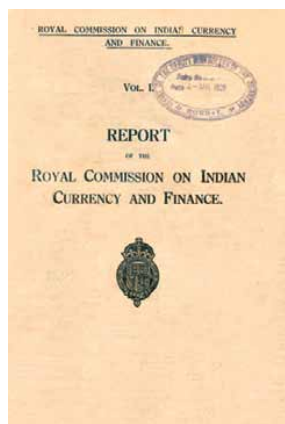




# Reserve Bank of India: An Overview

*Vision Statement:  
"The Reserve Bank of  
India is committed to  
pursue the public interest  
and common good as  
a leading central bank  
that is recognised for its  
credible, transparent and  
proactive policies."*

# Origins & Evolution



The origin of the Reserve Bank can be traced to 1926, when the Royal Commission on Indian Currency and Finance—also known as the Hilton-Young Commission—recommended the creation of a central bank to separate the control of currency and credit from the government and to augment banking facilities throughout the country. The Reserve Bank of India Act of 1934 established the Reserve Bank as the banker to the central government and set in motion a series of actions culminating in the start of operations in 1935. Since then, the Reserve Bank's role and functions have undergone numerous changes keeping pace with the changing nature of the Indian economy.

As Reserve Bank commences operations today I take [the] opportunity to...express my confidence that this great undertaking will contribute largely to the economic well being of India and...its people.

*- Excerpt from telegram sent in 1935 by Viceroy - Lord Willingdon, to Mr Osborne Smith, first Governor of the Reserve Bank*

From ensuring stability of interest rates and exchange rates to providing liquidity and an adequate supply of currency and credit for the real sector; ensuring banking penetration and safety of depositors' funds to promoting and developing financial institutions and markets, and maintaining the stability of the financial system through continued macro-financial surveillance; the Reserve Bank plays a crucial role in the economy of the country. Its decisions touch the daily life of all Indians and it helps chart the country's current and future economic and financial course.

Over the years, the Bank's specific role and functions have evolved, while some functions have been added in, others have gradually reduced or moved to other organizations such as EXIM Bank, NABARD, IDBBI, IFTAS, etc. Through all the changes the integrity and professionalism with which the Reserve Bank discharges its mandate remains constant.

To know more, refer to 'History of the Reserve Bank of India' - a definitive account of the organisation's evolution and journey - released by the Bank in multiple volumes.

## Our Balance Sheet – Then and now!

RESERVE BANK OF INDIA BALANCE SHEET AS ON DECEMBER 31, 1935 (Amount in ₹ crore)			
Liabilities		Assets	
Notes Held in the Banking Department	21.49	Gold Coin and Bullion	44.42
Notes in Circulation	171.78	Foreign Securities	66.19
		Rupee Coin	57.12
		Government of India Rupees Securities	25.54
Banking Department's Liabilities (Capital Paid Up, Reserve fund, Govt. and Bank deposits etc.)	45.47	Banking Department's Assets (Balance held abroad, Investments etc.)	45.47
<b>Total Liabilities</b>	<b>238.74</b>	<b>Total Assets</b>	<b>238.74</b>

1935

## RESERVE BANK OF INDIA BALANCE SHEET AS ON MARCH 31, 2022

(Amount in ₹ crore)

Liabilities	Schedule	2020-21	2021-22	Assets	Schedule	2020-21	2021-22
Capital		5.00	5.00	<b>Assets of Banking Department (BD)</b>			
Reserve Fund		6,500.00	6,500.00	Notes, Rupee Coin, Small Coin	6	12.02	17.13
Other Reserves	1	234.00	236.00	Gold - BD	7	1,43,582.87	1,96,864.38
Deposits	2	14,91,537.70	17,33,787.56	Investments-Foreign-BD	8	12,29,940.41	11,41,127.75
<b>Risk Provisions</b>				Investments-Domestic-BD	9	13,33,173.90	14,88,815.96
Contingency Fund		2,84,542.12	3,10,986.94	Bills Purchased and Discounted		0.00	0.00
Asset Development Fund		22,874.68	22,974.68	Loans and Advances	10	1,35,118.91	2,08,792.85
Revaluation Accounts	3	9,24,454.99	9,34,544.00	Investment in Subsidiaries	11	1,963.60	2,063.60
Other Liabilities	4	1,50,857.97	75,547.53	Other Assets	12	37,014.75	46,900.04
<b>Liabilities of Issue Department</b>				<b>Assets of Issue Department (ID) (As backing for Notes Issued)</b>			
Notes Issued	5	28,26,862.67	31,05,720.56	Gold - ID	7	1,04,140.13	1,25,348.98
				Rupee Coin		743.40	508.29
				Investments-Foreign-ID	8	27,21,979.14	29,79,863.29
				Investments-Domestic-ID	9	0.00	0.00
				Domestic Bills of Exchange and other Commercial Papers		0.00	0.00
						<b>28,26,862.67</b>	<b>31,05,720.56</b>
<b>Total Liabilities</b>		<b>57,07,669.13</b>	<b>61,90,302.27</b>	<b>Total Assets</b>		<b>57,07,669.13</b>	<b>61,90,302.27</b>

2022

### Income and Expenditure

The components of Reserve Bank's income are 'Interest', and 'Other income' including (i) Discount (ii) Exchange (iii) Commission (iv) Amortisation of Premium/Discount on Foreign and Rupee Securities (v) Profit/Loss on Sale and Redemption of Foreign and Rupee Securities (vi) Depreciation on rupee securities inter portfolio transfer (vii) Rent Realised (viii) Profit or loss on sale of Bank's property and (ix) Provisions no longer required and Miscellaneous Income.

The Reserve Bank incurs expenditure in the course of performing its statutory functions by way of agency charges/commission, printing of notes, expenditure on remittance of currency, besides employee related and other expenses.

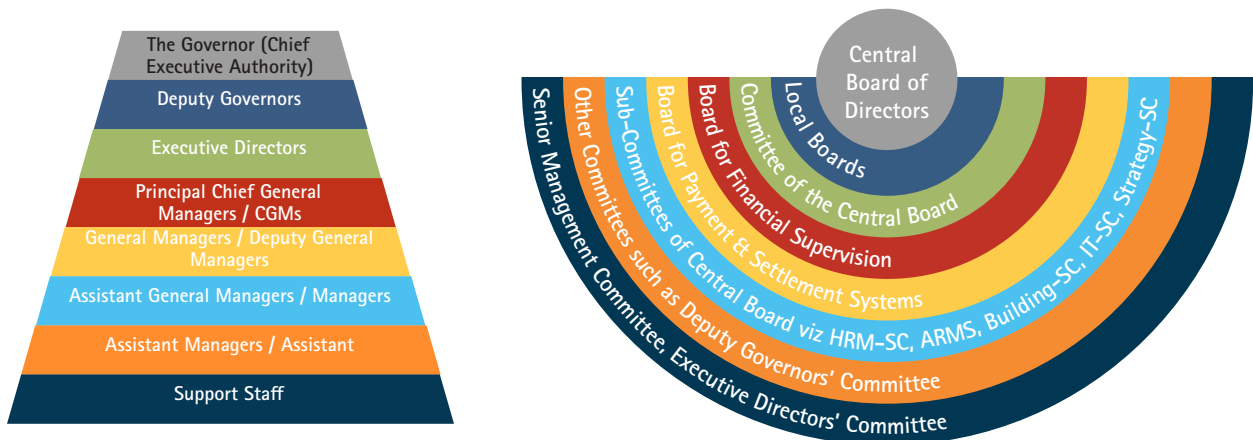
From the year 2020-21, the accounting year of the Bank has been changed from 'July to June' to 'April to March'. Thus, the Accounting Statements for 2020-21 covered a period of 9 months.

## Presence

The Reserve Bank of India has Regional Offices (ROs), including sub-offices, at 31 locations spread across the country. In 2022, RBI opened a Regional Office for the State of Andhra Pradesh, which is working out of the Bank's Hyderabad Regional Office premises for now.



## Organisational Structure



The Bank's total staff strength comprises around 13,000 full time employees working at different locations across the country.

# Functions & Working

## A. Regulation, Supervision and Enforcement

### Legal Framework

The regulatory and supervisory activities of the Bank derive authority from various provisions contained in statutes such as RBI Act, 1934, BR Act, 1949, BR Act (AACS), 1949, the Regional Rural Banks Act, 1975, SARFAESI Act, 2002, Payment and Settlement Systems Act, 2007, etc. The Bank undertakes these roles to protect depositors' interests, to ensure safety and soundness of the banking system and to safeguard financial stability.

### Organisational Set-up

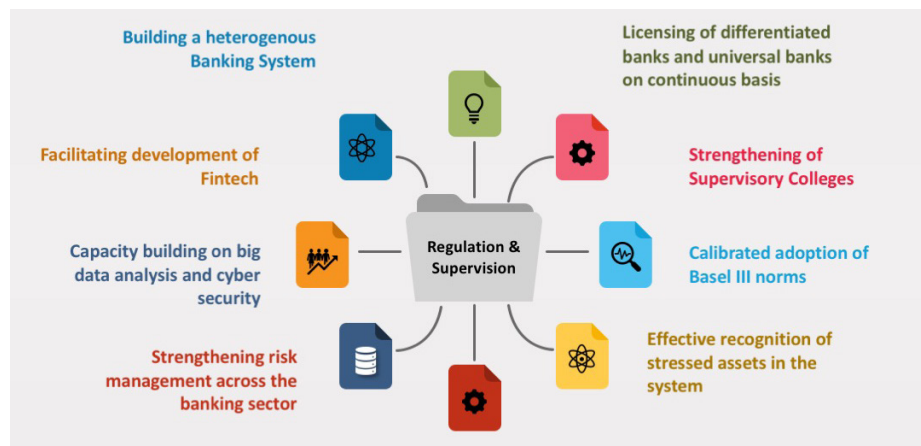
Viewing the different entities within its domain in a unified manner and in order to maximise regulatory / supervisory synergies, the Bank has set up two new Departments – the Department of Regulation (DoR) and the Department of Supervision (DoS) in 2019 thereby bringing commercial banks, cooperative banks and NBFCs under a single umbrella.

**Regulation:** The Department of Regulation exercises regulatory powers over Commercial banks, Small Finance Banks, Payments Banks, Cooperative Banks, All India Financial Institutions, Regional Rural Banks, Local Area Banks and select categories of Non-Banking Financial Companies. The regulatory framework encompasses statutory and prudential regulation & business conduct. Broadly the banking regulation strategies relate to ex ante strategies such as entry, activity, prudential, governance, conduct and information regulations and ex post regulations such as resolution policies.

**Supervision:** The Department of Supervision is responsible for enforcement of rules and regulations, at individual entity level, that are formulated by the regulator to govern their behaviour. In banking supervision, from a compliance-based approach, the framework has evolved into a risk-based or risk-focused approach; with Basel's Core Principles for Effective Banking Supervision serving as the benchmark. The dual control issue in Urban Cooperative Banks has been addressed through setting up of Task Force (TAFUBS) in all States. Strengthening of offsite capacities is playing a key role in supervision of NBFCs.

**Enforcement:** Recognising the need for effective enforcement of supervisory policies, a separate Enforcement Department (EFD) was set up in 2017. The Department is responsible for developing sound policy framework for enforcement, and identifying actionable violations on the basis of examination of reports on regulated entities (REs). Greater compliance is aimed to be achieved by initiating such enforcement action to not only deter those entities which have contravened requirements but also to have a demonstrative effect on other REs.

### Focus Areas



### Job roles for officers in Grade 'B'

- Onsite and Offsite Supervision
- Data Collection and Analysis thereof
- Policy formulation
- Undertaking risk assessments & Analysis of reports
- Preparing and Issuing Show Cause Notices for enforceable violations

Want to know about 5 key attributes of a good supervisory framework? Read IMF Staff Position Note titled, "The Making of Good Supervision: Learning to Say 'No' "

## B. Financial Markets & Foreign Exchange

### Legal Framework

FMRD & FMOD	Chapter III D, RBI Act, 1934, FEMA, 1999, PSS Act, 2007, Bilateral Netting of Qualified Financial Contracts Act, 2020
IDMD	Government Securities Act, 2006/Rules 2007, Public Debt Act, 1944/ Rules 1946
DEIO	RBI Act, 1934
FED	FEMA, 1999

### Organisational Set-up

**FMRD:** Financial Markets Regulation Department looks after regulation, development, oversight and surveillance of the money, government securities, foreign exchange markets and related derivative markets; as also regulation of Financial market infrastructure including financial benchmarks for interest rates and foreign exchange markets.

**FMOD:** The Financial Markets Operation Department conducts operations in the money market, government securities and forex markets and undertakes analysis of various market segments for enabling informed decision making.

**IDMD:** The main activities of the Internal Debt Management Department include managing the Government's debt in a risk efficient and cost-effective manner, development of G-Sec Markets including a robust institutional framework of primary dealers (PDs).

**FED:** Main objective of the Foreign Exchange Department is to facilitate external trade and payments and promote orderly development and conduct of foreign exchange market in India. FED works in line with the stipulations under FEMA 1999.

**DEIO:** The Department of External Investment & Operations is responsible for managing the Bank's reserves. It also undertakes certain foreign exchange transactions on behalf of the Government of India and plays a role in international co-operation arrangements involving foreign exchange reserves.

### Focus Areas

Financial Markets Departments are committed to further developing and deepening the money, G-secs, foreign exchange, interest rate and currency derivative markets, ensuring effective liquidity management and stability in exchange rate through FX operations. IT infrastructure is being continuously ramped up for effective monitoring and surveillance e.g. Public Registry, Integrated Market Surveillance System, etc. These departments aim at rationalisation of cross-border borrowing and lending regulations as also improving information management in the context of foreign investment inflows while facilitating outward flows.

### Job roles for officers in Grade 'B'

**FMRD**

- Market regulation and development- Data collection, analysis, research & policy formulation
- Oversight/ Surveillance reports

**FMOD**

- Liquidity assessment and operations to achieve monetary policy objectives
- Open Market Operations and Special Liquidity operations
- Operations in FX markets
- Data collection, analysis & research

**IDMD**

- Market operations on behalf of State Governments and select Foreign Central Banks
- Conducting auctions on behalf of Central and State Governments.
- Regulation of primary dealers
- Preparation of reports / publications

**FED**

- Examination of applications/ requests for exchange transaction
- Correspondence with Government / Departments/Ministries
- Policy notes on Regulations/ Directions

**DEIO**

- Data management, collection and analysis
- IT infrastructure & Back office work, preparation of reports/publications
- Handling operations



The Impossible Trinity is a concept in International Economics which states that it is impossible to have all three of the following at the same time: a fixed foreign exchange rate, free capital movement (absence of capital controls) and an independent monetary policy. Figure it out for yourself!

## C. Banking, Currency Management, Payment Systems & FinTech

### Legal Framework

DGBA	Sections 20-21, 21A & 53 of RBI Act, 1934
DCM	Chapter-III, Section 22-28, RBI Act, 1934
DPSS	Payment and Settlement Systems Act, 2007/Regulations 2008
FinTech	RBI Act, 1934

### Organisational Set-up

**DGBA:** The Department of Government and Bank Accounts discharges the function of RBI as Banker to the Government and Banker to banks. Main functions include arranging & oversight of Government business, maintenance of internal accounts & formulation of internal accounting policies, authorization & oversight of agency banks, etc. DGBA operates through General Banking divisions at Regional Offices.

**DCM:** The Department of Currency Management looks after design, demand, logistics and issue of banknotes and circulation of coins. The department is committed to ensuring availability of banknotes and extending coins related service. DCM operates through Issue Departments at Regional Offices.

**DPSS:** The Department of Payment and Settlement Systems undertakes regulation and supervision of the payment and settlement systems and matters related therewith under the Payment and Settlement Systems Act, 2007. It also works as secretariat to the Board for Regulation and Supervision of Payment & Settlement Systems (BPSS).

**FinTech:** The FinTech Department was created with a view to facilitate innovation in FinTech sector, identify the associated challenges and opportunities and address them, to provide a framework for further research that can aid policy interventions by the Bank.

#### Focus Areas

**DGBA:** E-Kuber (RBI's Core Banking System), Integration with Governments/ Treasuries, Internal Accounting Review and monitoring.

**DCM:** Capacity enhancement, Indigenisation of Banknotes, Varnished banknotes-field trial, improving Currency Management Infrastructure, etc.

**DPSS:** To provide Safe, Secure, Fast, Convenient, Accessible, and Affordable E-Payment options for Everyone, Everywhere and Everytime.

**FinTech Department:** Regulatory Sandbox, Central Bank Digital Currency (CBDC), Co-ordinating with Reserve Bank Innovation Hub, select aspects of regulation (Account Aggregator/Peer-to-Peer), Co-operation with Domestic and International Standard Setting Bodies & Liaisoning with National and International Committees on Innovation/ Technology.

### Job roles for officers in Grade 'B'

**DGBA**

- Policy related work for Opening of Current Accounts for banks & Governments, etc.
- Appointments/ oversight of Agency Banks
- Preparation of weekly and annual statement of accounts
- Formulation and review of Internal Accounting policies of the Reserve Bank

**DCM**

- Demand - Supply Analysis of Currency in Circulation, preparation of Weekly Statement of Accounts for Issue Dept
- Review of Security and logistics.
- At ROs - Custodian of Vault in Issue Depts, Managing sections such as Resource, Remittance, Accounts, etc.
- Conduct of training programs for banks, etc.

**DPSS**

- Policy formulation for regulation and supervision of regulated entities such as PPIs, Wallets, Payment Banks, etc.
- Monitoring innovations, frauds, etc.
- Authorising entities to operate under PSS Act, 2007
- Ensuring smooth operations of NEFT/ RTGS/ Cheques, etc.

**FinTech Department**

- Analysis & research for identifying new trends / SWOT of industry
- Engaging with market players
- Coordination with International bodies

India has been at the forefront in the field of Payments & Settlement. To find out more, refer to Payment Systems Booklet published in January 2021.

## D. Monetary Policy, Research & Financial Stability

### Legal Framework

Preamble to the Reserve Bank of India Act, 1934, "...to regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage; to have a modern monetary policy framework to meet the challenge of an increasingly complex economy, to maintain price stability while keeping in mind the objective of growth".

### Organisational Set-up

**MPD:** Monetary Policy Department acts as secretariat for the Monetary Policy Committee (MPC) and assists the MPC in formulation of monetary policy.

**DEPR:** Department of Economic & Policy Research undertakes research on macroeconomic issues specifically in the areas of monetary policy, financial markets, forecasting of macroeconomic variables, etc.

**DSIM:** The Department of Statistics & Information Management manages the Bank's comprehensive statistical systems relating to monetary, banking, corporate and external sector; conducts structured surveys and carries out specialised statistical analysis and forecasting

**International Department** is responsible for international financial diplomacy, Bank's participation in formulation of global regulatory standards and international economic cooperation. It also looks after Bank's external services and relations including on matters of technical cooperation with other Central Banks.

**FSU:** The Financial Stability Unit conducts macroprudential surveillance of the financial system, prepares FSRs, develops a time series of a core set of financial indicators, and conducts systemic stress tests to assess resiliencies. The Unit also provides the Secretariat to the Sub-Committee of the Financial Stability Development Council (FSDC-SC).

### Focus Areas

**MPD:** Assessment & outlook of inflation and growth, refining liquidity forecasting framework and its operating aspects, Monetary Policy transmission analysis, analysis of sectoral credit flows, macro modelling.

**DEPR:** Big data applications for improving inflation and growth projections, payment systems innovations and currency demand, global liquidity and impact of trade policy measures, determinants of total factor productivity, supply chain and food inflation dynamics.

**DSIM:** Managing Centralised Information Management System (CIMS), collection & analysis of unstructured big data for policy impact, Central Information System for Banking Infrastructure (CISBI), metadata driven data maintenance and dissemination system.

**International Department:** Finance track under G20, Article IV 2019 with IMF, FSB's annual monitoring exercise, analytical policy briefs at BIS and CGFS meetings, SAARCFINANCE.

**FSU:** Macroprudential surveillance, preparation of financial stability reports, conduct of systemic stress tests and development of models, secretariat to the FSDC-SC.

### Job roles for officers in Grade 'B'

#### MPD

- Providing technical inputs to the MPC
- Preparing Monetary Policy Reports (MPR)
- Preparing inputs for Bank's publications
- Research on Monetary policy & related areas

#### DSIM

- Collecting, processing and analysing granular data
- Conducting research and statistical studies
- Technical support to other departments
- Conduct of data governance in the Bank

#### DEPR

- Research on macroeconomic issues, primary statistics and indicators
- Publishing various reports viz., the Annual Report and the Report on Trend and Progress of Banking in India
- Organising Memorial Lectures, Conferences, etc.

#### INTD

- Research oriented work on global economic cooperation,
- Managing exposure visits, etc.

#### FSU

- Studies & research on issues concerning financial stability
- Conduct of macro stress tests
- Secretariat functions for FSDC-SC, etc.



## E. Governance and Support, Financial Inclusion & Customer Service

### Organisational Set-up

**HRMD:** Human Resource Management Department facilitates the Bank's functioning by creating an enabling environment, building trust and enhancing efficiency through effective HR policies & procedures.

**DIT:** Department of Information Technology is responsible for all IT related services to the Bank and the banking sector and manages the Bank's Data Center. It provides broad policy guidelines in critical areas, such IT enabled solutions, cyber security & information systems.

**RMD:** Risk Monitoring Department has been constituted for implementation of Enterprise-wide Risk Management System in the Bank. The department looks after operational, financial, IT & Cyber risk.

**CEPD:** Consumer Education and Protection Department acts as a nodal point for all external service related complaints against RBI & regulated entities, enforcing ethical behaviour and spreading consumer awareness.

**CSBD:** Corporate Strategy and Budget Department is responsible for formulation of Bank's budget, expenditure rules, corporate strategy, Business Continuity Policy, management of superannuation funds, etc.

**Premises Department:** Acquires and maintains premises and related infrastructure. It frames policies and guidelines on physical infrastructure, acquisition, maintenance, consolidation, etc.

**FIDD:** Financial Inclusion and Development Department formulates policies for financial inclusion through supply side intervention for credit flow to productive sectors of the economy viz. Agriculture and Micro, Small and Medium Enterprises (MSME); demand side interventions by promoting financial education and financial literacy and strengthening the institutional arrangement for effective implementation. The Department has presence at regional level also.

### Job roles for officers in Grade 'B'

#### HRMD

Evolving and Implementing policies on Recruitment, Placement, career progression, Employee Wellness, Training & Development, Performance appraisal, Mobility, Wage structure and Welfare measures; maintaining HR database, etc.

#### DIT

- Providing inputs for policy matters such as Enterprise Architecture, cloud solutions, Information Security and their implementation
- Support services for IT applications and IT projects such as RTGS, PDO, NDS, etc.
- Maintenance & upgrading of Data Centre and Local Area Networks

#### CEPD

- Administering Integrated Ombudsman Scheme,
- Overseeing the functioning of Centralised Receipt & Processing Center.
- Devising policies and material for customer education & awareness
- Secretariat to Appellate Authority under RB-IOS 2021.
- Liaison with regulated entities, industry bodies, etc.

#### FIDD

- Framing/ revising Priority Sector Guidelines, preparing and implementing National Strategy for Financial Inclusion, Development of MSME sector
- Interactions with Governments/ Industries/ SCBs, etc.
- Nodal officer for Lead Bank Schemes in ROs

#### RMD

- Providing inputs to Risk Management Committee (RMC) and Audit & Risk Management Sub-Committee
- Working on Risk Tolerance Framework.
- Modelling Credit Risk & Operational Risk
- Formulating & Monitoring Risk Dashboards for Risk Reporting
- Framing & revising information security(IS) policy & procedures

#### CSBD

- Data collection and coordination with offices for Budget Preparation
- Preparing & monitoring strategy framework
- Actuarial study of the Bank's liabilities
- Review of Bank's delegation of power on expenditure
- Implementing BCM framework

#### Premises Department

- Planning and preparation of budgets
- Handling tax and accounting related issues
- Working on projects for acquisition & disposal of Bank's properties.
- Works related to E-tenders for the Bank's properties
- Data collection & compilation, etc.

Bank's departments such as Inspection Department, Secretary's Department, Department of Communication, Legal Department and Rajbhasha Department also extend important support services that are vital for smooth functioning of the Bank.

The Bank's Economic Capital Framework (ECF) -developed in 2014-15 to provide an objective, rule-based, transparent methodology for determining the appropriate level of risk provisions was reviewed recently. For details, visit 'Reports' section of the Bank's website, <https://rbi.org.in>

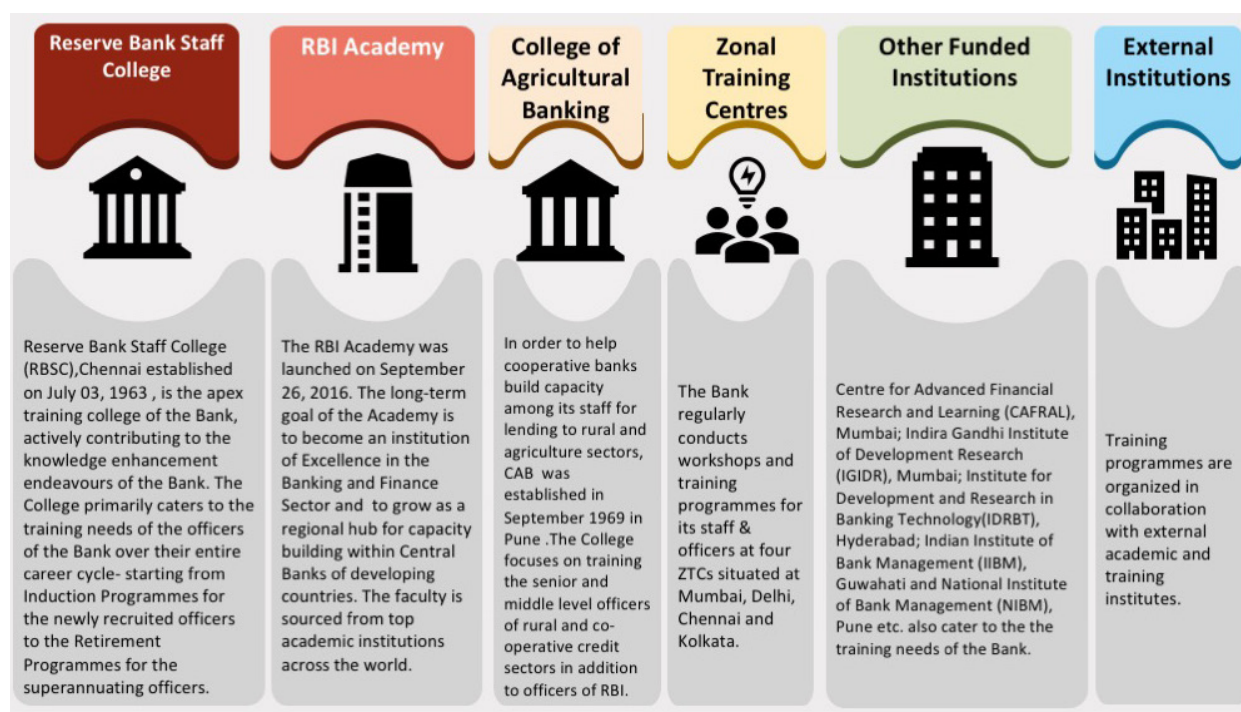


# Opportunities for Learning

**Approach:** At RBI, learning is facilitated at all levels and in different ways. The Bank has adopted the following approach for catering to the training needs of its staff:

**On-the-job learning** | **Mentoring schemes** | **In-house training** | **Demand-Driven Training** | **Individual study**

**Infrastructure:** The Bank is committed to providing state of the art training infrastructure to all its employees in every stage of their career as given below:



## Key Training & Development schemes available for officers

Scholarship Scheme	Scholarship for pursuing higher studies abroad for candidates selected after a rigorous process.
Incentive Scheme for Higher Education - Bridging Skill Gaps	Employees are encouraged to take up specialised educational courses. The fees are reimbursed.
Structured e-learning	Available on Learning Management System platform on the Bank's intranet and includes basic and advanced modules in a wide range of areas.

As one progresses in the organisation, mandatory trainings and Leadership courses are provided at appropriate levels.

# Some Useful Resources

**Central Library:** The Bank's Central Library at Mumbai subscribes to a host of online subject databases, electronic journals, e-books and online news updates. The Library also offers information services and technical support to training colleges and libraries attached to other offices of the Bank.

**RBI Archives:** The Archives at Pune preserves invaluable records of the Reserve Bank of India as part of its archival resources and makes them available for reference and research to the present and future generations.

**Database on Indian Economy:** The Bank has set up a public website viz., 'Database on Indian Economy' (DBIE) for data dissemination. The DBIE can be accessed through the URL- <https://dbie.rbi.org.in>

## Major Publications

Annual	Half-yearly	Quarterly	Bi-monthly	Monthly	Weekly	Reports, Working Papers, etc.
<ul style="list-style-type: none"> <li>Annual Report</li> <li>Report on Trend and Progress of Banking in India</li> <li>Report on State Finances: A Study of Budgets</li> </ul>	<ul style="list-style-type: none"> <li>Financial Stability Report</li> <li>Monetary Policy Report</li> <li>Report on Foreign Exchange Reserves</li> <li>Occasional Papers</li> </ul>	<ul style="list-style-type: none"> <li>Variation to Foreign Exchange Reserves</li> <li>Legal news &amp; views</li> <li>Macroeconomic &amp; Monetary Developments</li> <li>Quarterly statistics on deposits and credit of SCB</li> <li>Surveys - Consumer Confidence, Inflation Expectation, Industrial Outlook, Capacity Utilisation Banking lending, Services &amp; Infrastructure outlook</li> </ul>	<ul style="list-style-type: none"> <li>Survey of Professional Forecasters</li> <li>Surveys- Inflation expectation of household, consumer confidence</li> </ul>	<ul style="list-style-type: none"> <li>RBI Bulletin</li> <li>Monetary &amp; Credit Information Review</li> </ul>	<ul style="list-style-type: none"> <li>Weekly Statistical Supplement</li> </ul>	<ul style="list-style-type: none"> <li>Various Committee Reports, Research Papers, etc.</li> <li>RBI History Volumes</li> </ul>

**For further reference, please visit the Bank's website. In particular, the following documents may be perused:**

- Annual Report: RBI website homepage->Publications->Annual
- RBI Functions and Working: RBI website homepage->Publications->Occasional
- RBI History: RBI Website Home Page- > About Us -> RBI History
- Speeches: RBI Website Home Page-> Speeches & Interviews