

X

GOVERNANCE, HUMAN RESOURCES DEVELOPMENT AND ORGANISATIONAL MANAGEMENT

The Reserve Bank has been entrusted with the responsibility of handling diverse functions ranging from monetary policy, ensuring orderly conditions in the financial markets, regulation and supervision of banks and non-banking financial companies to maintaining financial stability. Governance, human resource development and organisation management is crucial to deliver on these multi-dimensional tasks efficiently. The Reserve Bank has taken several initiatives in recent years covering improved transparency and governance and knowledge initiatives apart from recruitment, training of staff, schemes for higher studies and incentive schemes for attaining professional qualifications by the staff. Some departments of the Reserve Bank were reorganised with a view to harnessing greater synergies. As part of corporate social responsibility, several green initiatives were undertaken by the Bank.

INITIATIVES FOR IMPROVED GOVERNANCE

X.1 The Reserve Bank has been steadily improving its governance in the recent years within its legal structure (Box X.1). The focus on governance has become necessary in view of the increasing complexities of the economy amidst a mandate that is wider than most other central banks. The RBI Act, 1934 indicates that issuance of currency and acting as a monetary authority are core to the RBI functioning. However, the Act also entrusts other functions to the Reserve Bank such as regulation of non-bank financial intermediaries, financial institutions, management of foreign exchange reserves, management of sovereign debt - by statute in respect of central government and by agreement in respect of state governments, regulation of forex, money and government securities markets and their derivatives. Various other statutes also entrust RBI with the responsibility of oversight of payment and settlement systems and strengthens its regulatory and supervisory activities.

X.2 Amidst diverse functions, RBI has created a multi-layered governance structure that allows decision-making to proceed smoothly in accordance with the statutory provisions. It has also taken steps for providing more frequent and more reliable information to the members of its decision-making and advisory bodies. In addition, it has taken steps for improved communication of its decisions or the recommendations made by its advisory bodies (Paragraphs X.19 to X.25).

Meetings of the Central Board and its Committee

X.3 The Central Board held seven regular meetings during the year 2010-11 (July-June). Of these, four were held at traditional metro centres including the post-Budget meeting which was graced by the Hon'ble Finance Minister Shri Pranab Mukherjee, two were held at non-traditional centres and one at Agartala, Tripura where a new office was opened in May 2011.

X.4 Forty six weekly meetings of the Committee of the Central Board (CCB) were held during the year in Mumbai. The CCB attended to the current business of the Bank, including approval of the weekly accounts of Issue and Banking Departments.

Directors/Members of the Central Board/Local Boards – Changes since July 1, 2010

X.5 Smt Usha Thorat, Deputy Governor, retired as at the close of business on November 9, 2010. She was appointed as Director of Centre for Advanced Financial Research and Learning (CAFRAL), Mumbai.

X.6 Smt Shyamala Gopinath, Deputy Governor retired from Bank's service with effect from the forenoon of June 20, 2011. She was appointed Deputy Governor of the Bank on September 21, 2004.

X.7 Shri Anand Sinha took over the office of Deputy Governor of the Bank on January 19, 2011.

Box X.1**Governance Framework in the Reserve Bank**

While Board practices differ widely amongst different central banks (Laybek and Morris, 2004), there has been an increasing focus on governance issues amongst central banks (BIS, 2009; BIS, 2010). The central bank governance deals with the ways in which the governments mandate the central banks certain objectives or sets goals or targets and central banks through their institutional arrangements go about delivering them. It is about how boards, managements and other decision making bodies function in order to deliver the central bank objectives that are mandated. Just as in case of corporate governance, it covers the contractual and legal arrangements and managerial practices.

There are fundamental differences between corporate and central bank governance. Governance in the case of corporate firms is best described as the ways in which the suppliers of finance to the corporations assure themselves of getting return on their investment. However, central bank governance is not about profit maximisation as central bank performs services in nature of public goods. It is about legal foundations, practices, governance and accountability in relation to the mandate it has.

While several central banks, post-crisis have broadened their mandate to perform activities other than monetary policy, the Reserve Bank of India since long been functioning as a full-service central bank in terms of its wide mandate. The Reserve Bank functions as regulator and supervisor of the banks and non-bank financial companies, the payment and settlement systems and regulator of money, forex, government securities and credit markets, banker to the Governments and banks and also as lender of the last resort. The Reserve Bank derives its mandate from the Reserve Bank of India Act, 1934 and from other specific statutes. Keeping in view its mandate, the Reserve Bank continues to strive for improvement in its functioning and raising its governance standards relating to the systems, processes and implementation mechanism in response to the evolving global and domestic situations. What sets apart the Reserve Bank from other central banks is the developmental role it plays in the economy, in particular, in the rural economy as also in responding and reaching out to the needs of the under-privileged people of the society.

Governance Structure*The Central Board of Directors*

The Central Board of Directors appointed by the Government of India is entrusted with the governance functions of the Reserve Bank in accordance with the RBI Act. The Central Board reviews key economic, monetary and financial developments and provides overall direction to the Bank's affairs. The Central Board is assisted by various Committees and Sub-committees for smooth functioning of the affairs of the Reserve Bank.

Committees

The Committee of the Central Board (CCB) with a balanced representation of management representatives and Directors meets every week to attend to the current business of the Bank including approval of the Reserve Bank's weekly accounts pertaining to the Issue and Banking Departments and assist the Central Board in the monitoring of implementation of various policy decisions.

A Board for Financial Supervision (BFS), as a Committee of the Central Board undertakes consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies.

A Board for Payment and Settlement Systems (BPSS) also a Committee of the Central Board, regulates, supervises and ensures smooth operation of the payment and settlement systems. The BPSS is also empowered to set standards for existing and future systems, authorise the payment and settlement systems, determine criteria for membership to these systems, including continuation, termination and rejection of membership.

Sub-committees

The Inspection and Audit Sub-committee examines the critical areas emanating from the Management Audit and Systems Inspection (MASI) of the Central Office Departments and Regional Offices through compliance check and feedback to executive management. The Human Resources Management Sub-committee reviews manpower planning in the Bank and gives necessary approval for addition/upgradation of posts. The Building Sub-committee advises Reserve Bank on various matters, including construction of staff quarters, renovation of office and residential buildings. The Building sub-committee also reviews the utilisation of capital budgets during the year.

Local Boards

Four Local Boards representing as far as possible, the territorial and economic interests of the local co-operatives and indigenous banks of the four regions of the country advise the Central Board on various matters relating to the regional issues of economic interest.

Technical Advisory Committee on Monetary Policy

A Technical Advisory Committee (TAC) on Monetary Policy first constituted in July 2005, advises the Reserve Bank on the stance of monetary policy and monetary measures that may be undertaken in the ensuing policy reviews. It comprises the Governor as chairman, the Deputy Governor in charge of monetary policy as the vice chairman and other three Deputy Governors as members. Besides, the committee has five external members who are appointed by the Governor. The role of the TAC is advisory in nature and

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(...Concl.)

the responsibility, accountability and time path of the decision making remains entirely with the Reserve Bank. The minutes of the meetings of the TAC are now being posted on the RBI website with a time lag.

Other Senior Management Group/Committee

A Top Management Group (TMG) under the Chairmanship of Governor and attended by DGs, EDs and select HODs of the Reserve Bank, meets once in a month and discusses key issues and prepares strategy for the future course of action in the short and medium term. A Committee of Deputy Governors meets at regular intervals to discuss and decide on various policy matters referred to it. Governor chairs several sideline meetings generally held during Central Board meetings and also during his visits to the Regional Offices. The Governor meets the departmental heads and direct recruits of the Regional Offices, bankers of the region as also senior State Government officials and discusses various specific developmental and implementational issues. The decisions taken in these meetings are followed-up with the entities concerned for implementation.

Improving Governance

The Reserve Bank is not an inflation targeting central bank and there is no formal memorandum of understanding (MoU) or a 'Results Agreement' between the Government and the Reserve Bank. Nevertheless, the Reserve Bank has functioned independently within a broad two-way consultative process with the Government. It has taken several steps for improved governance by wide consultations for policy formulation and for intensive policy interactions communicating its stance, action, expected outcomes, policy

successes and failures through several channels (Subbarao, 2011). This has enhanced autonomy and accountability even in the absence of formal mechanism. The Reserve Bank has made extensive use of communication policy with the objective of transparency, timeliness and credibility. The Reserve Bank communicates by way of website, publications, press releases, press meets, periodicals, monetary policy statements, speeches of Governor / Deputy Governors, daily / weekly statistical dissemination and interaction with the media. The Reserve Bank reiterates its resolve towards transparency and responsibility to the members of the public and other stakeholders through these public responses, thus enhancing accountability.

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X.8 Shri R Gopalan, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India was nominated on the Central Board of the Bank with effect from February 15, 2011 in place of Shri Ashok Chawla, who retired at the close of business on January 31, 2011.

X.9 Shri Harun Rashid Khan took over the office of Deputy Governor of the Bank on July 4, 2011

X.10 Shri Kamal Kishore Gupta, Chartered Accountant and Shri Mihir Kumar Moitra were appointed as members of the Local Board (Northern Area) with effect from August 26, 2010 and September 24, 2010, respectively.

X.11 Md Sohrab was appointed to the Local Board (Eastern Area) on December 28, 2010. His resignation

was accepted with effect from May 13, 2011 consequent upon his becoming a Member of the Legislative Assembly of West Bengal.

Appointment/Retirement of Executives

X.12 Shri C. Krishnan, Executive Director, retired from the Bank's service as at the close of business on February 28, 2011.

X.13 Shri S. Karuppasamy and Shri R. Gandhi were appointed as Executive Directors with effect from February 02, 2011 and March 01, 2011, respectively. Shri P. Vijaya Bhaskar and Shri B. Mahapatra were appointed as Executive Directors with effect from June 13, 2011. Shri G Padmanabhan was appointed as the Executive Director with effect from July 4, 2011.

Awards

X.14 Shri Azim Premji, Director of the Central Board as also Shri Montek Singh Ahluwalia and Dr. Vijay Kelkar, former Government Directors of the Central Board of the Bank were conferred Padma Bhushan Award on Republic Day, 2011 for Trade and Industry and Public Affairs, respectively.

Obituary

X.15 Prof. Suresh D. Tendulkar (72), Director of the Central Board of the Bank passed away on June 21, 2011 at Pune. Prof. Tendulkar was an outstanding scholar and was widely respected across the academic and civil society for his ability to apply economic theory and insights to real world problems of poverty and inequality. He was most known for his extensive work on poverty and had also written extensively on Indian development issues and policies, including liberalization and globalization. He was a former Chairman of the Prime Minister's Economic Advisory Council. He was nominated on the Bank's Central Board on June 27, 2006. Prof. Tendulkar was also a member of the Eastern Area Local Board and a member of Human Resource Sub-Committee of the Bank.

X.16 Smt Shashi Rajagopalan (60), Director on the Central Board of the Reserve Bank passed away on August 5, 2011 at Hyderabad. She was nominated on the Central Board on June 27, 2006 and was a member of the Board for Financial Supervision. She was also a RBI nominee on the Board of National Bank for Agriculture and Rural Development (NABARD) and Chairperson of the Audit Committee constituted by its Board. Smt Rajagopalan promoted credit co-operatives among rural women. She was a member of expert committee to review co-operative laws set up by International Labour Organisation (ILO). She had a long and illustrious career with several civil society organisations. She was actively involved in the watershed development in the country. She was a member of the Sub-Committee of the Central Board to study 'Issues and Concerns in MFI Sector'.

Visit of Foreign Dignitaries

X.17 During the year, 38 delegations from seventeen countries visited the Bank. The delegations held interactive meetings with the Governor and other senior executives. A wide spectrum of issues came up for discussion, including the functions and policies of the Reserve Bank, facets of monetary policy, banking supervision, economic policy, trade and bilateral relations.

X.18 Several high profile dignitaries visited the Bank during 2010-11 including, *inter alia*, the Rt. Hon. George Osborne, UK Chancellor of the Exchequer, U. S. Secretary of Commerce Gary Locke, Senator Christopher J. Dodd, Chairman of the Banking, Housing and Urban Affairs Committee, USA, The Lord Mayor of the City of London Alderman Nick Anstee, Lord Stephen Green, Minister of State for Trade and Investment, UK, H.E. Dr. Yuval Steinitz, Minister of Finance, Israel, Prof. Stanley Fischer, Governor, Bank of Israel, Mr. Rundeersing Bheenick, Governor of Bank of Mauritius, and Dr. Ngozi Okonjo-Iweale, Managing Director of World Bank (Annex II). These high level visits helped in exchange of ideas and signified the keen interest taken by the world community to understand India's economic and financial sector policies, which had enabled the country to successfully cope with the global crisis.

INITIATIVES FOR IMPROVED COMMUNICATION

X.19 The Reserve Bank has been striving towards a transparent communication policy and has taken several initiatives in this direction. Its publications have become concise with precise messages. The publications include the two statutory publications - the Annual Report and the Report on Trend and Progress of Banking in India - and other publications such as the Report on Currency and Finance, as also the Monetary Policy and the Macroeconomic and Monetary Developments. Accompanied by crisp press releases, these publications are well-read and commented upon by researchers and analysts as well as by media.

Monetary policy communication

X.20 With a view to further improving monetary policy communication three new initiatives were taken by the Reserve Bank during 2010-11. First, it started teleconferencing with researchers and analysts after announcing the annual and mid-term policies, as also after the two quarterly policies. This enabled a first hand understanding of the rationale of the policy directly from policy makers. Second, from April 2011, it started live telecast of the Governor's statement to the bankers, which enabled the Reserve Bank to bring in public domain the stance of the policy directly from the Governor before the market begins to analyse the policy. Third, it has started disseminating minutes of the Technical Advisory Committee on Monetary Policy with a lag, as per the best international practices.

Promoting interaction with stakeholders for better understanding

X.21 In an effort to promote research, the Reserve Bank has been holding seminars on its research publications relating to monetary policy, surveys done by the Reserve Bank as a precursor to monetary policy, regulatory issues and on developmental measures such as financial inclusion. These seminars have helped in increasing interaction with various stakeholders and promoted a better understanding. Workshops on central banking functions for journalists who follow central banking were also organized which contributed towards creating a better understanding between the media and the central bank. Sessions on financial literacy aimed at educating the audience about functions and working of the Reserve Bank were also organised.

X.22 As part of its financial literacy initiatives, regular educational visits to the Central Office of the Reserve Bank are organised for students as well as senior citizens and young entrepreneurs. The participants get an opportunity to visit the Monetary Museum to get a glimpse of the Reserve Bank's history and the National Clearing Cell to see the cheque clearing process. An interactive session with Reserve Bank executives is also part of these visits.

Starting from 2008 till date, more than 150 educational visits have been conducted.

Outreach Programmes

X.23 During its Platinum Jubilee last year, the Reserve Bank had launched an 'outreach' programme in which the senior management of the Reserve Bank visited remote villages across the country to create awareness about banking and central banking. This has proved to be an immensely rewarding learning experience for the Reserve Bank and it was decided to continue the outreach programme as a regular activity through 2010-11.

X.24 In an effort to bring the central bank closer to the common man, the Reserve Bank has decided to conduct one town hall event every year. The event for 2010 was conducted in Chandigarh, with student community as the main audience. A newsbition was created out of Mint Road Milestones - the Reserve Bank's Platinum Jubilee publication brought out in 2010 that recorded milestones in the Reserve Bank's history largely drawing from reports and photographs appearing in newspapers. After its inaugural run in Kolkata in December 2010, the newsbition is now scheduled to travel to ten centres, mainly second tier and remote cities.

X.25 The Reserve Bank also continued to make extensive use of its web-site to communicate with external audiences. The site today has nearly 53,000 registered users. The size of the regional language websites has also increased significantly.

Right to Information Act (RTI), 2005

X.26 As part of its transparency goal and as part of the statutory obligations, RBI has been providing the necessary information under the RTI Act. The heads of various Central Office Departments and the 15 Banking Ombudsmen have been designated as Central Public Information Officers (CPIOs), with Executive Director (Shri V. S. Das) as the Appellate Authority. In compliance with the directions of the Central Information Commission (CIC), the Chief General Manager-in-Charge of Department of Administration and Personnel Management has been designated as the Transparency Officer.

X.27 The number of requests for information under RIA has increased from 3,333 in 2008-09 (July-June) to 4,350 in 2009-10 and further to 5,087 in 2010-11. During 2010-11 (July-June) about 97 per cent of requests had been responded.

X.28 The Bank has initiated steps to digitise all the records which are frequently required for furnishing the information sought under the RTI Act. In compliance with the directions of the CIC, the Reserve Bank of India has formulated indicative negative list/classes of information which the Reserve Bank considers as exempt from disclosure under the provisions of the RIA. This list was approved by the Committee of the Central Board and has been hosted on the Bank's website.

HUMAN RESOURCE DEVELOPMENT INITIATIVES

Training / deputation / higher studies / distance learning

X.29 The Reserve Bank continued to provide avenues for skill upgradation to its staff, with a view to enhance the quality of human capital in the Bank. The two training establishments of the Reserve Bank, viz., the Reserve Bank Staff College (RBSC), Chennai and the College of Agricultural Banking (CAB), Pune cater to the training needs of the officers of the Reserve Bank and the banking industry and serve the objectives for human resource development. They have been consistently striving for skill upgradation, while modernising the techniques for imparting

training as well as revamping the course content in response to the evolving challenges for central banks and the changing needs for training in the banking sector. The four Zonal Training Centres (ZTCs) mainly focus on training of Class III and IV staff of the Reserve Bank (Table X.1).

Repositioning of Zonal Training Centres (ZTCs)

X.30 The Zonal Training Centres (ZTCs), established in 1963, at the four metros were mandated to cater to the training needs of workmen employees of the Bank. The capacity and infrastructure of these institutes were underutilised while the colleges were finding it difficult to cope up with the increase in training requirements. The ZTCs have therefore been repositioned as training centres for officers in basic skill building, both functional and soft. They will, however, continue to conduct training programmes for workmen employees also.

Training at external institutions

X.31 During 2010-11, 1,090 officers were deputed by the Bank to participate in training programmes, seminars and conferences organised by external management/banking institutions in India. A number of Class III and Class IV employees were also deputed for training in external institutions in India during the year. In addition, 166 Class III employees and 295 Class IV employees were deputed for in-house programmes within the Bank. The Reserve Bank deputed 578 officers to attend training courses, seminars, conferences and workshops conducted by

Table X.1: Reserve Bank Training Establishments - Programmes Conducted

Training Establishment	2008-09(July-June)		2009-10(July-June)		2010-11 (July-June)	
	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants
1	2	3	4	5	6	7
RBSC, Chennai	149	3,015	143	2,960	147	2,904*
CAB, Pune	161	4,867	160	4,885	162	4,951@
ZTCs (Class I)	17	370	47	1,066	57	1,140
ZTCs (Class III)	150	2,602	112	1,826	87	1,310
ZTCs (Class IV)	64	1,329	63	1,214	70	1,422

* : Includes 19 concurrent auditors, 4 chartered accountants and 31 foreign participants.

@: Includes 29 foreign participants.

RBSC: Reserve Bank Staff College.

CAB: College of Agricultural Banking.

ZTC : Zonal Training Centre.

Table X.2: Number of Officers Trained in External Training Institutions in India and Abroad

Year	No. of officers trained in India	No. of officers trained abroad
1	2	3
2008-09	718	426
2009-10	1,104	553
2010-11	1,090	578

banking and financial institutions and multilateral institutions in more than 34 countries (Table X.2).

X.32 Four officers were selected during the year under the Golden Jubilee Scholarship Scheme for higher studies abroad during 2011-12. Under this scheme, officers of the Bank get an opportunity to pursue courses in leading international universities. In all, 103 officers have been selected under this scheme since its inception in 1986. One officer was selected during the year under the scheme of sponsoring officers for two-years Post Graduate Programme in Banking and Finance (PGPBF) at NIBM, Pune. Six officers of the Bank availed study leave under different schemes for pursuing higher studies during the year. Furthermore, 450 employees availed the benefits under the incentive scheme for pursuing select categories of part-time and distance education courses during 2010-11.

Joint India-IMF Training Programme (ITP)-Pune

X.33 The Reserve Bank of India and the International Monetary Fund jointly established the Joint India-IMF Training Program (ITP) at NIBM, Pune in May 2006 to impart policy oriented training in economics and related operational areas to Indian officials (from Central Government, State Governments, Reserve Bank and other regulatory bodies) and the officials of countries from South Asia and East Africa. The ITP serves as a platform to disseminate policy lessons learned in other parts of the world and as a forum to discuss regional issues. During the year, six programmes were conducted under this joint training initiative covering topics, *inter-alia*, on macroeconomic management and financial sector issues, government finance statistics, microeconomic diagnostics, monetary and financial

statistics and anti-money laundering and combating the financing of terrorism. In all 36 participants from the Reserve Bank took advantage of this training facility in 2010-11.

Operationalisation of CAFRAL

X.34 Launched by the Prime Minister, Dr. Manmohan Singh, CAFL has been set up as a Society on April 19, 2007 and subsequently as a Trust under the Bombay Trust Act 1950. The Centre is a non-profit organization. A Concept Committee for CAFL under the chairmanship of Dr. Ashok S. Ganguly was set up in 2009 which laid down the focus areas for CAFL. The Committee also recommended, *inter alia*, change of name of Centre from Centre for Advanced Financial Learning (CAFL) to Centre for Advanced Financial Research and Learning (CAFRAL). The CAFRAL has in place a Governing Council, chaired by the Governor of Reserve Bank of India.

Creation of Human Resource Management Department (HRMD)

X.35 Consequent upon the amalgamation of the functions of the erstwhile Department of Administration and Personnel Management (DAPM) and Human Resources Development Department (HRDD), a new department called Human Resource Management Department (HRMD) has been created in the Bank. Governor inaugurated the Department on August 3, 2011. With this merger, it is expected that there would be greater synergy between framing of human resource policies in Reserve Bank and their execution.

INITIATIVES IN ORGANISATION MANAGEMENT

X.36 The Reserve Bank during the year moved to reposition it as a knowledge institution, driving greater focus on the Bank's strategic imperatives and related capacity building measures, undertaking a diagnostic study of engagement levels amongst the Bank's personnel, developing improved ways of employee collaboration and designing clearer and cascaded communication strategies.

Knowledge Initiative

X.37 Knowledge is a multi-dimensional phenomenon, reflected in an organisation through both people and processes. Consequently, to be effective, a Knowledge Policy must articulate objectives and strategies related to both people and processes. With this in mind, the Reserve Bank's Knowledge Policy has been designed with two sets of objectives, short term and medium term (Box X.2).

Reorganisation of Departments

X.38 The Reserve Bank has been increasingly relying on research to provide a more scientific basis for its policy-making. The economic research and

analysis requirement of the Bank has increased significantly over last several years, as the economic and operational environment in which the Bank operates has turned increasingly more complex and dynamic. In this context, it was felt necessary to streamline the organisational structure of Department of Economic Analysis and Policy (DEAP), by better aligning the Department's work to the research and analytical needs of the Bank. Based on the report of an Internal Committee, the department was reorganised with thematic units reflecting the core areas of research. The name of the department was also changed to "Department of Economic and Policy Research (DEPR)" from September 2010.

Box X.2 Knowledge Initiative

There is now a fundamental rethinking of the principles of organising, resulting in a quest for designs that are inherently flexible, highly oriented towards problem solving and has a bias for continuous learning through experimentation. The shift is now distinctly to organisations and industries referred to as 'knowledge-based' as opposed to the asset-based model of value creation in traditional organisations and industries.

As work gets increasingly knowledge intensive, there is an emergent need to convert institutions into Knowledge Institutions. Reserve Bank of India has also been seized of this and has, therefore, recently initiated a reorientation initiative which puts a premium on enhancing the knowledge content of all its work practices.

Knowledge is a multi-dimensional phenomenon, reflected in an organisation through both people and processes. Consequently, to be effective, a Knowledge Policy must articulate objectives and strategies related to both people and processes. To the extent that significant change is called for on both fronts, abruptness can be disruptive. The Policy should phase in change so as to minimise disruption in current work practices even while enhancing the knowledge content of these practices.

With this in mind, RBI's Knowledge Policy has been designed with two sets of objectives, differentiated by time horizon. Short-term objectives articulated by the Policy provide the basis for immediate actions, which are intended to exploit available opportunities for knowledge enhancement within existing process and people arrangements. Medium-term objectives are more ambitious, seeking to significantly enhance the role of knowledge in decision-making and implementation by the Bank. These will require changes in both processes and people policies.

The Reserve Bank's Senior Management Retreat for the year 2010 provided a number of inputs for follow-up actions for knowledge management by the Bank. Some of these were consistent with a short-term horizon, while others called for discontinuous change in organisational policies and, therefore, were consistent with a medium-term timeframe.

The Knowledge Policy of the Reserve Bank aims at facilitating the flow of knowledge through the organisation so as to enhance the quality of decision-making and implementation and to initiate a culture of information and knowledge sharing by departments and individuals. It also has medium-term objectives of integrating knowledge into placement and transfer decisions and to design career paths for junior officers.

Apart from deputation on trainings, Reserve Bank has undertaken a number of initiatives to enhance the knowledge base and skills of its human resources. These include (a) Leveraging technology for revamping the Bank's "Enterprise Knowledge Portal" - which helps the employees in keeping abreast of the latest happenings both inside and outside the organization - with a focus shift from information to knowledge customization; (b) Setting up in-house groups across the Bank's offices which, *inter alia* hold seminars on important and emerging issues as also organize broad-based Study Circles in the Bank for discussing and debating ideas and issues of mutual interest and concern; (c) Building up well-stocked libraries at all the offices of Reserve Bank; (d) The 'Knowledge Sharing Series' where external experts are invited to deliver lectures on diverse areas ranging from subjects of general interest, issues of public concern, health, personal investments to women's empowerment; and (e) The 'thematic video conference' every month which is an initiative towards information dissemination within the Bank on important developments in various work areas.

X.39 The vision of DEPR is to be a knowledge centre in policy-oriented research in monetary, financial, banking, international and macroeconomic issues. The management information system (MIS) of DEPR has been strengthened with a view to providing a quick snapshot of data and information coupled with analytical inputs in an integrated format to the top management. A near and medium term research agenda has been formulated to generate research output, which could form inputs for taking policy decisions on wide range of macroeconomic issues.

X.40 In the wake of financial crisis, increased globalisation and changes in monetary and banking regulatory policies, the need for quality and timely statistics as inputs to policy making has been greater than ever before. With the monetary policy announcements becoming more frequent, need for high frequency forward looking information, mostly collected through surveys, has become essential. Against this background, in 2010, the Department of Statistics and Information Management (DSIM) has reorganised and reoriented its statistical activities around data generation, data management, data dissemination, surveys, analysis and research. With a view of disseminating key macroeconomic data more frequently, the 'Handbook of Statistics on Indian Economy' has been made available on near real time basis on the Reserve Bank's web-site.

X.41 A new publication *viz.* 'RBI Working Paper Series' was introduced as an exclusive web publication to provide platform to the Reserve Bank's Staff for presenting their research papers as well as to receive feedback from informed researchers, with the first issue in the series commencing from March 2011. The RBI Working Paper Series would focus on quick analytical research on issues and challenges of contemporary relevance to the Bank. In addition, 'RBI Occasional Papers' continued to disseminate the research work of RBI Staff on broad range of issues, which have been at the forefront of policy discussions, with specific periodicity. Researchers of the Bank have also published several research articles in referred economic domestic as well as international journals.

Promotion of external research activities

X.42 The broad categories of financial assistance provided by the Reserve Bank for promoting external research include: (a) establishment of RBI Chairs in Universities/ Research Institutions, (b) initiating Development Research Group (DRG) Studies, (c) financing of projects, (d) funding seminars/conferences/workshops, (e) financial support for publication of research journals and (f) scholarship scheme for faculty members from academic institutions.

X.43 In pursuance of the recommendations of the Expert Committee (Chairman: Dr. Bimal Jalan) and taking into account case-by-case analysis of functioning of the existing RBI Chairs, suggestions expressed during interaction with the Chair Professors and norms of pay structure announced in the 6th Pay Commission for UGC Professors, it was decided to enhance the corpus fund for RBI Chairs to Rs. 4 crore and also to strengthen the guidelines for operating various external research schemes. At present, there are 17 RBI Chairs (of which, corpus fund in one RBI Chair is being recalled due to non-compliance of terms and conditions) and two new RBI Chairs have been established to support research activities in emerging areas. Following the recommendations of Dr. Jalan Committee, a Steering Committee on Economic and Policy Research (SCEPR) was constituted with Deputy Governor-in-Charge of Research Departments as Chairman and Executive Director-in-Charge of Research Departments as Vice-Chairman and few distinguished academicians and senior officers of the Reserve Bank as members. The objectives of the Committee include preparing the research agenda and identifying research areas for external research, reviewing and ensuring accountability, transparency and usefulness of research activities funded by the Bank. Three sub-Committees have also been formed to assist SCEPR in achieving its objectives.

Performance Appraisal

X.44 With a view to bringing about transparency in the appraisal process, it has been decided to allow

all officers to view their Performance Appraisal Reports (PAR) after finalisation of the same by the Review Committee. Further, a redressal mechanism to hear appeals, if any, from officers on communication of the entries made in their PAR has also been put in place by designating appellate authorities for officers in all grades.

Engagement Survey

X.45 As part of its organisational development initiatives, the Bank took up, during 2010-11, an Employee Engagement Survey for gauging the engagement levels of its employees across its offices. One of the Bank's empanelled consultants, *i.e.* Aon Hewitt Consultancy got the survey done for the Bank. While the engagement level of the staff has been found to be high, the survey brought out specific areas where engagement appears to be low. Focus on these areas is on the anvil.

Grants and Endowments

X.46 The Reserve Bank has catalysed the creation of four research and training institutions in India, *viz.*, (i) Indira Gandhi Institute of Development Research (IGIDR), Mumbai; (ii) National Institute of Bank Management (NIBM), Pune; (iii) Indian Institute of Bank Management (IIBM), Guwahati; and (iv) Institute for Development and Research in Banking Technology (IDRBT), Hyderabad apart from its own training colleges. During the year 2010-11, Reserve Bank extended financial support of ₹1,800 lakh, ₹263 lakh and ₹75 lakh to IGIDR, NIBM and IIBM, respectively.

Industrial Relations

X.47 Industrial relations in the Bank remained peaceful during the year 2010-11. Recognising the significance of designing reasonable compensation packages for appropriate harnessing of human capital, the pay and allowances of all categories of employees in the Reserve Bank were revised during the year, effective November 01, 2007. These changes have reflected the Reserve Bank's positive approach for organisational development through enhanced productivity strategies and better work-life balances for its employees.

Table X.3: Recruitment by the Reserve Bank – 2010*

Category of Recruitment	Total	of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	109	13	08	11.9	7.3
Class III	3	0	0	0.0	0.0
Class IV					
(a) Maintenance Attendant	8	5	1	62.5	12.5
(b) Others	45	0	3	0.0	6.7
Total	165	18	12	10.9	7.3

* : January-December.

Recruitment

X.48 During 2010 (January-December), the Reserve Bank recruited 165 employees. Of this, 18 belonged to Scheduled Castes (SCs) and 12 to Scheduled Tribes (STs) categories, constituting 18.2 per cent of total recruitment (Table X.3).

Staff Strength

X.49 The total staff strength of the Reserve Bank as on December 31, 2010 was 19,207 as compared to 20,295 a year ago (Table X.4 and Chart X.1). Of the total staff, 21 per cent belonged to Scheduled Castes and 8.9 per cent belonged to Scheduled Tribes.

Chart X.1: Total Staff Strength of the Reserve Bank

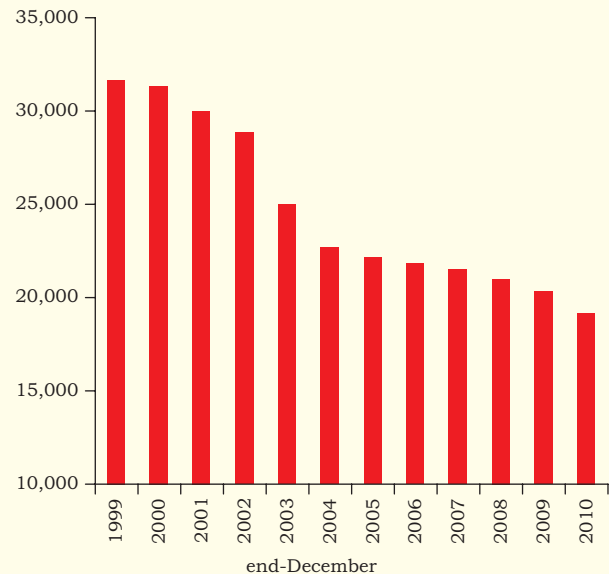


Table X.4: Staff Strength of the Reserve Bank

Category	Total Strength						Per cent to Total Strength	
	Total Strength		SC		ST		SC	ST
	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2010	
1	2	3	4	5	6	7	8	9
Class I	9,430	8,754	1,365	1,277	658	598	14.6	6.8
Class III	3,789	3,604	596	554	439	422	15.4	11.7
Class IV	7,076	6,849	2,300	2,200	710	688	32.1	10.0
Total	20,295	19,207	4,261	4,031	1,807	1,708	21.0	8.9

X.50 During the year 2010 (January-December), meetings between the management and the representatives of the All India Reserve Bank Scheduled Castes/Scheduled Tribes and the Buddhist Federation were held on four occasions to discuss issues relating to the implementation of reservation policy in the Reserve Bank. In accordance with the Central Government's policy, the Reserve Bank provided reservation to Other Backward Classes (OBCs) effective September 8, 1993. The representation of OBCs (recruited after September 1993) in the Reserve Bank as on December 31, 2010 stood at 942. Of these, 335 were in Class I, 82 in Class III and 525 in Class IV.

X.51 One meeting was held between the management and the representative of the All India Reserve Bank OBC Employees' Welfare Association to discuss issues relating to implementation of reservation policy in Reserve Bank.

X.52 The total strength of ex-servicemen in the Reserve Bank as on December 31, 2010 stood at 216 in Class I, 113 in Class III and 728 in Class IV. The total number of physically handicapped employees in Class I, Class III and Class IV cadres in the Reserve Bank stood at 245, 81 and 136, respectively, as on December 31, 2010.

X.53 Of the total staff, 45.6 per cent belonged to Class I, 18.8 per cent to Class III and the remaining to Class IV (Table X.5).

X.54 Mumbai centre (including the Central Office Departments) continued to have the maximum number of staff (of about 30 per cent) (Table X.6).

Opening of Sub-Office of RBI at Agartala (Tripura)

X.55 The Agartala Sub-Office of the Reserve Bank was opened on May 19, 2011, thus making Tripura the second state in the North-East after Assam to have an office of the Bank. The new office will further co-ordination with banks, State Government, local authorities, etc. so as to ensure that targets under

Table X.5: Category-wise Staff Strength

(As on December 31, 2010)

Class	Actual Strength
1	2
A. Class I	8,754
1. Senior Officers in Grade F	93
2. Senior Officers in Grade E	228
3. Senior Officers in Grade D	391
4. Officers in Grade C	939
5. Officers in Grade B	1,339
6. Officers in Grade A	5,652
7. Treasurer	11
8. Deputy Treasurer	34
9. Assistant Treasurer	67
B. Class III	3,604
1. Sr. Assistant	1,154
2. Assistant	876
3. Secretarial assistant	116
4. Word Processor Assistant	365
5. Special Assistant (Teller)	608
6. Class III (Others)	485
C. Class IV	6,849
1. Maintenance Staff	1,470
2. Service Staff	4,411
3. Technical Staff	202
4. Other Staff	766
Total Strength in the RBI (A+ B+C)	19,207

Table X.6 : Reserve Bank's Office-wise Strength of Staff

(As on December 31, 2010)

Office (including sub-offices)		Class I	Class III	Class IV	Total
1	2	3	4	5	6
1.	Ahmedabad	379	179	298	856
2.	Bengaluru	468	145	260	873
3.	Belapur	155	68	233	456
4.	Bhopal	184	26	96	306
5.	Bhubaneswar	209	73	227	509
6.	Chandigarh	199	34	114	347
7.	Chennai	541	316	517	1,374
8.	Dehradun	11	2	3	16
9.	Gangtok	4	0	0	4
10.	Guwahati	244	99	219	562
11.	Hyderabad	353	127	294	774
12.	Jaipur	290	125	226	641
13.	Jammu@	102	8	61	171
14.	Kanpur	285	182	393	860
15.	Kochi	52	44	44	140
16.	Kolkata	701	417	671	1,789
17.	Lucknow	200	58	135	393
18.	Mumbai	972	534	1,152	2,658
19.	Nagpur	300	250	275	825
20.	New Delhi	594	275	409	1,278
21.	Panaji, Goa	7	4	2	13
22.	Patna	258	69	286	613
23.	Pune-CAB-CRDC-ITP	69	19	84	172
24.	Raipur	12	0	0	12
25.	Ranchi	11	0	0	11
26.	Shimla	7	0	0	7
27.	Thiruvananthapuram	218	71	167	456
A.	Total	6,825	3,125	6,166	16,116
B.	CODs #	1,929	479	683	3,091
	Grand Total	8,754	3,604	6,849	19,207

CAB : College of Agricultural Banking.

CRDC : Central Records and Documentation Centre.

ITP : IMF Training Programme, Pune

@ : Includes Srinagar Sub-Office.

: Central Office Departments

Note: Agartala Sub-Office was opened on May 19, 2011.

special dispensation scheme and roadmap for providing banking services in villages with population of more than 2,000 under financial inclusion plans are met, as also to ensure that banks take initiative to inculcate the habit of banking amongst the 'no-frills' account holders. It would also explore new avenues for credit so as to improve the CD ratio for the state and monitor availability of good quality currency notes.

Rajbhasha

X.56 The Reserve Bank continued with its efforts to promote the use of Hindi in its working during 2010-11 in pursuance of the statutory requirements of

Rajbhasha policy. During the year, several Hindi training programmes were conducted. A quarterly Hindi magazine on banking viz. "Banking Chintan-Anuchintan", containing original Hindi articles, with its special issue on 'Co-operative Banking', was published. A reporting package on Rajbhasha was made live ensuring online submission of quarterly reports regarding the use of Hindi by the Regional Offices (ROs)/ Central Office Departments (CODs) of the Bank. Rajbhasha Officers' conference as well as region-wise review meetings with the concerned Rajbhasha Officers were held to monitor the progress made in the use of Hindi. All the handouts were made available in bilingual form in its training colleges and the Bank continued to bring out various publications in bilingual form i.e. both in Hindi and English.

Management of the Bank's Premises

X.57 Premises Department continued its efforts towards providing residential accommodation to the officers in a planned way during the year. In all, six projects including four projects for officers' flats and two projects for student hostels in IGIDR and RBSC have been taken up under 'design and build (DB)' mode, which are expected to be completed by mid-2013. All these buildings will be developed as one single project, which is first of its kind in the Bank. The contractor viz. M/s Shapoorji Pallonji & Co. Ltd. would be responsible for the planning, designing, obtaining permission from the controlling civic authorities and executing them, while Premises Department will monitor the mile stone events of the project with a view to complete the projects as per the specified quality and time.

The Green Initiatives

X.58 As a part of the Bank's corporate social responsibility, many initiatives aiming at environment preservation and protection have been undertaken. Premises Department undertakes energy as well as water audit to identify areas of wastages and devise more efficient ways of resource utilisation. New equipments for performance measurements on use of water and electricity have been installed at various points in Central Office Building. Further, most of the

old central air-conditioning equipments have been replaced with new energy efficient air-conditioning equipments using environment friendly refrigerants and the remaining equipments will also be replaced in the next two years.

X.59 The old lift equipments are being replaced with new energy efficient equipments based on 'variable voltage variable frequency (VVVF)' technology with microprocessor based smart traffic management systems. As a pilot project, recently an exercise has also been taken up for Carbon Footprint mapping for the Central Office Building. As a result of all these efforts, 24 of the Reserve Bank's office buildings have received star ratings from the Bureau of Energy Efficiency, Ministry of Power. The new building construction projects being undertaken are as per the latest green building requirements.

Internal Audit/Inspection in the Reserve Bank

X.60 Inspection Department examines and evaluates systems, processes and controls to provide objective feedback to the top management regarding health of various offices / departments of the Bank. A compendium of Information Systems (IS) audit guidelines covering both generic as well as application specific areas was prepared and circulated during 2010-11 to all stakeholders. The five regional offices were covered under Risk Based Internal Audit (RBIA) during the year 2010-11 in an endeavor to qualitatively enhance audit process. Management audit of four

offices of Banking Ombudsman (BO) were also carried out during the year. Technology audit of Enterprise Knowledge Portal (EKP), Mail Message Service (MMS) and Integrated Computerised Currency Operations Management System (ICCOMS) were also carried out by external experts during the year.

X.61 Quality assurance of Inspection Department was carried out by a team from Institute of Internal Auditors (IIA) in December 2010, which conferred the highest rating viz. 'generally conforms' on the Department. Based on suggestions of the audit, an internal group was constituted with some Central Office Departments of the Bank to prepare criticality matrices to facilitate and support Enterprise Risk Management (ERM) and RBIA implementation for the Bank. Action is also initiated with all CODs in identification of functional risks and updation of risk registers and with all CODs and ROs in building up 'Incident Database'. A system of IS audit on continuous assurance basis (akin to concurrent audit) was introduced initially at four metro offices with external assistance.

X.62 Department of Economic and Policy Research (DEPR) received ISO 9001-2008 certification during the year. ISO certification process initiated at eight ROs is at final stage. Information Security Management System (ISMS) certification of Central Accounts Section (CAS), Nagpur and FMD, Mumbai was completed during the year.