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Institutional Changes

INTRODUCTION

At its inception, the organisational set up of the Reserve Bank more or less followed the Bank of England (BoE) pattern. In the planning era, which commenced from the 1950s, the Reserve Bank played a developmental role in promoting economic growth along with achieving price stability. The growth and spread of banking and also rural credit were its major responsibilities. In the 1990s, a new dimension was added in implementing the financial sector reforms. Moreover, the large inflow of external funds called for reorientation of its policies *inter alia* in the areas of monetary policy, management of foreign exchange reserves and public debt. Accordingly, the range of its functions expanded both in scope and diversity. In discharging these functions, the Reserve Bank's organisational structure and set up underwent significant changes. The Bank laid stress on meeting these challenges through higher productivity, computerisation, adoption of mechanisation and new technology and active communication practices. However, the relations with its staff experienced stresses and strains for some time in the early 1980s.

The evolution of the Reserve Bank took place in response to domestic circumstances and the international practices. Flexibility was a characteristic of this transformation over the decades. The organisational progression not only enhanced the structure of the Reserve Bank in terms of size but also went hand-in-hand with functional changes that were necessitated by the evolving economic and financial conditions.

This chapter is thematic and captures the developments in the organisational set up from 1981 to 1997 against the backdrop of changing economic circumstances.

ORGANISATIONAL EVOLUTION

The decade of the 1980s began with both restructuring and expansion of the administrative machinery of the Reserve Bank as its responsibilities multiplied with the changing economic scenario. In 1981, the Department of Administration and Personnel (DAP) was split into two departments namely, the Department of Administration (DA) and the Personnel Policy Department (PPD) with the objective of redefining operations, besides enhancing the focus on policy matters concerning the staff. The PPD sought to improve industrial relations in the Bank. The Department of Accounts and Expenditure (DAE) was recast into three departments in order to reallocate its activities and strengthen human resource management. The departments that emerged were, the Department of Currency Management (DCM), which was assigned the task of attending to policies and matters relating to currency circulation; the Department of Expenditure and Budgetary Control (DEBC) established for drawing the annual budget of the Bank, besides handling provident and pension funds and the housing loans of employees of the Bank; and the Department of Government and Bank Accounts (DGBA), constituted for managing public debt (central and state governments), acting as banker to the governments and preparing the profit and loss account and the balance sheet of the Reserve Bank.

The Industrial Finance Department (IFD) was amalgamated into the Industrial Credit Department (ICD) in 1981. The composite unit looked after the provision of bank credit to industry, sick industrial units and export finance and also administered the credit authorisation scheme (CAS). After this expansion, the ICD was merged into the Industrial and Export Credit Department (IECD), which performed the function of financing small scale industries (SSIs) besides monitoring export finance and the district industries centres (DICs).¹ The work relating to the SSIs was later transferred to the priority sector wing of the Department of Banking Operations and Development (DBOD) and that concerning credit guarantee was taken over by the Deposit Insurance and Credit Guarantee Corporation (DICGC). The authorised capital of the DICGC was raised from ₹ 10 crore to ₹ 15 crore on January 1, 1981, thus reaching

1. Based on the recommendations of an expert committee, the functions of IECD were merged with DBOD, DBS and MPD in July 2004 (*Report on Currency and Finance, 2004–05*).

the maximum permissible limit under the Deposit Insurance Corporation Act, 1961. The additional capital of ₹ 5 crore was contributed by the Reserve Bank. Later, the authorised capital of the DICGC was further increased to ₹ 50 crore to augment its resources. Effective May 1, 1993, the deposit insurance cover was enhanced to ₹ 1,00,000 per bank account. The premium was also revised to ₹ 0.05 per ₹ 100 in July 1993. These efforts underscored the intent to further promote the interests of the depositors.

Records and archives are the backbone of the information system of any organisation. The archival records are important because they provide insights into the decision-making processes and governance mechanisms in an organisation over time. In a pioneering effort to preserve the records for posterity, the archives of the Reserve Bank, *i.e.*, the Central Records and Documentation Centre (CRDC)² was set up in Pune on August 24, 1981 to function under the joint charge of the Management Services Department (MSD) and the DAP. The College of Agricultural Banking (CAB), Pune, provided administrative support to the CRDC³ since its inception. The mission of the centre was to identify, acquire, preserve and make available non-current permanent records of historic value to the interested institutions, individuals and the Reserve Bank, especially for writing the history of the Reserve Bank.

In 1982, with the shift in policy focus on intensive research on economic issues, the Economic Department and the Department of Statistics were revamped and rechristened the Department of Economic Analysis and Policy (DEAP) and the Department of Statistical Analysis and Computer Services (DESACS), respectively. This facilitated leveraging the available expertise in the areas of economic analysis and statistics, besides encouraging research on contemporary issues. The DEAP emerged as a primary source of data on monetary aggregates, balance of payments (BoP), household financial savings, state finances and capital markets; prepared weekly economic and financial reports for the Committee of the Central Board of the Reserve Bank; and maintained the management information system (MIS) for the top executives as well as the operational departments of the Reserve Bank.

In an endeavour to reach out to various sections of society, the department was entrusted with the responsibility of bringing out Reserve

2. From May 8, 2000, the CRDC came under the purview of the history cell (DEPR), Reserve Bank of India.

3. The CRDC was renamed as RBI Archives (RBIA) effective September 29, 2006.

Bank's major publications. It began publishing the Reserve Bank of India bulletin in January 1947 — a monthly economic and financial journal signifying that the Bank was well ahead of some of its contemporaries in this area.⁴ Over time, the department also prepared and released various reports and research journals. These included the Annual Report, Report on Trend and Progress of Banking in India, Report on Currency and Finance, Statistical Tables Relating to Banks in India⁵ and Finances of the State Governments; weekly statistical supplement (WSS) to the monthly bulletin, and Reserve Bank of India Occasional Papers (a tri-annual research journal).

Between 1981 and 1997, the DEAP was expanded and regional offices were set up. In 1988, five regional offices were established in Bangalore (now Bengaluru), Bhopal, Guwahati, Jaipur and Patna, thus marking a significant expansion of the department during the year.

Against the backdrop of economic and financial sector reforms launched in 1991, several concerns caught the attention of researchers and policymakers. To address these problems and bridge the gap in this area, the development research group (DRG) was set up within the DEAP in November 1991. The mandate of the group was to prepare research papers on policy issues and areas of interest to the Reserve Bank. This initiative was a collaborative effort between the Reserve Bank and external experts to address contemporary economic issues. The DRG studies were published for wider dissemination.

The DESACS was entrusted with the responsibility of conducting all-India surveys, analysing corporate financial accounts, compiling security price indices, preparing flow of funds accounts of the economy and undertaking studies in econometrics.⁶ In 1985–86, three regional offices of DESACS became functional at Madras (now Chennai), Calcutta (now Kolkata) and New Delhi, to facilitate the collection and transmission of important data to the central office of DESACS.

With the creation of National Bank for Agriculture and Rural Development (NABARD)⁷ in July 1982, the Agricultural Credit Department

4. Reserve Bank of India. "The Evolution of Central Banking in India", *Report on Currency and Finance, 2004–05*.

5. The work relating to publication of this report was later taken over by the Department of Statistics and Information Management.

6. Some of these functions were later transferred to the DEAP.

7. For details, refer to chapter 8: Rural Credit Policy.

(ACD) of the Reserve Bank ceased to function. Most of the supervisory functions pertaining to rural credit were transferred to NABARD and the obligations cast upon the Bank under the Reserve Bank of India (RBI) Act, 1934 in respect of agricultural credit were modified. A separate department, Rural Planning and Credit Department (RPCD), was set up in the Reserve Bank. The RPCD was assigned the overall regulatory role in respect of rural credit.

In an initiative relating to banking, a special investigation cell was constituted in the Reserve Bank in May 1983 to facilitate speedy investigations of the major frauds coming to the notice of the Reserve Bank.

In pursuance of the recommendations of an inter-institutional group,⁸ the national clearing cell (NCC) was set up in the Reserve Bank in November 1983 to help introduce magnetic ink character recognition (MICR) technology for facilitating mechanised cheque processing. The cell was commissioned in the four metropolitan cities of Bombay (now Mumbai), New Delhi, Calcutta and Madras, and replicated in all state capitals and other important centres in phases. At this time, the Premises Department of the Reserve Bank was re-organised into three distinct functional units connected with projects, maintenance and administration to earmark individual responsibilities for preserving and maintaining the Reserve Bank's properties. To administer and safeguard Reserve Bank's properties and manpower, including customers on the premises, the Governor, Shri R.N. Malhotra, constituted a committee in October 1982 under the chairmanship of Dr M.V. Hate, Deputy Governor. Further, in pursuance of the recommendations of the committee on security arrangements (COSA), the central security cell (CSC) was established in the Reserve Bank on June 2, 1986. The role of the CSC was meant to be advisory. It offered its views and advice on security arrangements in the Reserve Bank and public sector banks (PSBs).

The urban banks cell, which was attached to the ACD that became part of NABARD, was merged with the DBOD and began to function as the urban banks division. The division was expected to handle all matters regarding urban banks including licensing and compliance. However, a full-fledged Urban Banks Department (UBD) was constituted in 1984 to cater to the needs of the urban co-operative banks (UCBs).

8. The group also recommended standardisation of cheque forms, paper/printing specifications, and organisational arrangements for national cheque clearing.

Against the backdrop of the growing currency demand in the economy and the strains arising from recurrent currency shortages,⁹ sub-office of the Reserve Bank at Guwahati was converted into a full-fledged issue office, taking the total number of issue offices in the Bank to 14.¹⁰ Further, the Department of Non-Banking Companies was rechristened the Department of Financial Companies (DFC) on August 24, 1984.

With the growing focus on managing India's foreign exchange reserves and the external sector, the Department of External Investments and Operations (DEIO) was organised by converting the foreign accounts division into a full-fledged department in 1986. This department was entrusted with the responsibility of managing the country's external reserves, maintaining the external value of the rupee, transacting external operations of the Government including settlement with the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB) besides managing the membership of the Bank for International Settlements (BIS), as also co-ordinating banking business between India and Russia.

The Reserve Bank took a keen interest in promoting economic research and learning and for this purpose, it established the Indira Gandhi Institute of Development Research (IGIDR) in Bombay (now Mumbai). The institute began functioning from December 28, 1987. Registered as an autonomous society on November 14, 1986, the institute became a public trust on January 15, 1987, and was inaugurated by the Prime Minister, Shri Rajiv Gandhi, on December 28, 1987. The institute was later recognised as a deemed university and encouraged economic research with a multi-disciplinary approach.

A separate history cell was set up within the DEAP in the Reserve Bank during 1990–91. The Bank also constituted a committee of direction (COD) to guide the preparation of history of the Reserve Bank. Prior to setting-up of the cell, the work on history compilation was undertaken under the guidance of an editorial committee constituted for the purpose (Volume 1). Since the history for the period 1935–1951 (Volume 1) had already been published, the Bank planned to bring out subsequent volumes and the cell began to draft the developments from 1951 to 1967.

9. Details are available in the section on Issues in Currency Management in this chapter.

10. Including those at Ahmedabad, Bangalore, Bhubaneswar, Bombay, Byculla, Calcutta, Hyderabad, Jaipur, Kanpur, Madras, Nagpur, New Delhi and Patna.

In the process of functional transformation, certain departments were either merged or wound up. One such department was the Securities Department, which started as a unit of the Banking Department when the Reserve Bank was established in 1935. Its areas of operation included the purchase and sale of government securities on behalf of the Government, foreign banks or provident funds (PFs) and acting as the custodian of securities held by the Reserve Bank in the Issue and the Banking Department as well as those deposited by insurance companies with the Government in compliance with the statutory investments under the Insurance Act. Over time, these functions were transferred to the Public Debt Office (PDO), Deposit Accounts Department (DAD) and the Public Accounts Department (PAD) and by 1990 the Securities Department ceased to exist.

During 1990–91, the financial institutions cell (FIC)¹¹ was set up in the DBOD to serve as a nodal unit for better co-ordination among various segments of the financial system. For more effective co-ordination of the regulatory and supervisory functions in the financial system, the FIC was merged with the Department of Supervision (DoS) and operated as a separate division from June 18, 1997.

As monetary policy had to contend with several issues and adapt to the evolving environment by influencing economic activity through indirect methods, an imperative need emerged for reinforcing the internal debt management policies and operations. The Internal Debt Management Cell (IDMC) was created within the Secretary's Department in April 1992 by merging the public borrowing, open market operations (OMOs) and ways and means sections of the Secretary's Department with an aim of activating and strengthening the debt management practices. The objective of the cell was to promote an active and efficient government securities market. However, the cell was turned into an independent unit within the Reserve Bank on October 1, 1992.¹² Further, in a move to develop an institution for fostering an active secondary market in government securities and public sector bonds, the Securities Trading Corporation of India Ltd (STCI) was established at Bombay in May, 1994 as a subsidiary of the Reserve Bank.

The role played by gold in the management of the external payments crisis in early 1991 underscored the need to mobilise domestic gold for

11. For details refer to chapter 6: Banking and Finance and chapter 17: Reforms in Banking and Financial Institutions.

12. The IDMC was upgraded to a department (IDMD) in May 2003.

external adjustment in times of crises as well as to evolve policies to improve the availability of gold within the country through legal channels. In this context, issues dealing with liberalisation of gold and silver imports, market regulations, augmentation of the refining capacity within the country, and the orientation of jewellery exports to international markets needed to be reviewed. In response to such considerations and the possibilities of using gold for external adjustments, the gold management division was formed in the DEIO in 1992. The division was entrusted with keeping track of developments in the local and international bullion market by collecting relevant data; examining policy issues concerning the bullion market in India; making suitable recommendations; and devising schemes to mobilise unused gold from the public.

The Janakiraman Committee on irregularities in government securities' transactions recommended that the Reserve Bank should strengthen its market intelligence structure so that early action could be initiated, whenever warranted. Pursuant to its recommendations, a market intelligence cell (MIC) was set up in the Bank in 1992–93, to monitor market developments. This cell collected information on areas of concern to the Reserve Bank and which was sensitive. It was constituted in addition to the banking intelligence unit handled by the DBOD. On October 9, 1995, another MIC began operations in the Exchange Control Department (ECD) in order to closely study and monitor forex market developments.

The Board for Financial Supervision (BFS) was constituted based on the recommendations of the committee on the financial system (Chairman: Shri M. Narasimham) in terms of the RBI (BFS) Regulations 1994. This was done to strengthen the supervisory mechanism and the board was entrusted with the responsibilities of supervising and inspecting the financial system including banks, non-banking financial companies (NBFCs), development finance institutions (DFIs), UCBs and primary dealers (PDs). Prior to the setting-up of the BFS, in an effort to segregate the regulatory and the supervisory functions of the DBOD, the DoS was constituted in 1993 and designated as an executive wing of the BFS. The DoS began operations on December 22, 1993 with its central office in Bombay and 16 regional offices at various centres. The new department set out to recast supervisory practices and augment necessary skills.

With the growing recognition of management of human resources within the Reserve Bank and to pay adequate attention to the administrative necessities arising on account of increased responsibilities, the erstwhile DA and PPD were both re-organised into two departments in 1995. Thus,

the Department of Administration and Personnel Management (DAPM) and Human Resources Development Department (HRDD) were created. This ensured focusing squarely on improved human resource policies, protection of employee interests and finding people-sensitive solutions to problems. The accepted recommendations of the Marathe Committee were reflected in this reorganisation. The Reserve Bank's vigilance unit was strengthened to function within the DAPM on a two tier basis with central vigilance cell in central office, and branch vigilance cells in other central office departments at Mumbai¹³ as well as in the regional offices of the Bank.¹⁴ The cell dealt with the implementation of the action plan on vigilance and anti-corruption rules of the Government. It also dealt with the complaints, matters relating to vigilance, acquisition, disposal and holding of assets by officers of the Reserve Bank. The cell worked in association with the Central Bureau of Investigation (CBI), Central Vigilance Commission (CVC), Ministry of Finance (MoF) and Enforcement Directorate (ED).

In 1995, the Department of Information Technology (DIT) was constituted, bringing about another structural change in the DESACS. The creation of a separate department provided the required drive to technology upgrading in the Reserve Bank. This was essential given the changes that had come about in technology the world over by this time. Two divisions of the DESACS namely, the computer operations division and the systems and programming division were merged with the erstwhile MSD to form the DIT, and the MSD ceased to exist.

The increasing concern about customer service reflected in the setting-up of a complaints redressal cell in August 1996 to address the grievances of the general public. Similar cells started operations later at the regional offices of the Reserve Bank. The employee concerns were given equal importance, and in this context, grievances redressal cell was instituted in April 1997 by amending the Reserve Bank of India Services Board Regulations. This cell looked into the grievances of the officers of the Reserve Bank against the decisions of the Bank. The complaints referred to the cell related to issues such as remuneration, tenure, leave, continuation of service, amenities and facilities, working conditions and crossing of efficiency bar. The Reserve Bank of India Services Board was constituted

13. Bombay was renamed as Mumbai in November 1995.

14. A vigilance cell also operated in DICGC, which is a subsidiary of the Reserve Bank.

in July 1968, under the Reserve Bank of India Services Board Regulations, 1968 to attend to recruitment of staff to the officers' cadre and promotion to such services and posts in the Bank or under the associate institutions.¹⁵

The advisory board on bank frauds (Chairman: Shri S.S. Tarapore) was set up to advise the Reserve Bank on cases referred to it by the CBI and to register cases against the erring bank officers of the rank of general manager and above. The board began operations from March 1, 1997.¹⁶

GOLDEN JUBILEE OF THE RESERVE BANK

The Reserve Bank celebrated the golden jubilee¹⁷ of its establishment in 1985. During the year, it appointed a steering group, which prepared a book on the role played by the Reserve Bank in the field of rural credit. The Reserve Bank set up additional chairs in some universities to mark the occasion and to enhance its role as a knowledge-building institution. The celebrations underlined the contribution of the Reserve Bank to the growth and development of the country and its reaffirmation of the commitment to uphold the same.

The Prime Minister, Shri Rajiv Gandhi inaugurated the formal ceremony to mark the golden jubilee of the Bank. In his address, the Prime Minister observed that the Reserve Bank had been “changing with the times and helping our country to progress.” He hailed the role of the Reserve Bank as “one of the prime movers of the development process.” The Government issued commemorative coins to mark the celebrations. Setting-up of the IGIDR at Bombay was announced at this event. During the ceremony, two monographs were released: Reserve Bank of India: Fifty Years (1935–1985) and The Reserve Bank and Rural Credit. The former highlighted landmarks in the development of the Reserve Bank and its major contributions in various fields and the latter reflected on the crucial role played by the Reserve Bank in the field of rural finance.

INDUSTRIAL RELATIONS

The Reserve Bank in its relations with its staff had all along adopted a positive and helpful attitude in terms of service conditions, emoluments

15. *Reserve Bank of India: Functions and Working, 2001.*

16. In August 2000, the Board was renamed the Advisory Board for Bank, Commercial and Financial Frauds (ABBCFF) and its scope was extended to cover financial and commercial fraud in central PSUs and financial institutions.

17. Also refer to chapter 3: Monetary-Fiscal Interface.

and employee welfare schemes. This contributed in a good measure to build up favourable industrial relations environment in the Bank, except on a few occasions in the early 1980s.

In terms of the Justice C.T. Dighe Award, the Reserve Bank increased the daily quota of note examination by its note examiners by 15.0 per cent. The award was accepted by both the Government and the Bank in totality, and the Reserve Bank immediately sought to confer additional monetary benefits, while at the same time increasing the work quota from April 12, 1982. This led the All-India Reserve Bank Employees' Association (AIRBEA) to launch an instant agitation to protest the increased work quota in the cash department and the mechanisation of certain functions in the Reserve Bank. In the national industrial tribunal award (interim) pronounced on June 17 and December 4 of 1981, monetary perks were extended to class III employees, while upholding the Bank's right to increase the quota of work in the note examination and verification sections. The objective was to eliminate wasteful and restrictive practices and introduce mechanical aids subject to observing the prescribed safeguards. The agitation, however, did not elicit the expected response from the staff except in the Calcutta office of Reserve Bank, where it continued till August 1982 and resulted in work arrears. To resolve the issue of work arrears, the Government and the Reserve Bank partnered with nationalised banks at Calcutta to ensure the smooth conduct of government business.

The Nagpur Bench of the Bombay High Court had struck down certain provisions of the Reserve Bank's scheme for promotion to staff officers (grade A) in March 1981. The Reserve Bank moved the Supreme Court on this issue. The Supreme Court directed the Bank to modify certain features and draw a revised scheme in consultation with the recognised AIRBEA. The Court also directed the Bank to ascertain acceptability of the revised scheme among its employees holding a referendum. The referendum was held in July 1984 and 67.7 per cent of the employees approved. Based on the results, the Supreme Court permitted the Reserve Bank to conduct examination for promotion to staff officers (grade A) purely as an interim measure, and accordingly the examination took place in August 1984. The Court observed:¹⁸

In matters of service conditions, it is difficult to evolve an ideal set of norms governing various conditions of service and in the grey area where service rules operated, if more than one view

18. Reserve Bank of India, *Annual Report, 1985-86*.

is possible, without sacrificing either reason or commonsense, the ultimate choice has necessarily to be conditioned by several considerations that would ensure justice to as many as possible and injustice to as few.

As a result of the agitations and strained industrial relations in 1981–82, the Bank terminated services of some employees. However, in 1983–84, it was decided to reinstate the dismissed members of staff. The Governor, Dr Manmohan Singh, expressed that the act to reinstate the employees could begin a fresh chapter in the industrial relations between the Bank and various associations. In his view, while revoking dismissal orders was fraught with risks, these risks were worth taking. He reiterated that all employees of the Reserve Bank whether in class I, III or IV were members of a large family and it would be impossible for the Bank to function without their dedicated and sustained co-operation. Therefore, rather than taking vindictive action, the Bank had to give each employee a fair chance to correct himself/herself. The erring staff members, at the same time, had to be dealt with firmly. The spirit behind this, the Governor said, was to carry the workforce along to achieve the goals and objectives set for the institution.¹⁹

During 1984–85, negotiations on the charter of demand submitted by the Employees' Association and the Workers' Federation to the Bank were successful and the dialogue resulted in wage-settlement. Following this, the issue of pay revision for officers was taken up with the officers' associations. Consequently, the revision in scale for officers was announced on September 27, 1985. The revised scales were made effective from February 1, 1984.

In the presence of multiple associations and unions — some recognised and others unrecognised — the Reserve Bank, in 1983–84, decided to take a middle course by meeting with the recognised associations within office hours and the others after office hours. This ensured that the associations/unions which were not recognised did not feel ignored. However, the management was clear that negotiations could take place only with the recognised associations/unions. The Bank had accepted the code of discipline evolved under the aegis of the labour ministry, which stipulated that only a single class III association could be recognised at each centre. The AIRBEA, however, did not accept the code of discipline.

19. Reserve Bank of India, internal records relating to proceedings of managers' conferences.

In February 1986, the dismissal of an officer triggered agitations. A call for an indefinite strike was given by the Hyderabad office. The concerned officer was charged with misconduct and breach of the RBI (Staff) Regulations, 1948. The strike was, however, called off after the management handled the situation firmly. The central office supported the Manager, in-charge of the Hyderabad office, in resolving the crisis and the essential services remained available during the strike. The dismissed officer later appealed to the Governor against the order of dismissal. The Reserve Bank accepted his appeal and reinstated him in view of the fact that he regretted his actions and showed an inclination to work. The reinstatement, however, came with a severe penalty imposed on the officer.

Employer-employee relations remained by and large cordial during 1987. There was, however, an agitation on account of the Government's decision to ban recruitment. Later, the Government took positive steps to release some vacancies and allowed the appointment of 147 candidates for the 1983–84 waiting lists at six centres, including Calcutta. This helped in diffusing the situation. Another issue that invited sporadic agitations by class IV staff related to compassionate appointments in view of the fact that some senior class IV staff, who had been working part-time for long were awaiting regular appointment. Proposals were put up to the top executives to address this problem.

During 1987, in an incident, some employees violated the rules of conduct. The agitation began in the Bangalore office initiated by office bearers and activists of the local AIRBEA on August 18, 1987 to protest the Manager's decision of deputing a grade I clerk for short-duration training in the central accounts section, Nagpur. The deputed employee was a member of the rival Reserve Bank Workers' Organisation (RBWO) affiliated to the National Organisation of Bank Workers (NOBW). The local AIRBEA accused the Manager of favouritism and demanded that he reverse his decision, but the Manager expressed his inability to do so. As a result, on August 19-20, 1987, class III employees representing the local AIRBEA held demonstrations. This led the Manager to serve suspension orders on August 21, 1987 on one officer and two class III employees for their conduct. To oppose the suspension, class III employees of the local AIRBEA went on a strike from August 21 to September 30, 1987. The strike was called-off on September 30, 1987 after a settlement between the Reserve Bank and the AIRBEA, signed before the Chief Labour Commissioner in New Delhi on September 30, 1987. The striking employees resumed duty on October 3, 1987 (October 1 and 2 were holidays). Charge sheets were

issued to 17 employees, including 3 employees, who faced suspension after an internal enquiry; the penalty of a pay reduction was imposed on all concerned. The suspension orders of three employees were, however, revoked.

A joint study team comprising six members each from the AIRBEA and the Reserve Bank was set up in August 1990 to analyse the issue of offering promotion avenues to class III employees in order to meet organisational needs and achieve greater flexibility in staff deployment. The Reserve Bank accepted the report, and implemented its recommendations on the Cash Department. Another joint study team comprising representatives from the All-India Reserve Bank Workers' Federation (AIRBWF) and the Reserve Bank examined the issues such as recruitment to base cadres and regularising part-time employees. The team submitted its report in November 1992 and its major recommendations were accepted by the Reserve Bank.

During 1992–93, an agitation was launched by the joint action committee, spearheaded by the AIRBEA over their demands, which included a pension scheme as a third retirement benefit and early settlement of their charter of demands. This resulted in a settlement between the Indian Banks' Association (IBA) and the unions over the pension issue. During the same period, the Reserve Bank signed two agreements with the AIRBWF in pursuance of the recommendations of the joint study team, one on the recruitment procedures and the other on an increase in leave reserves and the abolition of the *Ticca* system.²⁰ The All-India Reserve Bank Staff Officers' Association (AIRBSOA) was registered as a trade union.

Barring sporadic incidents as discussed above, industrial relations within the Bank, by and large, remained cordial.

ISSUES IN CURRENCY MANAGEMENT

During the early 1980s, the currency management practices of the Reserve Bank came under severe criticism. There was a recurrent shortage of coins and notes in circulation in the entire country. The top executives of the Reserve Bank felt that although the shortages did not result from

20. *Ticca mazdoor* (labourer), referred to a daily wage worker, who helped the coin-note examiners perform their duties. They were appointed by the Bank on a temporary basis and were required to report to the Bank regularly before business hours to ascertain if they would get work for the day and had to wait till noon to be deployed. On some days no work was assigned to them. The practice of engaging *ticca mazdoors* was discontinued due to litigation.

its policies, the responsibility for resolving the problem lay with the Bank, since the supply and distribution of currency was one of its core functions. The Deputy Governor, Dr C. Rangarajan, expressed concern over the situation in the managers' conferences and felt that the Reserve Bank must redeem its reputation and resolve the issue.

The banks came to face a difficult situation regarding the accumulation of soiled notes awaiting removal at various currency chests, and this number had escalated to 3,639 million pieces as at end-December, 1981. About 1/9th of the soiled notes were lying in the Kanpur office alone. There was resistance on the part of the staff in handling these notes. The number of notes at various Reserve Bank offices that awaited examination and verification amounted to 3,576 million pieces and 1,493 million pieces, respectively (March 1, 1982), verified notes awaiting destruction amounted to 394 million pieces, and the number of defective notes stood at 2 million pieces. To address these issues, the Reserve Bank set up two sub-offices at Trivandrum (now Thiruvananthapuram) and Lucknow. Another sub-office at Bhopal was also opened. The central office of the Reserve Bank issued instructions on a regular basis about modified/special procedures in currency management to minimise the backlog of accumulated soiled notes.

The Reserve Bank of India (note refund) rules were liberalised so that half the face value of mutilated notes of denominations ₹ 10, ₹ 20, ₹ 50 and ₹ 100 were payable at Reserve Bank offices subject to certain conditions. PSBs were authorised to pay in specified categories of mutilated notes. The Reserve Bank also considered reducing printing of one rupee and two rupee notes and replacing them with coins as they were more durable.

In another initiative, the Reserve Bank advised nationalised banks to open additional currency chests at various centres to meet the increasing demand for currency but progress on this front was slow. At this point, the issue of understaffed chest offices emerged as a major constraint. The Deputy Governor took stock of the situation in order to sensitise the senior management of nationalised banks on this issue. In another move, the Deputy Governor advised the concerned department to make provisions for capacity expansion of the incinerators in the Reserve Bank and to open new note examination sections. He reiterated that one way to address the problem was to open the sanctioned additional note examination sections with immediate effect. In a background note on the subject, the Deputy Governor set out the objective that by December 31, 1983, no branch

office should have an accumulation exceeding 3 months' capacity of currency notes for disposal through chain examination, verification and destruction. Accordingly, note destruction was undertaken under the special procedures.²¹

Despite the best efforts, the accumulated soiled notes continued to pose an acute problem and the solution required a longer-term perspective. In fact, it was viewed as a national problem. The issue again came up for a serious debate at the managers' conference in 1984. It was recognised that mints and printing presses were not being able to cope with the demand for coins and currency notes. Long queues of customers at the counters of the Reserve Bank at centres like Bombay had become a common sight. The shortage of small denomination notes was attributed to a shortage of paper and it was felt that this could be solved by augmenting the capacity of the printing presses. Another solution was to retrieve the soiled notes and keep them in circulation for as long as possible.

The shortage of small denomination notes was, however, not as acute as that of coins. The Reserve Bank, at the instance of the Government, made projections of the estimated requirement of coins for the period 1985–86 to 1994–95. This forecast was revised at the request of the long-term coinage policy committee set up by the Government. The revised forecast indicated an increase in the volume of coins required from 3,200 million pieces to 4,650 million pieces.²² In this context, the finance ministry noted:²³

With the three mints in Bombay, Calcutta and Hyderabad having been put on overtime working (54 hours per week) and with an incentive scheme in operation, the production achieved during the year 1984–85 was approximately 1400 million pieces only. With the addition of a few coining presses in the three mints, the possible production for the year 1985–86 has been estimated as 2000 million pieces. There is thus, a wide gap in demand and supply position. The capacity of the three mints will not be adequate to meet the increasing demand for coins. Further, there is already a

21. Reserve Bank of India: internal documents, records and proceedings of managers' conferences.

22. Reserve Bank of India (1985). *Mintage of Coins: Establishment of New Mint*, Department of Currency Management, September 3.

23. Government of India (1985). *Project Report—New Mint: Noida (U.P.)*. Ministry of Finance. July 23.

shortage of coins in circulation due to the cumulative effect of gap in the demand and supply over the last few years. There is also an intention of the Government to dispense with the printing of one rupee and two rupee currency notes and replace them with coins of much longer circulation life. It may also become necessary to introduce five rupee coins for circulation within next three to four years as per indications of the RBI.

The Reserve Bank advised the Government to set up additional mints as a long-term solution, and to import coins as an interim measure, which did help to ease the immediate shortage. Some reasons behind the coin shortage were identified. The problem was being aggravated by public sector institutions holding coins and notes; it was found that BEST was no longer re-depositing the coins and notes that it received. The Government, therefore, undertook to commission the Noida mint and modernise the mints at Calcutta, Bombay and Hyderabad. It was emphasised that the techniques of projecting requirements and anticipating demand should be constantly reviewed and revised. Staff had to be alert, especially in the areas of public contact, and officials were repeatedly sensitised about peoples' needs in this matter. Managers at all Reserve Bank offices were advised to personally supervise the cash counters and their direct contact with the public was advocated. In addition, managers were counselled to maintain cordial relations with the railways as well as the police authorities to ensure efficient management of distribution of the available stock of coins. Another concrete measure was re-organising the note examination section, so that it would consist of six groups, each with seven examiners, apart from the ancillary staff; if there were 28 note examiners, one assistant treasurer would be in charge and where the strength exceeded 28, there was a provision for two assistant treasurers. This arrangement was put into effect on a trial basis.

Some solutions that were considered to meet shortages were, *inter alia*, transfer of currency from other parts of the country to Calcutta or other centres to meet festival-specific or seasonal currency requirements, a restriction on issue of coins per person equivalent to ₹ 19 or ₹ 20 only, specific solutions to deal with the racketeers and hirelings, who cornered the supply of coins and making the issue of licences for opening new bank branches conditional on opening new currency chests. Further, there were reports that some cash department staff were colluding with professional dealers, but it was difficult to take action against such employees as there were no witnesses or any concrete evidence. One suggestion was to hire

private detectives to gather proof against the erring employees. The Union Minister of State for Finance wrote to the state governments to invoke the Essential Commodities Act to deal with the culprits. As a long-term solution, the rotation of staff in such critical seats of public interaction was exercised.

In an attempt to ease the coin shortage, the Government increased the working hours in the mints from 48 hours to 54 hours a week, besides introducing incentive schemes to improve staff productivity. At the Calcutta mint, a second shift was introduced to increase coin production.

From 1982 through 1986, the state government of Tripura repeatedly approached the Reserve Bank to set up a sub-office at Agartala. The Reserve Bank office, Guwahati, was responsible for supplying notes and coins to Tripura. The state government was of the firm opinion that unless an office of the Reserve Bank was set up in Tripura, the problems of shortages of notes and coins in the state could not be resolved. The reasoning given was that the state had a locational disadvantage, being a landlocked area, and with 13 currency chests and 4 small coin depots of various bank branches supplying coins and notes that they received from the Guwahati depot of the Reserve Bank, it always faced shortages. The Chief Minister emphasised that hoarding and melting of coins by unscrupulous elements, as was happening in other parts of the country, did not occur in Tripura, as a strict watch was kept in the state to avoid any such malpractices.²⁴ The Reserve Bank, however, took the considered view that the north-eastern region, and especially Tripura was always given priority in currency management and the needs of the region were given greater attention by the Reserve Bank when it distributed notes and coins. The Reserve Bank thus declined to establish an office at Agartala.²⁵

The shortages continued through the second half of the 1980s. In 1985–86, the Issue Department of the Reserve Bank undertook an exercise for ‘intensive monitoring of resource operations’ across its offices. The demand for currency was the crucial variable being tracked, since demand analysis was seen to be the key to proper distribution of supplies. The

24. Letter D.O. No. F. 10(5)-FIN (TRY)/81 dated February 21, 1986 from the Chief Minister, Tripura to Shri Janardhana Poojary, Minister of State for Finance, Government of India, New Delhi.

25. Letter D.O. DCM. No. 7461/PN.9-85/86 dated April 4, 1986 from the Chief Officer, Department of Currency Management, Reserve Bank of India to the Ministry of Finance, Government of India.

shortage in the supply of coins assumed such serious proportions from August 1985 that the Union Minister of State for Finance issued instructions that he be briefed every Friday by the officials of the DCM in the Reserve Bank to enable him to constantly review the situation. At this point, the Reserve Bank initiated measures to tide over the supply shortages in coins. The Noida mint (Ghaziabad, Uttar Pradesh) commenced production in July 1988 to enhance the supply of coins. Other measures included opening several small coin depots at PSB branches, importing coins and running four dedicated trains from mint-linked offices to expedite the movement of coins.

The Guwahati office of the Reserve Bank faced a peculiar problem in transfer of remittances. In February 1986, insurgents intercepted a truck loaded with remittances, but the attempt was thwarted by the security personnel. The next remittance, therefore, was sent by air, which prompted the staff to demand that this mode of remittance transfer should be continued.

The attempts to solve the currency crisis finally paid off. The co-ordinated efforts of the Government and the Reserve Bank went a long way in resolving the issues in currency management and conditions were brought under control. The crisis, however, led to some vital decisions such as setting-up a new mint with the combined capacity of three mints. The production capacity of the existing mints was also augmented by replacing the machinery. A second security printing press was established with twice the capacity, which had modern machinery and the latest security features. It was also decided that the Reserve Bank must at all times maintain a reserve stock of notes and coins for three to six months to meet seasonal demands during festivals.

A need was felt to review all existing rules on currency management, and replace these with practical solutions. As a result of the Reserve Bank's efforts to improve the availability of coins, the number of small coins issued in the quarter ended December 1983 represented a 100.0 per cent increase over the quantity issued in the first quarter; in addition there was a substantial increase in the availability of other coins. As a long-term strategy, it was decided to involve commercial banks that had a wide network of branches, in currency distribution on a much larger scale. As a result, by the year 1986–87, there was a comfortable availability of notes and coins. Shortages were eliminated and distribution improved facilitated by co-operation from the railways and police authorities. In fact by the year 1988–89, there was surplus availability of coins in the system.

The committee on currency management (Chairman: Shri P.R. Nayak) was set up by the Reserve Bank in 1988 to examine the issues involving management of currency. The committee submitted its report on September 30, 1989. The Nayak Committee made several recommendations regarding rationalising systems and procedures in the cash department including simplification of functions for receipt and distribution of fresh notes, coinage of notes of smaller denominations and modernising currency management practices.

Implementation of recommendations of the committee led to a revamp of the extant practices and new procedures were adopted for higher productivity and an improved work environment. The Government entrusted implementation of its recommendations to a standing group that finalised the specifications and design of coins as suggested by the committee. The group also decided to bring out a new family of notes of reduced sizes, commission the two note presses at Mysore (Karnataka) and Salboni (West Bengal) and optimally utilise the existing production capacity of the Nasik (Maharashtra) press and the bank note press at Dewas (Madhya Pradesh). Similarly, the Reserve Bank assigned the task of executing the recommendations concerning the Reserve Bank to a small in house committee and held discussions with the Government to sort out the policy issues in this regard. The Bank also initiated action to change the systems and procedures involved in cash handling within the Bank in pursuance of the committee's recommendations.

Currency notes of ₹ 500 denomination were issued for the first time by the Reserve Bank in 1987–88 in order to contain the volume of ₹ 100 notes in circulation. Printed with a portrait of Mahatma Gandhi, the note was issued in the Ashoka Pillar watermark series. The earlier ₹ 500 denomination notes had been issued by the Government in the pre-independence period. Against the backdrop of a phenomenal growth in currency circulation in the 1980s, there was a steep rise in demand for fresh currency/bank notes in the early 1990s. Supply constraints were acute in the case of higher denomination notes. The production capacities of the two note-printing presses at Nasik and Dewas had, however, remained static, and hence these presses were unable to meet the indent for fresh notes. The Government, therefore, initiated the process to modernise the two printing presses and the Reserve Bank took steps to set up two additional note printing presses at Mysore and Salboni. The Reserve Bank advised all currency chests to sort the notes and salvage the maximum

number of re-issuable notes on a continuing basis. The currency chests were also asked to identify surplus/deficit chests to effect inter and intra-circle diversions. Further, there was a move for coinage of ₹ 1, ₹ 2 and ₹ 5 denomination notes, which constituted the bulk in circulation, in phases by 1995. To facilitate error-free and quick flow of data on currency chest transactions between bank branches that maintained chests and the issue offices; advanced computerised communication technology was put in place. The new reporting system was to be implemented in phases so as to cover the transactions of all the currency chests spread across the country. The satellite-based network, NICNET, of the National Informatics Centre (NIC) of the Government was selected as the carrier of the data. These measures were aimed at enhancing the availability of fresh notes.

The work of forecasting currency requirements was entrusted to the Indian Statistical Institute (ISI), Calcutta, which submitted its report to the Reserve Bank. Further, a wholly-owned subsidiary company of the Reserve Bank, namely, the Bharatiya Reserve Bank Note Mudran Private Ltd (BRBNM) was set up under the Companies Act, 1956 to take over the new note press project from the Reserve Bank on February 3, 1995. The company had authorised capital of ₹ 800 crore and its registered office was established at Bangalore. The task of commissioning the new printing presses came under the purview of the BRBNM Ltd. While the mini-press at Mysore was commissioned on June 1, 1996 and began to print new ₹ 100 notes, the press at Salboni commenced printing new ₹ 10 denomination notes (Mahatma Gandhi series²⁶) from December 11, 1996. The series had additional security features to prevent forgery.

As proposed, the lower denomination notes were phased out as per the schedule. In addition to denominations of ₹ 10 and ₹ 100 in the Mahatma Gandhi series, the Reserve Bank introduced notes of ₹ 50 denomination in the new series in March 1997. A significant step forward was that except for ₹ 10 notes, all other denominations contained an additional feature to assist the visually impaired to identify denominations. Other key initiatives taken by the Reserve Bank to improve currency management practices included, *inter alia*, setting-up a forged note vigilance cell in the DCM for effective monitoring of banknote forgeries, releasing an educational film

26. A new series of bank notes, the Mahatma Gandhi series, was issued in June 1996 with additional security features. In this series, the watermark was changed from the Ashoka Pillar to a portrait of Mahatma Gandhi.

highlighting the differences between genuine and forged notes telecast by the Doordarshan, stopping stapling of notes to prolong their durability, treating notes torn into two pieces as soiled rather than mutilated and authorising all PSBs to accept such notes in exchange, as also towards deposits and against payments.

COMPUTERISATION AND MECHANISATION

Interestingly, the Reserve Bank installed its first set of computers (Honeywell) not within the Bank but at the premises of the Bhabha Atomic Research Centre (BARC) in 1967 in Bombay under police supervision in order to avoid confrontation with the trade unions. The Governor, Shri L.K. Jha inaugurated these computers. From time to time, the unions launched agitation against computerisation in the Reserve Bank. Beginning in 1968, when the Employees' Association in Calcutta office protested the computerisation in the Bank, there were violent demonstrations against the move in Jaipur office in 1977 and 1979.

Pursuant to the Dighe Tribunal Award, the Reserve Bank undertook detailed studies in systems research and development during 1981–82 to assess the viability of introducing electro-mechanical devices/mini-computers for facilitating maximum utilisation of available resources and increasing the overall productivity. This was done to improve services, specifically in the areas of public interest. As a result, a decision was taken to computerise cheque clearing operations and introduce ledger-posting machines. Note-shredding machines were also installed to ease the destruction of accumulated soiled notes. During staff agitations, disruption was largely noticed in the functioning of clearing houses. With the installation of micro-mini computers, the situation on this front was expected to ease.

Major initiatives were taken during 1981–1997 to computerise crucial areas of operation of the Reserve Bank. Though the resistance from the unions and the associations did not abate, the management endeavoured to take the workforce along, addressing their concerns and assuring them that the intent was to protect the interests of the employees. Dr Manmohan Singh, Governor, while inaugurating the managers' conference of 1982–83, stated that the process of computerisation had begun in the Reserve Bank clearing houses and ledger postings. He, however, reiterated that the Reserve Bank was not resorting to mechanisation to destroy jobs, as the unions and associations feared; instead the Bank was exploring

areas where the dislocation would be minimal. He pointed out that the world economy was expanding fast and technical progress was rapid; hence, to mechanise and computerise was the way to survive. He added that the Reserve Bank wished to carry the workforce along and was willing to explain to them the compulsions of computerisation and the public interest involved in mechanisation. Computerisation, as expressed by Governor Manmohan Singh, was a means to improve productivity and efficiency and not a way to snatch jobs.

CHEQUE CLEARING OPERATIONS

As a prelude to introducing national clearing of outstation cheques, an inter-institutional group was set up to finalise its report for the introduction of MICR technology, which mechanised cheque sorting. The group also recommended standardising cheque forms, setting paper printing specifications and making organisational arrangements for national clearing. To put these processes into operation, the NCC was set up in the Reserve Bank in November 1983. Clearing operations were initially computerised in Bombay, Madras, New Delhi and Calcutta and extended to Ahmedabad, Hyderabad, Bangalore and Kanpur offices during 1984. At this juncture, however, there was resistance from commercial banks, who were reluctant to adjust to the timing of computerised clearing. In the meantime, within the Reserve Bank, a computer was installed in the DICGC for operations connected with the settlement of non-industrial claims and accounting of premium/fees. Work areas related to the maintenance of government accounts and remittance clearance account at the Nagpur office were subsequently computerised and were ready for a parallel run in August 1983.

The national clearing of inter-city cheques commenced on July 6, 1986 under the MICR national clearing project at select centres that included Bombay, New Delhi and Madras; the system had also been put in place in Kanpur and Calcutta. By this time, operations in eight clearing houses of Ahmedabad, Bangalore, Bombay, Calcutta, Hyderabad, Kanpur, Madras and New Delhi had been computerised. Computerisation was extended in phases to the other centres²⁷ through a national grid. Bombay was the first centre to get the benefit of a high-speed reader/sorter system that could help clear a large volume of local cheques. The system was initially run on

27. The remaining six centres were Bhubaneswar, Guwahati, Jaipur, Nagpur, Patna and Trivandrum, where clearing houses were managed by the Reserve Bank.

a trial. After a successful trial-run, it was extended to Madras, New Delhi and Calcutta. The total cost of the clearing operations at the three centres of Bombay, New Delhi and Madras worked out to ₹ 180 lakh. At this point, a decision was taken to introduce uniform regulations and rules (URR) for bankers' clearing houses.

By 1986–87, considerable progress had been made in computerising critical areas, such as clearing house settlement operations, for which a microprocessor system had already been introduced in eight centres. A move was already on to provide mini-computer systems at six more centres under a plan that not only covered clearing house settlements but also other processes, such as pay-roll, currency chest operations, and government receipts and payment transactions.

One-way inter-city cheque clearing was extended during 1990–91 to connect Trivandrum and Baroda to Bombay; and Coimbatore, Salem, Trichy, Madurai and Trivandrum to Madras. An electronic clearing service was introduced that facilitated crediting of the Reserve Bank employee salaries through the clearing house mechanism. The scheme was operationalised in Madras and one salary-disbursing unit was also active in the central office. Pension credit through the clearing house mechanism commenced at Madras, Calcutta and Bombay. The NCC at Madras also processed electronic clearings for the monthly interest payment transactions of Madras-based financial companies.

MICR clearing was made functional at all four metropolitan centres in a phased manner from 1989 and the process was completed by 1992. As a continuation of the process, settlement work was computerised at seven other clearing houses managed by the Reserve Bank. Besides, the settlement operations of the clearing houses at Pune and Baroda, managed by the State Bank of India (SBI), were also computerised.

By 1992, the Reserve Bank succeeded in connecting four metros, *i.e.*, Bombay, Madras, Calcutta and New Delhi, in two-way clearing for speedy collection of out-station cheques. The Bank also established connections of four centres, namely, Ahmedabad, Bangalore, Hyderabad and Nagpur, to the four metros for one-way clearing. The concept of regional grid clearing, whereby commercially important centres in a region were connected to the nearest metro in one-way clearing, was taken up by the Bank for implementing in a phased manner. In this process, Kanpur was connected to New Delhi; Pune and Indore were connected to Bombay; Patna was connected to Calcutta; and Trivandrum was connected to Bombay and Madras. Baroda was connected to all four metros. In Tamil

Nadu, as many as 24 centres were connected to Madras by 1993–94 under a plan to connect all district headquarters in the state to Madras. Kolhapur and Surat were identified to be brought under the regional grid scheme with the NCC, Bombay.

Apart from the MICR clearing, which was functioning successfully at all four metros since 1989, computerisation of other clearing operations, such as return clearing, high-value clearing and inter-bank clearing was also commissioned at New Delhi, Calcutta and Madras, and was in the process of being put in place at Bombay. Special clearing of high-value transactions (above ₹ one lakh) was introduced in Bombay from October 1988 and in Madras from March 1989. This facilitated receipt of credit for high-value cheques by customers in their account on the same day.

COMPUTERISATION OF OFFICES AND DEPARTMENTS

In the Calcutta office, computerisation had to be undertaken cautiously, as it was a sensitive issue at this centre and the Reserve Bank did not want to face the problems as it did in Bombay. In the New Delhi office of the Bank, computerisation proceeded smoothly. At Nagpur, the response of the staff to computerisation was encouraging, despite opposition from the association. The Reserve Bank management, however, was resolved to go ahead with computerisation, despite resistance from the Employees' Association and this message was sent out time and again at the conferences of managers that were held during this period.

In the initial efforts at computerising various departments of the Reserve Bank, in 1984–85, a mini-computer system was set up in the Bombay and Byculla offices for efficient handling of the work of the foreign accounts division, MIS for the top executives, the Reserve Bank of India Services Board, and for the resource operations in the Issue Department.

By this time, the processes that had been computerised included foreign exchange rate determination, resources accounting, portfolio/swap deal evaluation in the DEIO, commercial banks' borrowings, mechanisation of the pay-roll system for which software was developed by DESACS, mini-computer installation in the DBOD covering the operations of overseas commercial bank branches, branch licensing and periodic returns. At the central accounts section, Nagpur, an enhanced memory mini-computer system was installed to systematise work of the Central Board of Excise and Customs (CBEC), the Central Board of Direct Taxes (CBDT) and the accounts of the railways, defence and posts & telegraph department.

Systems design and analysis was taken up for computerising the operational work of the seven sections of the DEBC.

Computer systems were set up in the Bangalore and New Delhi offices of the DFC as had been done in the central office in Bombay. Personal computers (PCs) were also provided to the PPD, CAB in Pune, the DEAP and the Credit Planning Cell (CPC) for effective data management. Further, the training establishments of the Bank, namely, the Bankers' Training College (BTC), the Reserve Bank Staff College (RBSC) and the Zonal Training Centre (ZTC) at Bombay were equipped with computers for more effective training facilities. All along, however, the emphasis of management was that though the Reserve Bank was going ahead in adopting new technology, it did not intend to retrench any employee.

During 1988-89, a super-mini system for the central office of the Exchange Control Department (ECD) was set up in the Reserve Bank to computerise non-resident Indian (NRI) investments and foreign accounts. Further, the Reserve Bank acquired personal computers for nine major regional offices of the ECD. The software packages were developed in house for select items, such as, deferred payment projects, foreign collaboration in India, joint venture (JV) projects, turnkey projects and caution listing of exporters. Personal computers were also installed in the DGBA, DEBC, Premises Department, MSD, DA (training division), Claims section and the DCM. The Reserve Bank also decided to provide word processing facilities in the DBOD, ECD, Secretary's Department, MSD and history cell of the DEAP to expedite correspondence and the preparation of documents. A mini-computer system was also installed at the central office of the UBD. Further, the secretarial offices of the Deputy Governors and Governor were computerised. Additional systems were provided to the DEIO and the RBSC, Madras. Systems installed at the Issue Department offices at Byculla (Bombay), Ahmedabad, Nagpur and New Delhi were upgraded. The Issue Department was also provided computers at its Bangalore, Hyderabad, Kanpur, Trivandrum, Jaipur, Madras and Patna offices. A significant development was installation of a mini-computer system in the Legal Department for storage and quick retrieval of legal decisions. The pilot project to develop software for the legal department was installed in the mini-computers and operationalised in 1992. To facilitate the processing of dealing room transactions of the DEIO, a software package was developed.

The process of replacing the CII-Honeywell bull mainframe computer system in DESACS by a state-of-the-art large mainframe computer system

with online data communication facility was underway and was completed by March 31, 1994. Plans to replace the existing BDP-100 microprocessor system used for payrolls of Bombay-based employees by a pair of state-of-the-art mini-computers were at an advanced stage. The process of acquiring PCs for the central office of the IECD, FIC and seven more regional offices was in progress.

In the immediate past, due to the phenomenal increase in public debt, services pertaining to the issue of scrips, repayment of loans and payment of interest posted an alarming increase that required a thorough overhaul of the Reserve Bank's systems and procedures. An inter-departmental committee was constituted to prepare an operational plan for introducing computers in the PDOs to improve customer service and streamline internal procedures. The committee submitted its report in June 1990. Based on its recommendations, in the first phase the subsidiary general ledger (SGL) transfers (local) in respect of central government loans were computerised on July 2, 1992 and work on the remaining segments progressed. Computerisation of SGL transactions (including interest calculation) for both central and state government loans was operationalised at Bombay, Madras, Calcutta, New Delhi, Ahmedabad, Bangalore, Hyderabad and Kanpur. The software package for processing the auction of 91-day Treasury Bills and the OMOs of the IDMC were put into operation during 1992–93. In addition to the eight centres of the PDO, SGL transactions were computerised at six more centres during 1993–94. The scope of the system for computerisation of such transactions was being enhanced to provide prompt customer service and to prevent the accumulation of arrears. In the next phase, computerisation of the processes relating to interest payments, debt operations and new loan applications was taken up.

The Reserve Bank installed a software package on debt management developed by the debt management section of the Commonwealth Secretariat, London, in 1988 with the objective of procuring an efficient database and ensuring its integration with the database on external debt maintained by the Ministry of Finance. The software package, *i.e.*, CS-DRMS (Version 4.3) to be used for processing external commercial loans was installed in pursuance of this objective and through this; the details of all loans up to March 1990 were captured. An advanced version to speed up the processing was proposed to be installed and for this purpose, sophisticated computer hardware was acquired.

By 1990–91, the internal accounting and chest accounting modules were running live at the Issue Departments in Ahmedabad, Byculla (Bombay), Nagpur, Madras, Hyderabad, Bangalore, New Delhi and Kanpur. Similar systems were also being put into operation at Jaipur and Trivandrum. This process was completed during 1993–94. It was also decided that the modern computer-based communication technology of BANKNET/NICNET/DIAL-UP²⁸ facilities would be put to the maximum use for currency chest transactions. The computerised payroll module was fully functional at Bangalore, Ahmedabad, Madras and Kanpur. The payroll package was also loaded in the Issue Department at Nagpur and Hyderabad offices and was on a parallel run at Nagpur. Next in line were the Issue Department systems at New Delhi and Trivandrum for installing the payroll software. The upload was scheduled to be done in phases in the rest of the offices of the Reserve Bank. A back-up payroll application package was developed and installed in the computer system of the NCC to avoid any dislocation of the sensitive payroll application in the event of a breakdown of the existing mainframe system, which was prone to frequent failures.

To streamline the operations for the preparation of various reports, weekly statements, profit and loss accounts, balance sheet of the Reserve Bank and to reconcile the Reserve Bank general accounts, three PCs run on a UNIX²⁹ operating system were provided in the DGBA. Five additional PCs were installed in the DEAP. By 1993–94, the accounting system of the Reserve Bank in respect of various advances, such as time, general accounting, pension processing, advances for consumer articles and housing loan sanctions and disbursements to the employees had been computerised.

During 1991–92, there was a drive to equip the regional offices of the DEAP at New Delhi, Calcutta, Madras, Thiruvananthapuram, Bangalore, Hyderabad and Bombay with PCs. The press relations division (PRD) at Bombay was also computerised.

By 1992, the banking industry began adopting new technology by computerising its operations. The use of computers in the Reserve Bank,

28. BANKNET: Banking Network; NICNET: National Informatics Centre Network; DIAL-UP: Internet access facility to establish a dialled connection to an internet service provider (ISP) *via* telephone lines.

29. A multitasking, multiuser computer operating system.

which was so far restricted to research activities and certain functions, was envisaged to be spread to the operational areas in an attempt to improve customer service standards. The early 1990s saw the Reserve Bank using computers for the following important purposes:

- (i) The main computer, essentially for the computation of a large flow of BoP data or tabulation of other banking data.
- (ii) Increasing use of mini-computers or PCs in various departments to collect information for their own purposes.
- (iii) Computers in the areas of public interaction for improved customer service and to apprise the public that they were benefiting through the use of technology.

By 1993–94, the Reserve Bank had installed 271 word processor systems in its various offices to promote computer literacy and awareness among its employees.

The Reserve Bank introduced a system of electronic clearance settlement and depository (ECSD) in November 1992 for electronic data processing (EDP) in operations involving recording, clearing, settlement, and payments relating to securities transactions. This was expected to ensure early detection of any irregularities in the securities transactions by banks and financial institutions. After the acceptance of the Joint Parliamentary Committee (JPC) report, a need was felt for an effective functional transformation within the Reserve Bank to be able to cope with the pressures of work that fell on the regulator with the unearthing of the securities scam. The Janakiraman Committee report had pointed out that the absence of such a system had led to the occurrence of the securities scam.

The Reserve Bank set up a committee on technology issues pertaining to payment system, cheque clearing and securities settlement in the banking industry (Chairman: Shri W.S. Saraf) on June 1, 1994. The committee submitted its report to the Bank on December 9, 1994. The recommendations of the committee provided a broad framework for the process of computerisation and information technology applications, including modern communication network in the years to come in the Reserve Bank and the banking industry. In pursuance of these recommendations, the Reserve Bank created a separate department, *i.e.*, the DIT in January 1995, to carry forward the agenda of computerising and modernising systems and procedures within the Bank. This department brought the focus squarely on the issue of quick introduction

of new technology in the Reserve Bank. The advanced technology for inter-office communication, such as, the file transfers and electronic mail (e-mail) was increasingly being used within the Reserve Bank, making communication faster, easier and more effective. It resulted in expeditious delivery of circulars to various offices within the Bank and outside and ensured streamlining of the statement of accounts. The Reserve Bank also instituted an electronic fund transfer (EFT) system and set up a committee chaired by Smt K.S. Shere in August 1995 to study all aspects concerning EFT transfers as also to propose the EFT legislation. The thrust of all these efforts was to improve customer service in various areas of operation of the Reserve Bank.

Subsequent to these developments, the Bank assigned top priority to full computerisation of the DoS. The accounts of the Issue Department were computerised at 11 offices of the Bank, and computerisation was proposed to be extended to the remaining three accounting offices. The application of computerised communication facilities for daily reporting of currency chest transactions was implemented using the satellite-based data communication network, NICNET. It was decided to create a separate computer division in the DCM to supervise the functioning of the computer cells at various Issue offices. Computerisation of the PAD was taken up and it progressed in line with the recommendations of the committee chaired by Shri Jagdish Capoor set up for the purpose.

A customised software package was loaded on the LAN system of the DAD in the Chandigarh office of the Reserve Bank. It started operations in April 1995. It was decided to replicate this system in the first phase at the other offices, *viz.*, Hyderabad, Calcutta, New Delhi, Bombay, Ahmedabad and Madras, and subsequently at the remaining offices of the Bank.

After the installation of 271 word processor systems at various locations in the Reserve Bank, LAN systems were installed at 16 sites in Bombay, regional offices and training centres to handle the requirements of the MIS, the processing activities in the PDO, Bombay and ensure connectivity with other PDOs and banks, the dealing room activities of the DEIO, the processing and transaction of Treasury Bills in the IDMC and to facilitate research and analysis work in the DEAP.

Recognising the urgent need to replace its obsolete systems, the Reserve Bank decided to replace the ICIM 6060 system at the central accounts section, Nagpur with the RISC-based HCL-HP 9000/E55 system. The CII-Honeywell bull mainframe computer system in DESACS was also replaced

with an HCL-HP 9000/170 system for acting as a server for reader-sorters for cheque clearing. This was not only to share the burden of cheque clearing at Bombay but was also supposed to provide a back-up facility.

During 1996–97, the focus of the Bank was to computerise with the purpose of improving housekeeping and customer service and streamlining the payment system. The PDO, DAD, PAD, Issue Department and the central accounts section, Nagpur had been taken up for technological upgrading. It was expected that full computerisation of banking departments would be completed during 1996–97. Besides, with the introduction of off-site surveillance system in banking supervision, the computerisation of DoS and DBOD assumed priority. Computerisation of ECD also made rapid strides with the finalisation of the forex clearing system.

As recommended by the Saraf Committee, the DIT took over the computerisation process in earnest, with a thrust on improving customer service and house-keeping, and creating an information base for decision-making by the management. In this endeavour, the cash receipts counters and the outward clearing work of the PAD was also computerised. The DAD was computerised in almost all the offices. The system of delivery *versus* payments (DvP) in settlement of the SGL transactions in government securities was operationalised in Bangalore and Chennai, besides at Bombay. The process for servicing relief bonds was computerised at the Byculla (Bombay), Calcutta and Bangalore offices. An integrated solution for the PDO, encompassing a centralised SGL system and a localised system for book debt and relief bonds using the proposed VSAT network, was being envisaged. Computerisation of UBD and CRDC, Pune was underway. Software for settlement of claims of soiled/mutilated notes was designed on a SCO-UNIX platform and was being installed.

The Reserve Bank initiated measures in July 1996 to address the problem of Y2K, both within the Reserve Bank and for the banking industry as a whole. The computer application systems in the Reserve Bank supported the change of only a two-digit year in the dd-mm-year format. With the advent of the year 2000 AD, most of these old programmes would either fail to recognise 2000 as a valid year as the last two digits would be '00' or recognise the year as 1900. Hardware components were replaced and the software was made compatible so that the computer systems of the Reserve Bank would adapt to the year 2000. In response to these measures, the transition to the year 2000 was smooth and unhindered.

TRAINING IN COMPUTERS AT RESERVE BANK COLLEGES

With the advent of computers and developments in communication technology, the Reserve Bank's training establishments, *viz.*, BTC at Bombay, RBSC at Madras and CAB at Pune re-oriented their training methods to meet the emerging challenges in the areas of computer applications and technological upgrading. The BTC at Bombay, besides imparting training on a general understanding of computers and technology applications, also touched on the other areas to suit the imminent requirements. In 1986–87, the BTC conducted a new programme on systems analysis, computer appreciation programme for Reserve Bank officers and senior officers of commercial banks and a faculty development programme on computerisation. Computer input programmes and computer management modules were also introduced at the BTC. In 1989–90, the BTC incorporated computer inputs in most of its programmes and also added customer service applications in its curriculum.

The RBSC initiated a programme on UNIX, 'C' programming language and a programme on structured systems analysis and design. Besides the regular programmes, new programmes such as faculty development (computers), computer orientation and mechanisation in banks were also conducted. In 1990–91, the RBSC included programmes on SWIFT³⁰ for officers posted in NCC, and PC application and d-base programmes for other officers.

OFFICE AUTOMATION AND COMMUNICATION

The Reserve Bank made essential arrangements in the spheres of technology and communication³¹ systems to foster financial services by adapting itself to emerging technological developments across the world. A significant move was made towards achieving technological finesse in the banking system, in general, and in the Reserve Bank in particular. To support the technological upgrading, the Bank established a specialised institution, namely the Institute for Development and Research in Banking Technology (IDRBT), in March 1996 at Hyderabad. For wider benefits, the Reserve Bank collaborated with other institutions in the country and abroad to leverage technological advantage.

30. Society for Worldwide Interbank Financial Telecommunication.

31. The communication aspect has been dealt with in detail in the chapter 20: Communication Practices.

Towards upgrading the technology in various departments, during 1983–84, Itelec II electronic ledger posting machines were installed in the DAD in the offices at Bangalore, Bombay, Madras and New Delhi. This was followed up with their introduction at Calcutta and other centres.

The Reserve Bank was also in the process of developing two specialised telecommunication networks, *viz.*, the Store and Forward Telegraph (SFT) network and the Integrated Network (speech, facsimile and data transmission) for faster inter-office communication among Reserve Bank offices all over the country. These applications facilitated faster transmission of telegraph/telex messages as well as telephone/facsimile and computer data messages. The SFT system was initially provided at five centres, namely, Bombay, Madras, New Delhi, Calcutta and Nagpur, and was commissioned at the other centres later. Twenty centres of the Bank were, by September 1987, inter-connected by the SFT tele-printer network, for which leased lines were hired from the post and telegraph department. About 80.0 per cent of the total telex/tele-printer traffic was routed through the tele-printer network. A special network of telephone communication between the central office and other offices of the Bank was in the process of being developed. Of the 22 telephone circuits needed for this network, 17 were already commissioned and were working on a point-to-point basis. The Department of Economic Affairs (DEA), Ministry of Finance, was also connected to this network during 1987–88.

During 1988–89, a sign bank system was introduced in the DAD, Bombay on an experimental basis to enable the storage of signatures for retrieval and verification. A signature capture and retrieval system was also installed at the Byculla office of the Reserve Bank for speedy signature verification. This application was a step forward in the area of customer service. Such systems were also operationalised and adopted for retrieving and verifying signatures in the Nagpur and Bangalore offices.

Further, it was decided in principle to replace the ledger posting machines by installing advanced ledger posting machines (ALPMs) with local area network arrangements at Bombay, New Delhi, Madras, Bangalore and Hyderabad. The ALPMs connected to a LAN were initially introduced in the DAD at Bombay, Madras and New Delhi during 1988–89. Later, ALPMs were installed and put into operation in Hyderabad. While the application ran live at the Madras, New Delhi and Hyderabad offices of the Reserve Bank, it was put on test and parallel runs at Bombay. There was also a proposal to install the ALPM at the Bangalore office.

Further, the Reserve Bank decided to install 19 LAN systems with 110 terminals at 16-locations in Bombay, at regional centres and at its training establishments to facilitate efficient handling of important work. The work on replacing 6060 system at the central accounts section, Nagpur with a RISC-based system had been initiated. As a temporary measure, to facilitate data entry operations, 4 PC-ATs with the necessary software and connectivity to a 6060 system was provided.

Facsimile machines were installed exclusively for the DEIO and the PPD, and were also being set up in the Bombay, New Delhi, Madras and Calcutta offices. Further progress was made on office equipment in the Reserve Bank, and, in addition to the fax machines, introduced in 1988–89, 34 additional fax machines were installed in 8 central office departments, 3 training colleges and 21 offices across the country during 1990–91. By 1991–92, fax machines were provided in the Reserve Bank in all the offices and training colleges, with the exception of the Srinagar office. Fax modem cards were also provided in the PCs at the NCC at the central office, the Bombay regional office, and the PDO and DESACS offices in Bombay.

The Reserve Bank, in recognition of the space constraints in the central office and in view of the need for better records management, examined the feasibility of microfilming its records. A beginning towards this end was made during 1988–89 by microfilming the records of a few departments in the central office.

RBINet was inaugurated on December 3, 1994, covering all the offices and departments of the Reserve Bank. RBINet enabled free-format messaging, transferring ASCII and binary files, error-free messaging and secured messaging. RBINet was being developed as a way to introduce an e-mail culture in the Reserve Bank. By 1996–97, RBINet had been set up in all central office departments, regional offices and training establishments for e-mail and file transfers within the Bank. It had become a primary source for the banks for EFT data transmission. Staff of commercial banks was trained to transmit statutory returns through RBINet.

Internet technology revolutionised the process of information collection and knowledge sharing. The Reserve Bank put up a home page and periodically uploaded news and current events relevant to central banking. It instantly became an important source of interaction with the rest of the world. At this point, the Reserve Bank was also planning to set up its own website so that its policy framework could be given a wider

reach. The Reserve Bank website with the URL <http://reservebank.com> was finally operationalised on September 17, 1996.³²

TRAINING

The Reserve Bank remained fully aware of the need to upgrade the skills of its employees in order to keep up with the challenges of the changing economic and banking circumstances. With transformations in the system, there was a need to enhance professional competence. The Reserve Bank took steps to revitalise the available expertise and filled the gaps in the training content and coverage. It revised the training modules, methodology and curriculum. New programmes were designed and introduced every year at various levels to suit the needs of the system and courses of contemporary relevance were started to upgrade proficiency. In a two-way process, the Reserve Bank also provided training to foreign participants at its institutes on request or otherwise. Such participants were mainly officials from various central banks or foreign commercial banks.

To enhance the professional ingenuity of its officers, the Bank deputed them to participate in seminars, workshops and training programmes in India and abroad. Further, to motivate the employees to work in a computerised environment, the Reserve Bank offered its staff various incentives for acquiring professional qualifications and encouraged them to join computer courses. The details of various aspects of training are given in Annex 21.1.

BANKERS' TRAINING COLLEGE

The training establishments of the Reserve Bank provided a platform for conducting programmes, courses, seminars and workshops. The BTC³³ was set up in as early as 1954 with technical assistance from the UK under the Colombo Plan and two officials from Midland Bank extended their services for this initiative.

RESERVE BANK STAFF COLLEGE

The staff training college was established in August 1963 at Madras and later this was renamed as the RBSC.³⁴ The college was set up as a venue

32. For details refer to chapter 20: Communication Practices.

33. Ibid.

34. Ibid.

for induction programmes for new recruits in officer cadre and for those promoted to the officer cadre.

In 1989, the RBSC celebrated its silver jubilee and to commemorate the occasion, a book on the history of the college titled Reserve Bank Staff College: Evolution and Development was released.

COLLEGE OF AGRICULTURAL BANKING

The CAB³⁵ was set up as the co-operative bankers' training college (CBTC) at Pune on September 29, 1969. The CBTC attended exclusively to the training requirements of co-operative banks, focusing on banking policies, practices and procedures in this category. The multi-agency approach advocated by the all-India rural credit review committee (Venkatappiah Committee) and the introduction of commercial banks into the realm of agricultural and rural credit after nationalisation led to a shift in the structure of the CBTC programmes. Programmes were also designed for the officers from various state and the central government departments associated with the preparation and execution of agricultural projects. The curriculum was, over time, modified and the emphasis was placed on the broader sphere of agricultural development, banking and finance. To reflect its focus on the widening area of the training activity, the college was renamed the CAB on February 16, 1974. The CAB occupied a pivotal position on the international training map, especially in the Asia-Pacific region.

ZONAL TRAINING CENTRES

The ZTCs,³⁶ established by the Reserve Bank in August 1962 at the four metropolitan cities, namely Bombay (Byculla), Calcutta, New Delhi and Madras, facilitated capacity building among the clerical cadre in the Reserve Bank. The induction programmes for the clerical grades were conducted at these centres before posting to various departments. Class IV staff of the Bank were also trained at the ZTCs in various fields. Preparatory courses for scheduled caste/scheduled tribe (SC/ST) candidates in class III for promotion to the officer cadre were held regularly at the ZTCs.

35. Ibid.

36. Ibid.

NATIONAL INSTITUTE OF BANK MANAGEMENT

The National Institute of Bank Management (NIBM) was established in 1969 by the Reserve Bank, in consultation with the Government, as an autonomous apex institution with the mandate of playing the role of a think-tank for the banking system. The NIBM formed part of the vision of giving a new direction to the banking industry in India and making the industry a more cost-effective instrument for national development. Therefore, helping the managers in their endeavour to make their organisations competitive in both domestic and international markets was the mission of the institute.

INSTITUTE FOR DEVELOPMENT AND
RESEARCH IN BANKING TECHNOLOGY

During the first phase of reforms in the Indian financial sector, a need was felt to develop an institute of higher learning that would also provide operational service support in the field of information technology to banks and financial institutions (FIs). The foundation for the induction of computer technology in the Indian banking sector was laid by two reports in the years 1984 and 1989 (Chairman: Dr C. Rangarajan). The two reports recommended computerising banking industry operations at various levels, while also suggesting the appropriate architecture. In 1993, the employees' unions of banks signed an agreement with the management under the auspices of the IBA. This agreement was a major breakthrough in the introduction of computerised applications and development of communications network in the banking industry. In the two years that followed, substantial work was done and bank managements realised the urgent need for training, research and development activities in the area of technology. Banks and FIs set up technology-based training centres and colleges. A need was, however, felt for an apex-level institute that could be the brain trust for banking technology and would spearhead technology absorption in the banking and the financial sectors.

In 1994, a committee was constituted by the Reserve Bank on Technology Up-gradation in the Payment Systems. The committee recommended a variety of payment applications that could be implemented with appropriate technology upgrading and the development of a reliable communications network. It recommended setting-up an information technology institute for research and development that could also provide consultancy in the application of technology to the banking and the

financial sector in India. As a result, the Institute for Development and Research in Banking Technology (IDRBT) was established by the Reserve Bank in March 1996 at Hyderabad as an autonomous centre for development and research in banking technology.

STAFF WELFARE AND OTHER MATTERS

At the managers' conference in 1988, it was noted that in the matter of providing staff facilities, especially housing facilities, the Reserve Bank had set the best record in the country. The continued good service conditions were not a sign of extravagance but an essential element in keeping the morale of the staff high. The Reserve Bank introduced measures from time to time, which enabled continual progress in staff welfare.

HOUSING LOAN

In 1981, in pursuance of the national industrial tribunal award, which came into effect on December 6, 1981 the minimum loan for class III staff was raised by the Reserve Bank from ₹ 25,000 to ₹ 48,000. The rate of interest charged on the loan was also changed from 3.0 per cent to half of the Bank Rate prevailing on July 1 every year. Since the Bank Rate stood at 9.0 per cent on July 1, 1981, the rate on housing loans during the period December 6, 1981 to June 30, 1982 worked out to 4.5 per cent. Further, effective February 1, 1982, the limit of the loan admissible to class I was enhanced from ₹ 72,000 to ₹ 1,00,000. Simultaneously, the interest rate charged was altered from 3.0 per cent to 6.0 per cent on the first ₹ 25,000, 8.0 per cent on the next ₹ 25,000 and 10.0 per cent on the remaining amount of ₹ 50,000.

Major changes made in the housing loan rules and regulations during the early 1990s included:

- (i) Effective March 1, 1991, the minimum limit of housing loan for class III employees was revised to ₹ 1,25,000 from ₹ 1,00,000. The minimum limit of housing loan for class IV employees was also raised from ₹ 75,000 to ₹ 88,000 effective July 1, 1990 and further to ₹ 1,13,000 effective April 1, 1991.
- (ii) Effective November 15, 1990, the minimum service put in for availing of a PF advance for a housing loan was reduced from 5 years to 3 years of continuous service, including service on probation/temporary service.

- (iii) Effective September 1990, the aggregate ceiling on housing loan and PF advance/withdrawal together for acquiring/constructing houses/flats to employees in class III and IV was increased from ₹ 2,25,000 to ₹ 3,00,000 with a further discretion to the extent of 25.0 per cent of the aggregate ceiling to the sanctioning authority.
- (iv) The construction cost of a garage as also stamp duty/registration charges had not been considered admissible under the Reserve Bank's housing loan scheme. From September 1990, these items were considered admissible under the scheme, provided they formed part of the original plan/project and stamp duty/registration charges were included in the total cost of acquiring the flat.

The Reserve Bank raised, with effect from July 20, 1992, the aggregate ceiling on housing loans and PF advances/withdrawals together for the acquisition/construction of houses/flats for the employees in class I and class III/IV from ₹ 4,00,000 to ₹ 6,00,000 and ₹ 3,00,000 to ₹ 4,00,000, respectively, with a further discretion to the extent of 25.0 per cent of the aggregate ceiling to the sanctioning authority. The subscriber was permitted to avail of the PF withdrawal after 10 years of service (instead of 15 years stipulated earlier), provided it was for the purpose of acquiring a new house or a new flat.

As directed by the Committee of Central Board, an in house group was constituted that attempted, within the extant monetary parameters of the scheme, to redraft the housing loan rules and simplify them, study the procedural requirements in the Reserve Bank *vis-a-vis* other banks and suggest measures that would encourage employees to avail of the housing loan facility. As per the recommendations of the in house group, the RBI employees' housing loans rules were replaced by a new set of rules called the RBI employees' housing loans rules, 1995. Many changes were effected to simplify the procedures. Monetary parameters like the quantum of loan and rate of interest, however, remained unchanged.

The eligibility for housing loan was raised from 50 months' pay to 70 months' pay for all categories of staff with the maximum and minimum limits remaining unchanged from November 26, 1993. For the benefit of a larger number of employees acquiring a second property, the Reserve Bank allowed PF withdrawal to employees having less than 10 years of remaining service as against less than 5 years of remaining service, as designated earlier.

PENSION SCHEME

Perhaps one of the most beneficial measures was the introduction of long-awaited pension scheme for its employees by the Bank. The Reserve Bank, at a meeting with the representatives of the recognised associations of workmen employees and officers of the Bank, held on January 16, 1990, announced that a pension scheme was being introduced in lieu of the contributory provident fund (CPF). The scheme was optional for serving employees, but compulsory for new entrants. Designed along the lines of the pension scheme applicable to employees of the Central Government, the modalities of the scheme were under the consideration of the Bank at this point. On receipt of the approval from the Government, the scheme came into effect from November 1, 1990. While all employees joining the Bank on and from November 1, 1990 were governed by the RBI pension regulations, 1990, employees in service as on November 1, 1990 were given the option of continuing with the CPF, if they so desired. Former employees of the Reserve Bank who were in service and had retired on or after January 1, 1986 were covered by the pension scheme, though the pension was payable to them with effect from November 1, 1990 only if they chose to surrender the CPF benefits already drawn by them along with the interest.

Certain amendments were effected to the RBI pension regulations during 1991-92, which included an important amendment providing for the grant of premature retirement pension to employees seeking voluntary retirement after rendering 20 years of qualifying service and an addition up to a maximum of 5 years to qualifying service for such retirement. Employees opting for the CPF were allowed to exercise fresh option in favour of pension. A decision was also taken to give the benefit of past service in the PSBs/SBI/central and state governments/central autonomous bodies as qualifying service for pension, broadly along the lines of similar provisions in the central government pension scheme.

MEDICAL ASSISTANCE FUND

During 1986-87, the Reserve Bank introduced a new scheme to provide medical assistance to serving as well as retired employees. A fund named the Reserve Bank of India Medical Assistance Fund (MAF) was instituted for the purpose effective January 1, 1987. The objective of this fund, which was contributory, was to facilitate provision of financial assistance to meet a part of the medical expenditure incurred by serving employees or their families and retired employees or their spouses for hospitalisation and treatment of serious ailments in India. Under the provisions of the

scheme, known as the MAF, the assistance available to serving employees was over and above the reimbursement admissible under the Reserve Bank's medical facilities. Membership to the fund was optional and the Bank contributed ₹ 15 lakh initially to the corpus of the fund.

The benefits under the MAF facility, which were available to spouses of members only during the lifetime of the member, were extended with effect from January 1, 1993 to spouses even after the death of the member. An advisory committee headed by the chief manager and consisting of a representative from each of the four recognised associations of officers and workmen employees was set up on January 1, 1993 to suggest improvements in the MAF scheme.

SCHMES FOR HIGHER STUDIES FOR OFFICERS

To encourage officers in the DEAP to specialise and upgrade their professional competence, it was decided in 1990-91 to sponsor up to four officers (two each in two semester programmes) every year at the Indian Institute of Technology (IIT), Bombay and two additional officers at the IGIDR, Bombay for a Ph.D. degree in Economics. A new scheme was later made applicable for other departments for a Ph.D. in various areas of interest to the Reserve Bank.

In 1989, the Reserve Bank announced a scheme to enrol in the Chartered Financial Analyst (CFA) Programme conducted by the Institute of Chartered Financial Analysts of India (ICFAI), Hyderabad, in pursuance of its policy to encourage the staff to acquire professional qualifications in various spheres. The total number of employees benefitting from this scheme stood at 213 as of the year 1994-95 and the total number of beneficiaries stood at 222 during 1995-96.

With effect from April 1, 1994, based on the recommendations of the Marathe Committee on human resources development, the Reserve Bank structured and introduced a new scheme to grant study leave to officers for higher studies in India and abroad. A maximum of 10 officers were to be selected under the scheme every year. Confirmed officers, who had put in a minimum of five years service, were eligible for study leave for post-graduate courses, such as MBA and Ph.D. at the reputed universities in India and abroad on the subjects directly related to the Bank's main functions.

Apart from training and upgrading the professional competence of its own officers, the Reserve Bank extended professional enhancement facilities to 68 officials during 1993-94 from 12 different countries. These

included Bhutan, Botswana, Kenya, Mauritius, Nepal, Nigeria, Russia, Sri Lanka, Sudan, Tanzania, Uganda and Zambia. During 1995–96, a total of 229 officials from 14 countries, *i.e.*, 57 from Bangladesh, 10 from Bhutan, 3 from Botswana, 2 from China, 1 from Ghana, 2 from Indonesia, 4 from Malaysia, 3 from Mauritius, 22 from Nepal, 3 from the Philippines, 1 from Russia, 106 from Sri Lanka, 6 from Tanzania, and 9 from Uganda were provided training facilities in the Reserve Bank's training establishments/offices.

A scheme for study leave was introduced by the Reserve Bank in 1994, and during 1995–96, two officers were granted study leave for higher studies abroad. The scheme of sponsoring officers for M.Phil. programmes offered by the Department of Humanities and Social Sciences at IIT, Bombay, was initiated in December 1994. During 1995–96, one officer was nominated under the scheme for acquiring specialisation.

OFFICE AND RESIDENTIAL PREMISES

The new central office building (NCOB)³⁷ of the Reserve Bank was formally inaugurated by the Union Finance Minister, Shri R. Venkataraman, on November 7, 1981. The work on the office buildings of Trivandrum and Bhubaneswar was completed and the offices were occupied in September 1981 and February 1982, respectively. The office buildings at Jaipur and Chandigarh were readied for occupation in December 1982.

A major highlight during the year 1983–84 was that a five-year plan for the construction of office buildings and residential quarters covering the period 1983–84 to 1987–88 was drawn and approved by the Central Board in September 1983. The thrust of the plan was to provide adequate residential facilities for Reserve Bank employees at all centres. It was expected that a total of 2,279 flats for officers, 2,319 for class III and 1,553 for class IV employees would be completed under the plan; a budget of ₹ 161 crore was earmarked for the five-year period that was to be utilised under the supervision of three zonal cells of the Premises Department set up at Bombay, Calcutta and Madras. Another cell at New Delhi also came up for the purpose.

During the first three years of the five-year plan, the total expenditure amounted to ₹ 71 crore, as against the envisaged outlay. During 1985–86, the office building at Nagpur was completed and the expansion scheme

37. For details also refer to *The Reserve Bank of India (1967–1981)*. Volume 3.

at the BTC also concluded. In the pipeline was the construction of office buildings at Chandigarh and Cochin, and the completion of work at the Kanpur office and Bandra-Kurla complex in Bombay. Office premises had also been planned at Bhopal, Jammu and New Bombay.

The total expenditure on the office and residential complexes of the Bank under the five-year plan was estimated at ₹ 114 crore during the first four years of the plan. The expansion of the Bangalore office by adding new floors to the office building was completed during 1986-87. As regards the residential quarters, a total of 1,317 flats and 27 single rooms were completed during 1986-87 comprising 600 flats and 27 single rooms for officers, 575 flats for class III staff and 142 flats for class IV staff.

With an additional expenditure of ₹ 30 crore on construction and acquisition of office premises and residential quarters, additions/alterations to the existing buildings and purchase of land, the total outlay under the five-year plan escalated to ₹ 144 crore as against the budgeted expenditure of ₹ 161 crore during 1983-84 to 1987-88. During 1987-88, the construction work on the office buildings at the Bandra-Kurla complex (Bombay), Chandigarh office and Kanpur was completed.

A total of 306 flats and single rooms comprising 96 flats and 4 single rooms at Bhubaneswar, 120 officers' flats at Patna, 8 flats at Bombay and 78 flats at Bangalore for class III staff were made ready for occupation. Overall, during the five-year period of 1983-84 to 1987-88, a total of 4,181 flats and 67 single room flats were completed for various categories of staff.

SECURITY AND DISCIPLINE

In a significant move, the Reserve Bank introduced a system of issuing identity cards to its employees in 1982. The measure was aimed at tightening security within the Reserve Bank. Identity cards were issued at all centres of the Bank, except Calcutta and Madras, where there was resistance from the local associations. The issue was, however, addressed and the process of issuing the cards began in these offices also. Staff members were advised to wear identity cards in the office premises and metal detectors were installed for better security, initially in eight offices including at the NCOB at Bombay during 1987.

Staff discipline and reduction in overtime formed an integral part of the agenda at all internal conferences of the management. One concern was that many officers, when promoted, did not give up their office bearer or member status in unions/association of workmen employees. This resulted in maintaining dual interests. To solve the problem, it was decided

to obtain a declaration from the officers promoted from clerical cadres before promotion that they would not be a member or office bearer in any of the workmen unions or associations. The two of the Reserve Bank offices where this was a common problem were Kanpur and Hyderabad.

At the managers' conference in 1986, a review of pending disciplinary cases was undertaken. It was reiterated that the tenets to be upheld while dealing with such cases included a reasonable opportunity be given to the employee to defend himself/herself in case of disciplinary action and that the principles of natural justice and fairness must be observed. This reflected the management's endeavour to maintain an employee-friendly atmosphere in the Reserve Bank, wherein there was objectivity and integrity in resolving cases of disciplinary proceedings.

SCHOLARSHIPS FOR WARDS

A scholarship scheme for employees' wards with outstanding academic performances was introduced by the Reserve Bank as part of the golden jubilee celebrations. In 1991–92, the scheme was liberalised and the limit on the number of scholarships was done away with, so that all eligible wards were covered under the scheme. Further, the Reserve Bank decided to provide financial assistance for the purchase of books to wards of the workmen employees, who were awarded the scholarship.

HOLIDAY HOMES

The decision on selecting properties to be converted into holiday homes for staff members at Lonavala near Bombay and Mussoorie was taken during 1986–87. The year 1988–89 saw the culmination of acquisition of properties at Lonavala, Mussoorie and Ootacamund for developing holiday homes for Reserve Bank staff. These three holiday homes were commissioned in June 1988. Also, the construction of additional rooms in the holiday home at Ootacamund was taken up, and acquisition of property for a holiday home at Darjeeling was also initiated. The Reserve Bank's holiday home at Shimla with 20 rooms was inaugurated in September 1995.

COMMITTEES FOR STAFF WELFARE

From time to time, the Reserve Bank set up various committees to address human resources issues, which were of considerable importance in enhancing the productivity and welfare of employees.

The expert committee on human resources development was set up in the Reserve Bank (Chairman: Shri S.S. Marathe), which submitted its

report in 1992. The committee made extensive recommendations covering all important aspects of human resource development, *viz.*: (i) direct recruitment of officers; (ii) placement; (iii) promotion; (iv) training; and (v) performance appraisal. During 1992–93, the recommendation on direct recruitment of officers was accepted by the Reserve Bank, the age ceiling was relaxed and the requirement of a minimum period of service for staff members who wished to apply for the direct recruitment in grade B was waived.

IMMUNITY FROM ROBBERIES AND TERRORIST ATTACKS

In the early 1990s, in the context of a spate of robberies and terrorist attacks on banks and their employees, the Reserve Bank, as outlined by the Government, made available a package of compensation/reward for its employees who were injured or killed in such incidents. As per this package, the family of the deceased was eligible for compensation in the range of ₹ 1 lakh to ₹ 5 lakh, besides other benefits. This scheme, along with the Reserve Bank's own scheme of compensation for injuries/death due to accident while on duty, adequately provided for employees and their families in case of any untoward incidents.

OTHER MEASURES

The grievance redressal procedure (GRP) and the scheme of joint consultation, which were submitted by the Reserve Bank to the national industrial tribunal, were approved during 1982–83. The Bank implemented these schemes to the extent possible.

In 1985, the Reserve Bank instituted the golden jubilee scheme for awarding scholarship for higher studies abroad. Over the years, a number of officers availed of the scheme and by 1994–95, the number of officers benefitting from the scheme stood at 35. In 1994–95, 3 officers were pursuing higher studies abroad and in 1995–96, 4 more officers were selected, bringing the total number of beneficiaries to 39.

As a welfare measure for employees, the Reserve Bank introduced a group savings-linked insurance scheme administered by the Life Insurance Corporation of India (LIC) for the benefit of its full time employees from November 14, 1988. The scheme received an overwhelming response, and 91.0 per cent of the employees immediately subscribed to it.

During 1990–91, to commemorate the birth centenary of Bharat Ratna Dr B.R. Ambedkar, the Reserve Bank constituted a fund with a corpus

of ₹ 50 lakh for the benefit of its SC/ST employees. The interest earned on the fund was to be spent on enhancing the educational qualifications of the Reserve Bank's SC/ST employees, including scholarship schemes for their wards. A professional chair designated the Dr B.R. Ambedkar Professorship at the Department of Economics was also set up as part of the celebrations at the University of Bombay.

During 1991-92, the Reserve Bank decided to grant *ex-gratia* payment of ₹ 150 per month to the widow/widower/eligible child of a deceased employee who had retired from the Bank's service or died while in service prior to January 1, 1986. Dearness relief was also payable on the *ex-gratia* payment at the rate admissible for family pension. The *ex-gratia* amount was payable from January 1, 1986.

During 1993-94, the Reserve Bank effected several improvements in the staff welfare schemes such as granting advances for the purchase of PCs, relaxing the stipulation on leave encashment for employees who died in harness, and raising the entitlement for maternity leave to six months from four months. Further, the benefit of an advance for purchase of consumer articles was extended to part-time workmen employees in 1994-95.

The Reserve Bank reviewed in 1995-96 the recruitment policy for officers. It decided on direct recruitment only at grade B level and no such recruitment at grade A level. Also, a transparent transfer policy was put in place to avoid hardships, which were integral to transfers. These decisions were taken after wide-ranging consultations with all concerned and after careful scrutiny of the issues. The outcomes were well received.

A revised performance appraisal system (PAR) was introduced in January 1987. The objectives of this system remained the same as earlier, *i.e.*, monitoring the efficiency and performance of officers from the organisational point of view. The revised PAR system was the outcome of laborious exercises, such as, responses to a questionnaire, followed by discussions between the Governor and heads of departments and a study conducted by an in house committee. The new features of this system included issuing an appreciation letter on getting two consecutive A+ reports and the introduction of a self-appraisal system. During 1996-97, a revised PAR for grades C, D and E was put in place that was more transparent than the existing system. Further, a working group was set up to review career progression opportunities of the protocol and security officers, lounge supervisors, Rajbhasha officers and technical staff in the Premises Department. Another study group was constituted to review the opportunities for the career growth of the class III staff.

There was frequent representation from the SCs/STs in different categories of the cadres in class I, class III and class IV employees. The Bank recruited physically challenged persons at various levels from time to time. By 1989–90, the total number of such personnel in the Reserve Bank stood at 377 and the number reached around 450 in December 1996. Certain posts in class IV grade were also offered to partially blind persons (who were not deaf and/or dumb). The Reserve Bank also recruited ex-servicemen in class III and class IV grades on a regular basis.

PROMOTION OF HINDI IN THE RESERVE BANK

In compliance with the provisions of the Official Languages Act (OLA), 1963, the Reserve Bank took measures from time to time to ensure the progressive use of the official language in the daily work. Attempts were made by devising annual time-bound programmes. To assess the progress with regard to adopting Hindi as a functional language, the Official Language Implementation Committee (OLIC) in the central office held quarterly meetings with various departments and offices of the Reserve Bank. Various reports, brochures, press communiqués, notifications, licence agreements and publications meant for in house communication were released in Hindi in addition to the English version for wider dissemination of information. From January 1986, the monthly bulletin of the Bank started being published in bilingual form. The training establishments of the Bank also conducted several courses in Hindi for staff at various levels. Reserve Bank offices hosted elocution competitions, poets' gatherings and essay competitions to popularise Hindi.

The Reserve Bank conducted regular Hindi workshops for employees to train them in Hindi noting, drafting and correspondence. This was aimed at improving the proficiency of the staff in their daily work. Such workshops were also introduced for senior officers of the Bank. Employees were also nominated to Hindi typewriting and Hindi stenography classes held by the Government. There was a progressive increase in the honorarium for passing the examination organised by the Government as also for passing the Prabodh, Pravin and Pragya examinations. Hindi-medium was allowed by the Reserve Bank for recruitment and promotion examinations for officers' and other posts. Bilingual agenda notes were introduced for the meetings of the Central Board. All these developments paved the way for installing bilingual word-processors in the Hindi division of the central office of the Bank and some bilingual electronic typewriters were also purchased.

In recognition of the outstanding work done in various areas in promoting the official language, the rajbhasha trophy was awarded every year. In 1989–90, a reference section was set up in the rajbhasha division of the central office for the employees. Hindi Saptah and Hindi Divas were organised by all departments in the Reserve Bank in September each year. The display of Hindi terms and sentences was also introduced in the Bank to raise awareness. The RBSC published a glossary of computer terms titled Computer Sandarbha Sulabha in 1994–95. All these initiatives resulted in the increased strength of officers and other staff proficient in the use of Hindi in the Bank, resulting in the expansion of the Rajbhasha Department.

CONCLUDING OBSERVATIONS

The decades of the 1980s and 1990s were notable for the challenges faced by the central bank and the new tasks performed by it in a period of fiscal dominance and later, in an environment of economic liberalisation and financial sector reforms. These developments were the major reasons for the significant transformation that took place in the organisational structure of the Reserve Bank. This took the form of re-organisation of some departments, creation of new departments and assuming additional responsibilities, especially in the areas of economic research and publications, banking supervision, settlement of securities transactions and improvement in payment systems. The two major achievements of the Reserve Bank were the rapid and successful computerisation both within the Bank and the banking industry in general and achieving large scale mechanisation of banking operations. Internally, the launching of a pension scheme for its employees; reviewing and improving the avenues of promotion from time to time; providing opportunities for staff at various levels to acquire professional skills and knowledge through training and scholarships as also enabling study and research in India and abroad; and instituting a wide range of welfare schemes for the benefit of staff and their wards went a long way in building cordial industrial relations in this premier institution.

ANNEX 21.1
Staff Training

<i>Year</i>	<i>Domestic (Nos.)</i>	<i>Foreign (Nos.)</i>	<i>Countries of Deputation</i>	<i>Training for Foreign Participants</i>	<i>Other Important Training Programmes/ Professional Qualifications</i>
(1)	(2)	(3)	(4)	(5)	(6)
1983-84	201	19	US, UK, France, Switzerland, Korea, West Germany, Malaysia, Japan, Singapore, Philippines, China, Indonesia and Thailand.		
1984-85	150	22	US, England, Switzerland, West Germany, Japan, Malaysia, Indonesia, Thailand, Zimbabwe, Hong Kong, Nepal and the Philippines.	Participants from foreign central and commercial banks were given training in response to specific requests.	

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<i>Year</i>	<i>Scholarships Awarded to Officers</i>	<i>Training in Computer Technology</i>
(1)	(7)	(8)
1984-85	Introduced in 1985 as a part of the golden jubilee celebrations of the Bank; 4 officers were selected every year for higher studies abroad for a period not exceeding one year.	

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(1)	(2)	(3)	(4)	(5)	(6)
1986-87	263	29	US, UK, Switzerland, West Germany and Japan.	Special programmes on health of the Executives were initiated by RBSC, Chennai and foreign participants from Bhutan, Botswana, Kenya, Macau, Malawi, Sudan, and Tanzania attended some of the programmes conducted by the RBSC.	Two officers from DEAP were deputed to CDS, Trivandrum for an M.Phil. course in applied economics, which became an annual feature, thereafter.

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(1)	(7)	(8)
1986-87	Under the golden jubilee scheme 4 officers were selected for higher study abroad for 1 year in 1986 and another batch of 4 officers in 1987.	To implement Bank's scheme of computerisation and mechanisation at a faster pace incentives were offered for acquiring skills in computer technology. The Bank encouraged class III and all officers to take up short-term diploma/certificate courses in computers at approved institutions. On successful completion of the course an honorarium of ₹ 500 was given in addition to reimbursement of the fee.

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(1)	(2)	(3)	(4)	(5)	(6)
1987-88	230	19	US, UK, Switzerland, West Germany and Japan.		Two officers completed CDS course and 2 more were attending the course.
1988-89	358	25	US, UK, Switzerland, West Germany and Japan.	Sixty-five foreign participants, 12 from Sri Lanka, 8 from Bhutan, 7 from Kenya, 6 each from Afghanistan and Iran, 5 from Tanzania, 4 each from Nepal, Zambia and Somalia, 3 from Botswana, and 1 each from Uganda, USSR, Nigeria, Sudan, Ethiopia and Malawi were trained in response to specific requests from these countries.	Two officers were attending the M. Phil. course at CDS, Trivandrum.

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(1)	(7)	(8)
1987-88		The response to the scheme of computerisation was very encouraging and therefore its scope was enlarged.
1988-89	Four officers completed their studies under the golden jubilee scholarship scheme. The third batch of 4 officers was studying at various universities abroad and 4 more officers had been selected for the year.	The scheme of incentives designed for acquiring computer qualifications evoked an encouraging response from the staff.

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(1)	(2)	(3)	(4)	(5)	(6)
1989-90	Officers continued to be sent on training.	Officers continued to be deputed for training abroad.		Bank also continued to extend training and study facilities to officials from foreign central and commercial banks, on request.	Two more officers were deputed to take up M.Phil. courses at CDS, Trivandrum.
1990-91	275	23	US, UK, France, Switzerland, Germany, Japan, Singapore, China, Bangladesh, Thailand and South Korea.	Forty-eight foreign officials including 9 from Afghanistan, 7 each from Kenya and Iran, 5 each from Nepal and Ethiopia, 2 each from Gambia, Sri Lanka, Zimbabwe, Nigeria and Bhutan, 1 each from Somalia, Uganda, Tanzania, Germany and an economist from the ADB were provided training and study facilities by the Reserve Bank.	One hundred and three employees completed the CFA programme conducted by ICFAI, Hyderabad.

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(1)	(7)	(8)
1989-90		The Bank made constant efforts to encourage staff to acquire additional computer qualifications. Therefore, the scheme was made more flexible and employees were allowed to enrol in institutions of their choice, subject to certain stipulations.
1990-91	As a part of the golden jubilee celebrations, the scheme of higher studies abroad was availed of by 4 officers during the year.	The scheme to encourage participation in computer courses continued.

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(1)	(2)	(3)	(4)	(5)	(6)
1991-92	314	26		During the decade 1981 to 1991, 813 officers were trained.	
1992-93	349	38	14 countries		IGIDR continued to conduct workshops and conferences on topical issues. It enrolled the third batch of research scholars to the Ph.D. programme in August 1992. By now the Bank had granted 171 employees permission to join the CFA programme.

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(1)	(7)	(8)
1991-92	As part of the golden jubilee celebrations of the Bank 4 officers were selected every year to pursue higher studies abroad for a period of 1 year. 24 officers had benefited from the scheme till 1991-92.	The North Eastern Institute of Bank Management (NEIBM), Guwahati established in 1980 to cater to training needs of the north-eastern region had a funding share of 30.0 per cent from the Reserve Bank.
1992-93		Incentives for computer training were continued by the Bank.

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(1)	(2)	(3)	(4)	(5)	(6)
1993-94	389	51	US, UK, Switzerland, Germany, Japan, Thailand, France, South Korea, Philippines, Iran, Malaysia, Austria, Singapore and Taiwan.	The Bank extended professional enhancement facilities to 68 officials from Sri Lanka, Mauritius, Nepal, Nigeria, Tanzania, Kenya, Zambia, Botswana, Sudan, Bhutan, Russia and Uganda.	
1994-95	412	42	Canada, Malaysia, France, Germany, Hong Kong, Philippines, Singapore, Switzerland, Thailand, US and UK.	Sixty officials from 11 countries were provided training at various colleges of the Bank. They included 25 from Nepal, 14 from Sri Lanka, 5 from Uganda and Kenya, 3 from Mauritius, 2 each from Ethiopia, Jordan, Indonesia and Nigeria.	Two more employees joined the CFA Programme at Hyderabad, taking the total number of such employees to 213. Two programmes on bank supervision with emphasis on off-site surveillance were organised with faculty support from Bank of England. Another programme was conducted on on-site surveillance with the Fed Reserve, New York.

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(1)	(7)	(8)
1993-94	Based on the recommendations of the committee on human resource development, 10 officers were selected every year for grant of study leave for pursuing post-graduate courses such as MBA and Ph.D. at well known universities in India and abroad. The Bank also continued to depute 1 officer for Ph.D. at IIT, Bombay.	
1994-95	Total number of officers who had benefited from the scheme of award of scholarship for higher studies abroad stood at 35. A new scheme for officers from departments other than that of research, was introduced for Ph.D. in various areas of interest to the Bank.	Twelve officers and 127 clerical staff joined computer courses raising the number of beneficiaries to 179 and 764, respectively.

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(1)	(2)	(3)	(4)	(5)	(6)
1995-96	132	39	Australia, Belgium, France, Germany, Hong Kong, Israel, Italy, Japan, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Switzerland, UK, and the US.	Two hundred and twenty nine officials from 14 countries—57 from Bangladesh, 10 from Bhutan, 3 from Botswana, 2 from China, 1 from Ghana, 2 from Indonesia, 4 from Malaysia, 3 from Mauritius, 3 from Nepal, 3 from Philippines, 1 from Russia, 106 from Sri Lanka, 6 from Tanzania, and 9 from Uganda were given training in the Bank's establishments/offices.	Total number of beneficiaries in the CFA programme stood at 222.

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(1)	(7)	(8)
1995-96	Four officers were selected under the golden jubilee scholarship scheme for higher studies abroad. Total number of beneficiaries stood at 39. Under the scheme of study leave 2 officers pursued higher studies abroad. One officer was nominated to the M.Phil. programme in IIT, Bombay.	Two hundred and nineteen officers and 899 clerical staff were given training in computer technology. Basic computer training for officers and class III employees was introduced to cope with the increasing training needs in the area. Till June 1996, 540 officers and 1,698 clerical staff were identified for training in a phased manner.

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(1)	(2)	(3)	(4)	(5)	(6)
1996-97	145	63	Bahrain, China, Germany, Hong Kong, Indonesia, Iran, Italy, Japan, Malaysia, Netherlands, Philippines, Singapore, South Africa, Sri Lanka, Switzerland, Thailand, UK and the US.	Eighty-one officials from 11 countries—1 each from Kuwait, Oman, Sierra Leone and Uganda, 2 from Bhutan, 3 from Nepal, 4 from Tanzania, 6 from Nigeria, 7 from Sudan, 16 from Sri Lanka, and 39 from Bangladesh were provided training in various institutes of the Bank.	

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(1)	(7)	(8)
1996-97	Four officers were selected under the golden jubilee scholarship scheme and the total number of beneficiaries stood at 43. Four officers were granted study leave for higher studies abroad.	Twenty-eight officers and 48 clerical staff attended computer training, raising the total number to 247 and 957, respectively. Further, 2,515 in class III and 870 officers were identified for Basic computer training in a phased manner.

Source: Reserve Bank of India, *Annual Report*, various issues.

ANNEX 21.2

*Residential and Office Complexes*³⁸

During 1981, the Bank facilitated the occupation of readied 336 staff quarters (48 for class III employees at Trivandrum and 288 for class III and class IV at Jaipur). In addition, 60 flats for officers were almost ready for occupation at Ahmedabad. The Reserve Bank had entered into three agreements to purchase 315 flats (144 flats for officers at Parel, Bombay, 155 flats for class III and class IV staff at Bangalore and 16 flats for class III staff at Pune) on a package deal basis. The purchase of 623 flats on a package deal basis (200 flats for officers and 250 flats for class III staff at Goregaon, Bombay; 17 flats for officers at Pune; and 156 flats for officers at Madras) was approved by the Bank. Further, the Reserve Bank purchased 6 acres of land at Bhubaneswar and 2.87 acres at Chandigarh for the purpose of housing for officers and other employees.

During 1982, a total of 306 new flats, including 64 officers' flats at Ahmedabad, and 100 flats for officers and 112 for class III and IV at Bhopal, were occupied. Also 100 officers' flats at New Delhi and 56 class IV quarters at Trivandrum were ready for occupation.

The Jaipur office building of the Reserve Bank was completed and occupied in March 1984. While Chandigarh office building construction had entered Phase II, the work on the office buildings at Nagpur and Kanpur was progressing. Also, the pending construction on the office building at Bandra-Kurla complex was nearing completion.

During 1983–84, 248 flats and 8 single rooms were completed at Hyderabad and Bombay. These included 108 flats and 8 single rooms for officers and 140 flats for class III staff. The Bank, well aware of the acute shortage of housing facilities for its employees, was making all efforts to ease the situation by identifying new centres, purchasing land or going for package deals to buy flats to alleviate the pressure.

The construction of 734 flats and 8 single rooms was concluded during 1985–86. This included 136 flats and 8 single rooms for officers, 196 flats for class III staff and 402 flats for class IV employees at various centres. Under the five-year plan, a total of 2,560 flats and 36 self-contained single rooms were completed in the first three years of the plan for various categories of staff. Several other residential projects were in the pipeline and also at the planning stage, reflecting the emphasis being placed in the Reserve Bank to provide these facilities at the earliest to its employees.

During 1988–89, an amount of ₹ 20 crore was spent on construction or acquisition of office buildings and residential quarters, renovation of the existing premises and purchase of land. The year 1988–89 also witnessed the construction

38. The Reserve Bank of India, *Annual Report*, various issues.

of 174 flats for officers, 240 for class III staff and 80 for class IV staff in Bangalore, Bombay, Chandigarh, Jammu and Kanpur.

During 1989-90, a sum of ₹ 21 crore was spent on construction or acquisition of office buildings and residential facilities; renovation of existing facilities and purchase of land. The office buildings at Cochin and coin vault at Noida (U.P.) were ready for occupation. Further, 365 officers' quarters and 918 staff quarters were completed at Trivandrum, Cochin, Bangalore, Calcutta, Kanpur, Chandigarh and Bombay.

During 1990-91, an amount of ₹ 17 crore was spent on various activities relating to construction or renovation of the buildings and acquisition of land. The construction of an office building at Bhopal and an annexe to the office building at New Bombay were finished during the year. In terms of creating housing facilities for the staff, the Reserve Bank constructed 92 officers' quarters at Bombay and 224 staff quarters for class III and IV at Lucknow were ready to be occupied during the year.

In 1991-92, an amount of ₹ 14 crore was spent on construction and upkeep of the office buildings, including purchase of land. Fifteen flats for the officers and 92 staff quarters were ready to be occupied during the year.

During 1992-93, a sum of ₹ 17 crore was spent by the Bank on capital account towards construction and renovation of office and residential buildings.

An expenditure of ₹ 25 crore was incurred during 1993-94 on capital account towards construction of office buildings, residential quarters, additions/alterations and renovations of various properties of the Bank. During the year the office building at Jammu, 102 flats for officers at Ahmedabad, 28 flats for officers at Bombay and 132 flats for staff at Jaipur were completed and occupied.