
Natarajan Chandrasekaran	Member	3	0
Bharat N. Doshi	Member	3	3

# w.e.f. September 4, 2016

**Table 3: Attendance in the Meeting of the Sub-Committees of the Board during July 01, 2016 - June 30, 2017**

Name of the Member	Appointed/Nominated under RBI Act, 1934	No. of Meetings Held	No. of Meetings Attended
1	2	3	4
<b>I. Audit &amp; Risk Management Sub-Committee (ARMS)</b>			
Bharat N. Doshi	Chairman	6	6
R. Gandhi	Invitee	6	4
S. S. Mundra	Invitee	6	4
N. S. Vishwanathan	Member	6	6
Viral V. Acharya	Invitee	3	2
B.P. Kanungo	Invitee	2	2
Nachiket M. Mor	Member	6	5
Sudhir Mankad	Member	6	5
Deepak Mohanty	Member	6	4
Deepak Singhal	Member	6	5
<b>II. Building Sub-Committee (BSC)</b>			
Sudhir Mankad	Chairman	1	1
Rajiv Kumar@	Chairman	1	1
Y. C. Deveshwar	Member	1	0
@ w.e.f. February 27, 2017			
<b>III. Human Resource Management Sub-Committee (HRM-SC)</b>			
Damodar Acharya@	Chairman	2	2
Natarajan Chandrasekaran*	Chairman	1	1
Manish Sabharwal#	Chairman	1	1
S. S. Mundra	Member	4	4
@Up to October 11, 2016 * w.e.f. October 24, 2016 till February 23, 2017 # w.e.f. February 27, 2017			
<b>IV. Information Technology Sub-Committee (IT-SC)</b>			
Natarajan Chandrasekaran	Chairman	NIL	NIL
Rajiv Kumar	Member	NIL	NIL

**Table 4: Attendance in the Meeting of Standing Committee of the Central Board of Directors during July 01, 2016 - June 30, 2017**

Name of the Member	No. of Meetings Held	No. of Meetings Attended
1	2	3
R. Gandhi	4	4
B.P. Kanungo	1	1
Damodar Acharya	3	3
Y.C. Deveshwar	2	0
Bharat N. Doshi	4	2
Dr. Rajiv Kumar	1	1

**Table 5: Attendance in the Meetings of Local Boards during July 01, 2016 - June 30, 2017**

Name of the Member	Appointed / Nominated under RBI Act, 1934	No. of Meetings held	No. of Meetings Attended
1	2	3	4
Nachiket Mor, EALB	Section 9(1)	1	1
Sunil Mitra, EALB	Section 9(1)	1	1
V.R. Bhanshali, WALB	Section 9(1)	1	1
Dliip S. Shanghvi, WALB	Section 9(1)	1	1
EALB: Eastern Area Local Board WALB: Western Area Local Board			