

XII

THE RESERVE BANK'S ACCOUNTS FOR 2021-22

The year 2020-21 was a transition year for the Reserve Bank as the accounting year was changed from 'July to June' to 'April to March' and therefore, the accounting year 2020-21 was of nine months period, i.e., 'July 2020 to March 2021'. Thus, data presented in the Chapter for the current year, i.e., 2021-22 and earlier years (July to June) are for twelve months as compared to the nine months period for the previous year (July 2020 to March 2021). The size of the Reserve Bank's balance sheet increased by 8.46 per cent as on March 31, 2022, mainly reflecting its liquidity and foreign exchange operations during the year. While income for the year increased by 20.14 per cent, expenditure increased by 280.13 per cent. The year 2021-22 ended with an overall surplus of ₹30,307.45 crore as against ₹99,122 crore in the previous year, resulting in its decrease of 69.42 per cent.

XII.1 The balance sheet of the Reserve Bank plays a critical role in the functioning of the country's economy, largely reflecting the activities carried out in pursuance of its currency issue function as well as monetary policy and reserve management objectives.

XII.2 The form and content of the balance sheet and income statement have undergone changes over the years based on the recommendations of certain committees (Box XII.1).

Box XII.1

Form of Presentation of the Balance Sheet and Income Statement

The form and presentation of the balance sheet and income statement of the Reserve Bank has been prescribed in the RBI General Regulations, 1949. Over the years, there have been changes in the form of presentation of the balance sheet and income statement based on the recommendations of certain Committees.

The recommendations of the Technical Committee I (Chairman: Shri Y. H. Malegam) in respect of form and content of the financial statements were implemented from the year 2014-15. Based on this, following changes have been introduced – (i) the Issue and Banking Department balance sheets were merged to prepare a single balance sheet displaying at one place the total liabilities and assets of the Reserve Bank (however, the assets and liabilities of Issue Department are shown distinctly on the face of the single balance sheet); (ii) only main items of assets and liabilities are reported in the balance sheet while related details are given in accompanying schedules; (iii) as details are given in the schedules, items of similar nature are grouped and shown as a single item; (iv) the nomenclature of 'Profit and Loss Account' has been changed to 'Income Statement'; and (v) since interest income is major source of

income, all items of non-interest earning nature have been grouped under a single head and shown as 'Other Income'. Single income statement continues to be prepared for the Reserve Bank as a whole.

Subsequently, based on the recommendations of the Expert Committee to review the Economic Capital Framework of the Reserve Bank (Chairman: Dr. Bimal Jalan), certain changes have also been introduced from the year 2020-21. These include – (i) change in accounting year of the Reserve Bank from 'July to June' to 'April to March', in sync with the Government's fiscal year; (ii) with a view to providing a more transparent presentation of RBI's Annual Accounts in respect of the components of economic capital, the 'Risk Provisions (Contingency Fund and Asset Development Fund)' and the balance in the 'Revaluation Accounts' which earlier formed part of the balance sheet head 'Other Liabilities and Provisions', are now shown as distinct balance sheet heads; and (iii) as risk provisions are shown separately now, the nomenclature 'Other Liabilities and Provisions' has been changed to 'Other Liabilities'.

Source: RBI.

Table XII.1: Trends in Income, Expenditure and Net Income

(Amount in ₹ crore)

Item	2017-18	2018-19	2019-20	2020-21	2021-22
1	2	3	4	5	6
a) Income	78,280.66	1,93,035.88	1,49,672.46	1,33,272.75	1,60,112.13
b) Total Expenditure ¹	28,276.66 ²	17,044.15 ³	92,540.93 ⁴	34,146.75 ⁵	1,29,800.68 ⁶
c) Net Income (a-b)	50,004.00	1,75,991.73	57,131.53	99,126.00	30,311.45
d) Transfer to funds ⁷	4.00	4.00	4.00	4.00	4.00
e) Surplus transferred to the Central Government (c-d)	50,000.00	1,75,987.73	57,127.53	99,122.00	30,307.45

Note: 1. Includes provisions towards CF and ADF.

2. Includes a provision of ₹14,189.27 crore towards transfer to CF.

3. Includes a provision of ₹63.60 crore towards transfer to ADF

4. Includes a provision of ₹73,615 crore towards transfer to CF.

5. Includes a provision of ₹20,710.12 crore towards transfer to CF.

6. Includes provisions of ₹1,14,567.01 crore and ₹100 crore towards transfer to CF and ADF, respectively.

7. An amount of ₹1 crore each has been transferred to the National Industrial Credit (Long Term Operations) Fund, the National Housing Credit (Long Term Operations) Fund, the National Rural Credit (Long Term Operations) Fund and the National Rural Credit (Stabilisation) Fund during each of the five years.

XII.3 The key financial results of the Reserve Bank's operations during the year 2021-22 are set out in the following paragraphs.

XII.4 The size of the balance sheet increased by ₹4,82,633.14 crore, *i.e.*, 8.46 per cent from ₹57,07,669.13 crore as on March 31, 2021 to ₹61,90,302.27 crore as on March 31, 2022. The increase on the asset side was due to increase in foreign investments, domestic investments, gold, and loans and advances by 4.28 per cent, 11.67 per cent, 30.07 per cent and 54.53 per cent, respectively. On the liability side, the increase was due to increase in deposits and notes issued by 16.24 per cent and 9.86 per cent, respectively. Domestic assets constituted 28.22 per cent while the foreign currency assets and gold (including

gold deposit and gold held in India) constituted 71.78 per cent of total assets as on March 31, 2022 as against 26.42 per cent and 73.58 per cent, respectively, as on March 31, 2021.

XII.5 Provisions of ₹1,14,567.01 crore and ₹100 crore were made and transferred to Contingency Fund (CF) and Asset Development Fund (ADF), respectively. The trends in income, expenditure, net disposable income and the surplus transferred to the Central Government are given in Table XII.1.

XII.6 The Independent Auditors' Report, the balance sheet and the Income Statement for the year 2021-22 along with schedules, statement of Significant Accounting Policies and supporting Notes to Accounts are as follows:

INDEPENDENT AUDITORS' REPORT

To,
The President of India

Report on Audit of Financial Statements of the Reserve Bank of India

Opinion

We, the undersigned Auditors of the Reserve Bank of India (hereinafter referred to as the "Bank"), do hereby report to the Central Government upon the Balance Sheet of the Bank as on March 31, 2022 and the Income Statement for the year ended on that date (hereinafter referred to as "Financial Statements"), which have been audited by us.

In our opinion and to the best of our information and according to explanations given to us and as shown by the books of accounts of the Bank, the Balance Sheet read with Schedules and Significant Accounting Policies is a full and fair Balance Sheet containing all necessary particulars and is properly drawn up in accordance with the requirements of the provisions of the Reserve Bank of India Act, 1934 ("the RBI Act, 1934") and Regulations framed there under so as to exhibit true and correct view of the state of affairs of the Bank as on March 31, 2022 and its results of operations for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Management is responsible for the other information. The other information comprises the information included in the Notes to the Accounts but does not include the Financial Statements and our report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Management and those Charged with Governance for the Financial Statements are responsible for the preparation of the Financial Statements that give a true and correct view of the state of affairs and results of operations of the Bank in accordance with the requirements of the provisions of the RBI Act, 1934 and Regulations framed thereunder and the accounting policies and practices followed by the Bank. This responsibility also includes maintenance of adequate accounting records and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent and the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and correct view and are free from material misstatement, whether due to fraud or error.

As per the RBI Act, 1934, the Bank can be liquidated only by the Central Government by order and in any other manner as it may direct. Also, while the fundamental basis of preparation of Financial Statements of the Bank are based on provisions of the RBI Act, 1934 and Regulations framed thereunder, the Management has adopted the accounting policies and practices which reflects its continuity as a Going concern.

Those charged with governance are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal financial control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of management's use of the Going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a Going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the Financial Statements, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The audit of the Financial Statements of the Bank for the year ended March 31, 2021, was carried out and reported jointly by M/s Prakash Chandra Jain & Co. and M/s G. M. Kapadia & Co., Chartered Accountants, *vide* their unmodified audit report dated May 21, 2021, whose report has been furnished to us by the Management and which has been relied upon by us for the purpose of our audit of the financial information. Our opinion is not modified in respect of this matter.

We report that we have called for information and explanations from the Bank considered necessary for the purpose of our audit and such information and explanations have been given to our satisfaction.

We also report that the Financial Statements include the accounts of twenty-two accounting units of the Bank which have been audited by Statutory Branch Auditors and we have relied on their report in this regard.

For Chandabhoy & Jassoobhoy
Chartered Accountants
(ICAI Firm Registration No. 101647W)

For G. M. Kapadia & Co.
Chartered Accountants
(ICAI Firm Registration No. 104767W)

Ambesh Dave
Partner
Membership No. 049289
UDIN:22049289AJHKHA6587

Atul Shah
Partner
Membership No. 039569
UDIN:22039569AJHLDU6907

Place: Mumbai
Date: May 20, 2022

**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	Assets of Banking Department (BD)			
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
Risk Provisions				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	1,50,657.97	75,547.53	Other Assets	12	37,014.75	46,900.04
Liabilities of Issue Department				Assets of Issue Department (ID) (As backing for Notes Issued)			
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
						28,26,862.67	31,05,720.56
Total Liabilities		57,07,669.13	61,90,302.27	Total Assets		57,07,669.13	61,90,302.27

R. Kamalakannan
Chief General Manager

T. Rabi Sankar
Deputy Governor

M. Rajeshwar Rao
Deputy Governor

M. D. Patra
Deputy Governor

M. K. Jain
Deputy Governor

Shaktikanta Das
Governor

**RESERVE BANK OF INDIA
INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in ₹ crore)

INCOME	Schedule	2020-21	2021-22
Interest	13	69,057.09	95,088.76
Other Income	14	64,215.66	65,023.37
Total		1,33,272.75	1,60,112.13
EXPENDITURE			
Printing of Notes		4,012.09	4,984.80
Expenditure on Remittance of Currency		54.80	82.95
Agency Charges	15	3,280.06	4,400.62
Employee Cost		4,788.03	3,869.43
Interest		1.10	1.77
Postage and Telecommunication Charges		105.46	140.09
Printing and Stationery		17.00	22.58
Rent, Taxes, Insurance, Lighting, etc.		122.24	145.56
Repairs and Maintenance		76.49	109.17
Directors' and Local Board Members' Fees and Expenses		0.36	1.48
Auditors' Fees and Expenses		4.90	6.49
Law Charges		8.57	14.03
Depreciation		200.09	280.99
Miscellaneous Expenses		765.44	1,073.71
Provisions		20,710.12	1,14,667.01
Total		34,146.75	1,29,800.68
Available Balance		99,126.00	30,311.45
Less:			
(a) Contribution to:			
i) National Industrial Credit (Long Term Operations) Fund		1.00	1.00
ii) National Housing Credit (Long Term Operations) Fund		1.00	1.00
(b) Transferable to NABARD:			
i) National Rural Credit (Long Term Operations) Fund ¹		1.00	1.00
ii) National Rural Credit (Stabilisation) Fund ¹		1.00	1.00
(c) Others			
Surplus payable to the Central Government		99,122.00	30,307.45

1. These funds are maintained by the National Bank for Agriculture and Rural Development (NABARD).

R. Kamalakannan
Chief General Manager

T. Rabi Sankar
Deputy Governor

M. Rajeshwar Rao
Deputy Governor

M. D. Patra
Deputy Governor

M. K. Jain
Deputy Governor

Shaktikanta Das
Governor

SCHEDULES FORMING PART OF BALANCE SHEET AND INCOME STATEMENT

(Amount in ₹ crore)

		2020-21	2021-22
Schedule 1:	Other Reserves		
	(i) National Industrial Credit (Long Term Operations) Fund	30.00	31.00
	(ii) National Housing Credit (Long Term Operations) Fund	204.00	205.00
	Total	234.00	236.00
Schedule 2:	Deposits		
	(a) Government		
	(i) Central Government	5,000.15	5,000.04
	(ii) State Governments	42.48	42.45
	Sub total	5,042.63	5,042.49
	(b) Banks		
	(i) Scheduled Commercial Banks	6,51,748.12	8,23,632.33
	(ii) Scheduled State Co-operative Banks	8,893.19	7,592.50
	(iii) Other Scheduled Co-operative Banks	9,848.31	10,871.51
	(iv) Non-Scheduled State Co-operative Banks	4,560.21	5,089.60
	(v) Other Banks	23,817.12	29,540.22
	Sub total	6,98,866.95	8,76,726.16
	(c) Financial Institutions outside India		
	(i) Repo borrowing-Foreign	9,038.44	74,438.88
	(ii) Reverse Repo Margin-Foreign	120.51	1,289.10
	Sub total	9,158.95	75,727.98
	(d) Others		
	(i) Administrators of RBI Employee PF A/c	4,302.70	4,503.16
	(ii) Depositors' Education and Awareness Fund	39,264.25	48,262.85
	(iii) Balances of Foreign Central Banks	1,226.67	491.28
	(iv) Balances of Indian Financial Institutions	1,439.68	1,007.61
	(v) Balances of International Financial Institutions	522.50	542.64
	(vi) Mutual Funds	1.35	1.34
	(vii) Others	7,31,712.02	7,21,482.05
	Sub total	7,78,469.17	7,76,290.93
	Total	14,91,537.70	17,33,787.56
Schedule 3:	Revaluation accounts		
	(i) Currency and Gold Revaluation Account (CGRA)	8,58,877.53	9,13,389.29
	(ii) Investment Revaluation Account-Foreign Securities (IRA-FS)	8,853.67	0.00
	(iii) Investment Revaluation Account-Rupee Securities (IRA-RS)	56,723.79	18,577.81
	(iv) Foreign Exchange Forward Contracts Valuation Account (FCVA)	0.00	2,576.90
	Total	9,24,454.99	9,34,544.00
Schedule 4:	Other Liabilities		
	(i) Provision for Forward Contracts Valuation Account (PFCVA)	6,127.35	0.00
	(ii) Provision for payables	3,240.73	3,281.08
	(iii) Gratuity and Superannuation Fund	28,497.67	28,872.79
	(iv) Surplus payable to the Central Government	99,122.00	30,307.45
	(v) Bills Payable	4.36	0.14
	(vi) Miscellaneous	13,665.86	13,086.07
	Total	1,50,657.97	75,547.53
Schedule 5:	Notes Issued		
	(i) Notes held in the Banking Department	11.98	17.07
	(ii) Notes in circulation	28,26,850.69	31,05,703.49
	Total	28,26,862.67	31,05,720.56

THE RESERVE BANK'S ACCOUNTS FOR 2021-22

		2020-21	2021-22
Schedule 6:	Notes, Rupee Coin, Small Coin		
	(i) Notes	11.98	17.07
	(ii) Rupee Coin	0.03	0.05
	(iii) Small Coin	0.01	0.01
	Total	12.02	17.13
Schedule 7:	Gold		
	(a) Banking Department		
	(i) Gold	1,43,582.87	1,92,169.72
	(ii) Gold Deposit	0.00	4,694.66
	Sub Total	1,43,582.87	1,96,864.38
	(b) Issue Department	1,04,140.13	1,25,348.98
	Total	2,47,723.00	3,22,213.36
Schedule 8:	Investments-Foreign		
	(i) Investments-Foreign-BD	12,29,940.41	11,41,127.75
	(ii) Investments-Foreign-ID	27,21,979.14	29,79,863.29
	Total	39,51,919.55	41,20,991.04
Schedule 9:	Investments-Domestic		
	(i) Investments-Domestic-BD	13,33,173.90	14,88,815.96
	(ii) Investments-Domestic-ID	0.00	0.00
	Total	13,33,173.90	14,88,815.96
Schedule 10:	Loans and Advances		
	(a) Loans and Advances to:		
	(i) Central Government	0.00	0.00
	(ii) State Governments	3,382.79	1,666.56
	Sub total	3,382.79	1,666.56
	(b) Loans and Advances to:		
	(i) Scheduled Commercial Banks	90,252.18	94,365.75
	(ii) Scheduled State Co-operative Banks	0.00	0.00
	(iii) Other Scheduled Co-operative Banks	0.00	0.00
	(iv) Non-Scheduled State Co-operative Banks	0.00	0.00
	(v) NABARD	25,425.56	23,010.10
	(vi) Others	6,905.32	14,506.94
	Sub total	1,22,583.06	1,31,882.79
	(c) Loans and Advances to Financial Institutions outside India:		
	(i) Reverse Repo Lending-Foreign	9,129.72	75,190.78
	(ii) Repo Margin-Foreign	23.34	52.72
	Sub total	9,153.06	75,243.50
	Total	1,35,118.91	2,08,792.85
Schedule 11:	Investment in Subsidiaries/Associates		
	(i) Deposit Insurance and Credit Guarantee Corporation (DICGC)	50.00	50.00
	(ii) Bharatiya Reserve Bank Note Mudran (P) Ltd. (BRBNMPL)	1,800.00	1,800.00
	(iii) Reserve Bank Information Technology (P) Ltd. (ReBIT)	50.00	50.00
	(iv) National Centre for Financial Education (NCFE)	30.00	30.00
	(v) Indian Financial Technology & Allied Services (IFTAS)	33.60	33.60
	(vi) Reserve Bank Innovation Hub (RBIH)	0.00	100.00
	Total	1,963.60	2,063.60

		2020-21	2021-22
Schedule 12:	Other Assets		
	(i) Fixed Assets (net of accumulated depreciation)	923.46	882.46
	(ii) Accrued income (a + b)	34,643.53	41,769.61
	<i>a. on loans to employees</i>	355.37	366.08
	<i>b. on other items</i>	34,288.16	41,403.53
	(iii) Swap Amortisation Account (SAA)	0.00	0.00
	(iv) Revaluation of Forward Contracts Account (RFCA)	0.00	2,576.90
	(v) Miscellaneous	1,447.76	1,671.07
	Total	37,014.75	46,900.04
Schedule 13:	Interest		
	(a) Domestic Sources		
	(i) Interest on holding of Rupee Securities	59,824.79	96,396.42
	(ii) Net Interest on LAF Operations	-17,957.86	-35,501.29
	(iii) Interest on MSF Operations	12.38	37.63
	(iv) Interest on Loans and Advances	1,709.00	1,501.82
	Sub total	43,588.31	62,434.58
	(b) Foreign Sources		
	(i) Interest Income from Foreign Securities	23,059.63	31,559.33
	(ii) Net Interest on Repo/Reverse Repo transactions	9.83	42.32
	(iii) Interest on Deposits	2,399.32	1,052.53
	Sub total	25,468.78	32,654.18
	Total	69,057.09	95,088.76
Schedule 14:	Other Income		
	(a) Domestic Sources		
	(i) Exchange	0.00	0.00
	(ii) Discount	964.16	403.76
	(iii) Commission	2,073.97	3,058.09
	(iv) Rent Realised	5.19	11.38
	(v) Profit/Loss on sale and redemption of Rupee Securities	5,193.94	6,028.19
	(vi) Depreciation on Rupee Securities inter portfolio transfer	-8.12	-20.07
	(vii) Amortisation of premium/discount on Rupee Securities	846.48	-1,717.97
	(viii) Profit/Loss on sale of Bank's property	1.38	6.72
	(ix) Provision no longer required and Miscellaneous Income	-108.38	325.09
	Sub total	8,968.62	8,095.19
	(b) Foreign Sources		
	(i) Amortisation of premium/discount on Foreign Securities	-6,715.95	-15,286.09
	(ii) Profit/Loss on sale and redemption of Foreign Securities	11,348.84	3,002.39
	(iii) Exchange gain/loss from Foreign Exchange transactions	50,629.18	68,990.55
	(iv) Miscellaneous Income	-15.03	221.33
	Sub total	55,247.04	56,928.18
	Total	64,215.66	65,023.37
Schedule 15:	Agency Charges		
	(i) Agency Commission on Government Transactions	2,611.05	3,858.95
	(ii) Underwriting Commission paid to the Primary Dealers	642.95	486.95
	(iii) Sundries (Handling charges and turnover commission paid to banks for Relief/Savings Bonds subscriptions; SBLA etc.)	6.30	12.29
	(iv) Fees paid to the External Asset Managers, Custodians, Brokers, etc.	19.76	42.43
	Total	3,280.06	4,400.62

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2022

(a) General

1.1 Among other things, the Reserve Bank of India was established under the Reserve Bank of India Act, 1934 (the RBI Act, 1934) "to regulate the issue of Bank notes and the 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".

1.2 The main functions of the Reserve Bank are:-

- a) Issue of Bank notes and circulation of coins;
- b) Acts as monetary authority and formulates, implements and monitors the monetary policy, including acting as the Lender of Last Resort;
- c) Regulation and supervision of the financial system;
- d) Regulation and supervision of the payment and settlement systems;
- e) Acts as manager of foreign exchange;
- f) Maintaining and managing the country's foreign exchange reserves;
- g) Acting as the banker to banks and the governments;
- h) Acting as the debt manager of the governments;
- i) Developmental functions to support national objectives.

1.3 The RBI Act, 1934 requires that the issue of Bank notes should be conducted by the Reserve Bank in an Issue Department which shall be separated and kept wholly distinct from the Banking Department, and the assets of the Issue

Department shall not be subject to any liability other than the liabilities of the Issue Department. The RBI Act, 1934 requires that the assets of the Issue Department shall consist of gold coins, gold bullion, foreign securities, rupee coins and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department. The RBI Act, 1934 requires that the liabilities of the Issue Department shall be an amount equal to the total of the amount of the currency notes of the Government of India and Bank notes for the time being in circulation.

(b) Significant Accounting Policies

2.1 Convention

The financial statements are prepared in accordance with the RBI Act, 1934 and the notifications issued thereunder and, in the form, prescribed by the Reserve Bank of India General Regulations, 1949. These are based on historical cost except where it is modified to reflect revaluation and/or amortisation. The accounting policies followed in preparing the financial statements are consistent with those followed in the previous year unless otherwise stated.

2.2 Revenue Recognition

- a) Income and expenditure are recognised on accrual basis except penal interest charged from banks which is accounted for only when there is certainty of realisation. Dividend income on shares is recognised on accrual basis when the right to receive the same is established.
- b) Balances unclaimed and outstanding for more than three clear consecutive accounting years in certain transit accounts including Drafts Payable Account, Payment Orders Account, Sundry Deposit Account-

Miscellaneous-BD, Remittance Clearance Account, Earnest Money Deposit Account and Security Deposit Account are reviewed and written back to income. Claims, if any, are considered and charged against income in the year of payment.

- c) Income and expenditure in foreign currency are recorded at the exchange rates prevailing on the last business day of the week ending Friday/month/year, as applicable.
- d) Exchange gains/losses on sale of foreign currencies and gold are accounted for using the weighted average cost method for arriving at the cost.

2.3 Gold & Foreign Currency Assets and Liabilities

Transactions in gold and foreign currency assets and liabilities are accounted for on settlement date basis.

a) Gold

Gold (including gold deposit) is revalued on the last business day of each week ending Friday and the last business day of each month at ninety (90) per cent of the London Bullion Market Association (LBMA) gold price in US dollar and Rupee-US dollar market exchange rate on valuation days. Unrealised valuation gains/losses are accounted for in the Currency and Gold Revaluation Account (CGRA).

b) Foreign Currency Assets and Liabilities

All foreign currency assets and liabilities (excluding foreign currency received under swaps that are in the nature of repos and contracts where the rates are fixed contractually) are translated at market exchange rates on the last business day of each week ending Friday and the last business

day of each month. Unrealised gains and losses arising from such translation of foreign currency assets and liabilities are accounted for in the CGRA.

Foreign securities, other than Treasury Bills (T-Bills), Commercial Papers and certain 'Held to Maturity' securities [such as investments in notes issued by the International Monetary Fund and bonds issued by India Infrastructure Finance Company (IIFC), UK which are valued at cost] are marked-to-market on the last business day of each week ending Friday and the last business day of each month. Unrealised gains/losses on revaluation are recorded in the 'Investment Revaluation Account-Foreign Securities' (IRA-FS). Credit balance in IRA-FS is carried forward to the subsequent year. Debit balance, if any, at the end of the year in IRA-FS is charged to the Contingency Fund (CF) and the same is reversed on the first working day of the following accounting year.

Foreign T-Bills and Commercial Papers are carried at cost as adjusted by daily amortisation of discount/premium. Premium or discount on foreign securities is amortised daily. Profit/loss on sale of foreign securities is recognised with respect to the amortised book value. On sale/redemption of foreign dated securities, valuation gain/loss in relation to the securities sold/redeemed, lying in IRA-FS, is transferred to income account.

c) Forward/Swap Contracts

Forward contracts entered into by the Reserve Bank are revalued on a half yearly basis. While mark-to-market net gain is credited to the 'Foreign Exchange Forward Contracts Valuation Account' (FCVA) with contra debit to 'Revaluation of Forward Contracts Account' (RFCA), mark-to-market net loss is debited

to FCVA with contra credit to the 'Provision for Forward Contracts Valuation Account' (PFCVA). On maturity of the contract, the actual gain or loss is recognised in the income account and the unrealised gains/losses previously recorded in the FCVA, RFCA and PFCVA are reversed. At the time of half yearly revaluation, the balance in FCVA and RFCA or PFCVA as on that day is reversed and fresh revaluation is done for all outstanding forward contracts.

Debit balance in FCVA, if any, on the balance sheet date, is charged to the CF and reversed on the first working day of the following year. The balance in the RFCA and PFCVA represents the net unrealised gains and losses, respectively, on valuation of forward contracts.

In case of swaps at off-market rates that are in the nature of repo, the difference between the future contract rate and the rate at which the contract is entered into is amortised over the period of the contract and recorded in the income account with contra in 'Swap Amortisation Account' (SAA). The amounts recorded in the SAA are reversed on maturity of the underlying contracts. Further, the amounts received under these swaps are not subject to periodic revaluation.

While FCVA forms part of 'Revaluation Accounts', PFCVA forms part of 'Other Liabilities' and RFCA and SAA forms part of 'Other Assets'.

d) Repurchase Transactions

The Reserve Bank participates in foreign Repurchase transactions (Repo and Reverse Repo) as part of Reserve Management operations. Repo transactions are treated

as borrowing of foreign currencies and are shown under 'Deposits', whereas Reverse Repo transactions are treated as lending of foreign currencies and are shown under 'Loans and Advances'.

e) Transactions in Derivatives

Transactions in derivatives like Interest Rate Futures, Currency Futures, Interest Rate Swaps and Overnight Indexed Swaps undertaken as part of Reserve Management operations are marked-to-market periodically and the resultant gain/loss is booked in income account.

f) Security Lending Transactions

The Reserve Bank participates in Security Lending transactions as part of Reserve Management operations. The securities lent remain a part of the Reserve Bank's Investments and continue to be amortised, accrue interest and are marked-to-market.

2.4 Transactions in Exchange Traded Currency Derivatives (ETCD)

The ETCD transactions undertaken by the Reserve Bank as part of its intervention operations are marked-to-market on daily basis and the resultant gain/loss is booked in income account.

2.5 Domestic Investments

a) Rupee securities and oil bonds, except T-Bills and those mentioned in (d), are marked-to-market as on the last business day of each week ending Friday and the last business day of each month. The unrealised gains/losses on revaluation are accounted for in 'Investment Revaluation Account-Rupee Securities' (IRA-RS). Credit balance in IRA-RS is carried forward to the following accounting year. Debit balance, if any, at the end of the year in IRA-RS is charged to

the CF and the same is reversed on the first working day of the following accounting year. On sale/redemption of rupee securities/oil bonds, valuation gain/loss in respect of rupee securities and oil bonds sold/redeemed, lying in IRA-RS, is transferred to income account. Rupee securities and oil bonds are also subjected to daily amortisation.

- b) T-Bills are valued at cost.
- c) Investments in shares of subsidiaries are valued at cost.
- d) Oil bonds and rupee securities earmarked for various staff funds [like Gratuity and Superannuation, Provident Fund, Leave Encashment, Medical Assistance Fund (MAF)], Depositors' Education and Awareness (DEA) Fund and Payments Infrastructure Development Fund (PIDF) are treated as 'Held to Maturity' and are held at amortised cost.
- e) Transactions in domestic investment are accounted for on settlement date basis.

2.6 Liquidity Adjustment Facility (LAF) Repo/ Reverse Repo and Marginal Standing Facility (MSF)

Repo transactions under LAF and MSF are treated as lending and are accordingly being shown under 'Loans and Advances' whereas Reverse Repo transactions under LAF are being treated as deposits and shown under 'Deposits-Others'.

2.7 Fixed Assets

- a) Fixed Assets are stated at cost less depreciation except art and paintings and freehold land which are held at cost.
- b) Fixed Assets, costing up to ₹1 lakh (except easily portable electronic assets like laptop/

e-book reader) are charged to income in the year of acquisition. Easily portable electronic assets, such as laptops, *etc.* costing more than ₹10,000 are capitalised and depreciation is calculated on monthly *pro-rata* basis at the applicable rate.

- c) Individual items of computer software costing ₹1 lakh and above are capitalised and depreciation is calculated on monthly *pro-rata* basis at applicable rates.
- d) Depreciation on fixed assets, other than land and buildings, acquired and capitalised during the year (from April 1 to March 31) would be reckoned on a monthly *pro-rata* basis from the month of capitalisation and effected on a half yearly basis at prescribed rates depending upon the useful life of the assets applied.
- e) Depreciation on the following fixed assets is provided on a straight-line basis depending on the useful life of an asset in the following manner:

Asset Category	Useful life (Rate of Depreciation)
1	2
Electrical installations, UPS, Motor Vehicles, Furniture, Fixture, CVPS/SBS Machines, <i>etc.</i>	5 years (20 per cent)
Computers, Servers, Micro-processors, Printers, Software, Laptops, e-book reader/i-Pad, <i>etc.</i>	3 years (33.33 per cent)

- f) Depreciation is provided on half year-end balances of fixed assets on monthly *pro-rata* basis. In case of additions/deletions of assets other than land and building, depreciation is calculated on monthly *pro-rata* basis including the month of addition/deletion of such assets.

- g) Depreciation on subsequent expenditure:
- i. Subsequent expenditure incurred on an existing fixed asset which has not been fully depreciated in the books of accounts, is depreciated over the remaining useful life of the principal asset.
 - ii. Subsequent expenditure incurred on modernisation/addition/overhauling of an existing fixed asset, which has already been fully depreciated in the books of accounts, is first capitalised and thereafter depreciated fully in the year in which the expenditure is incurred.
- h) Land and building: The accounting treatment in respect of land and building is as follows:
- Land*
- i. Land acquired on leasehold basis for a period of more than 99 years is treated as if it is on a perpetual lease basis. Such leases are considered as freehold properties and accordingly, not subjected to amortisation.
 - ii. Land acquired on lease up to 99 years is amortised over the period of the lease.
 - iii. Land acquired on a freehold basis is not subject to any amortisation.
- Buildings*
- i. The life of all buildings is assumed as thirty years and depreciation is charged on a 'straight-line' basis over a period of thirty years. In respect of buildings constructed on lease hold land (where the lease period is less than thirty years) depreciation is charged on a 'straight-line' basis over the lease period of the land.
 - ii. Impairment of buildings: For assessment of impairment, buildings are classified into two categories, as under:
 - a) *Buildings which are in use but have been identified for demolition in future or will be discarded in future:* The value in use of such buildings is the aggregate of depreciation for the future period up to the date it is expected to be discarded/demolished. The difference between the book value and aggregate of depreciation so arrived at is charged as depreciation.
 - b) *Buildings which have been discarded/vacated:* These buildings are shown at realisable value (net selling price, if the asset is likely to be sold in future) or scrap value less demolition cost (if it is to be demolished). If the resultant amount is negative, then the carrying value of such buildings is shown at ₹1. The difference between the book value and realisable value (net selling price)/scrap value less demolition cost is charged as depreciation.

2.8 Employee Benefits

- a) The Reserve Bank contributes monthly at a determined rate to Provident Fund for the eligible employees and these contributions are charged to income in the year to which it relates.
- b) Other liability on account of long-term employee benefits is provided based on an actuarial valuation under the 'Projected Unit Credit' method.

NOTES TO ACCOUNTS

XII.7 LIABILITIES OF THE RESERVE BANK

XII.7.1 Capital

The Reserve Bank was constituted as a private shareholders' bank in 1935 with an initial paid-up capital of ₹5 crore. The Reserve Bank was nationalised with effect from January 1, 1949 and its entire ownership remains vested with the Government of India. The paid-up capital continues to be ₹5 crore in terms of Section 4 of the RBI Act, 1934.

XII.7.2 Reserve Fund

The original Reserve Fund of ₹5 crore was created in terms of Section 46 of the RBI Act, 1934 as contribution from the Central Government for the currency liability of the then sovereign government taken over by the Reserve Bank. Thereafter, an amount of ₹6,495 crore was credited to this fund from out of gains on periodic revaluation of gold up to October 1990, taking it to ₹6,500 crore. The fund has been static since then as the unrealised gain/loss on account of valuation of gold and foreign currency is since being booked in the Currency and Gold Revaluation Account (CGRA) which appears under the head 'Revaluation Accounts'.

XII.7.3 Other Reserves

This includes National Industrial Credit (Long Term Operations) Fund and National Housing Credit (Long Term Operations) Fund.

a) *National Industrial Credit (Long Term Operations) Fund*

This fund was created in July 1964, in terms of Section 46C of the RBI Act, 1934 with an initial corpus of ₹10 crore. The fund witnessed annual contributions from the Reserve Bank

for financial assistance to eligible financial institutions. Since 1992-93, a token amount of ₹1 crore is being contributed each year to the Fund. The balance in the fund stood at ₹31 crore as on March 31, 2022.

b) *National Housing Credit (Long Term Operations) Fund*

This fund was set up in January 1989 in terms of Section 46D of the RBI Act, 1934 for extending financial accommodation to the National Housing Bank (NHB). The initial corpus of ₹50 crore has been enhanced by annual contributions from the Reserve Bank thereafter. From the year 1992-93, only a token amount of ₹1 crore is being contributed each year. The balance in the fund stood at ₹205 crore as on March 31, 2022.

Note: Contribution to other Funds

There are two other Funds constituted in terms of Section 46A of the RBI Act, 1934, viz., National Rural Credit (Long Term Operations) Fund and National Rural Credit (Stabilisation) Fund which are maintained by the National Bank for Agriculture and Rural Development (NABARD) for which a token amount of ₹1 crore each is set aside and transferred to NABARD every year.

XII.7.4 Deposits

These represent the balances maintained with the Reserve Bank, by banks, the Central and State Governments, All India Financial Institutions, such as, Export Import Bank (EXIM Bank), NABARD, etc., Foreign Central Banks, International Financial Institutions, balances in Administrator of RBI Employees' Provident Fund, DEA Fund, amount outstanding against Reverse Repo, MAF, PIDF,

etc. Total deposits increased by 16.24 per cent from ₹14,91,537.70 crore as on March 31, 2021 to ₹17,33,787.56 crore as on March 31, 2022.

a) *Deposits – Government*

The Reserve Bank acts as the banker to the Central Government in terms of Sections 20 and 21 and as banker to the State Governments by mutual agreement in terms of Section 21A of the RBI Act, 1934. Accordingly, the Central and State Governments maintain deposits with the Reserve Bank. The balances held by the Central and State Governments were ₹5,000.04 crore and ₹42.45 crore, respectively, as on March 31, 2022 as compared to ₹5,000.15 crore and ₹42.48 crore, respectively, as on March 31, 2021.

b) *Deposits – Banks*

Banks maintain balance in their current accounts with the Reserve Bank to provide for the Cash Reserve Ratio (CRR) requirements and for working funds to meet payment and settlement obligations. The deposits held by banks increased by 25.45 per cent from ₹6,98,866.95 crore as on March 31, 2021 to ₹8,76,726.16 crore as on March 31, 2022. The increase in this head is on account of restoration of CRR in a phased manner, with banks required to maintain CRR at 4 percent of Net Demand and Time Liabilities (NDTL) at March end 2022, as compared to CRR requirement of 3.5 percent of NDTL as on March 31, 2021 as also increase in excess CRR holdings by banks.

c) *Deposits – Financial Institutions outside India*

The balance under the head increased from ₹9,158.95 crore as on March 31, 2021 to

₹75,727.98 crore as on March 31, 2022, due to increase in volume of repo transactions during the year.

d) *Deposits – Others*

'Deposits – Others' consists of balances of Administrator of RBI Employees Provident Fund, balance in DEA Fund, balances of Foreign Central Banks, Indian and International Financial Institutions, MAF, PIDF, amount outstanding under Reverse Repo, *etc.* The amount under 'Deposits-Others' decreased marginally by 0.28 per cent from ₹7,78,469.17 crore as on March 31, 2021 to ₹7,76,290.93 crore as on March 31, 2022.

XII.7.5 Risk Provisions

There are two risk provisions of the Reserve Bank, *viz.*, Contingency Fund (CF) and Asset Development Fund (ADF). The provision made towards these funds are made in terms of Section 47 of the RBI Act, 1934. The details are as under:

a) *Contingency Fund (CF)*

This is a specific provision meant for meeting unexpected and unforeseen contingencies, including depreciation in the value of securities, risks arising out of monetary/exchange rate policy operations, systemic risks and any risk arising on account of the special responsibilities enjoined upon the Reserve Bank. As on March 31, 2022, an amount of ₹94,249.54 crore was charged to CF on account of debit balance of Investment Revaluation Account-Foreign Securities (IRA-FS). The charge to CF is reversed on the first working day of the following year. Further, an amount of ₹1,14,567.01 crore was

also provided for towards CF. Accordingly, the balance in CF as on March 31, 2022 was ₹3,10,986.94 crore as compared to ₹2,84,542.12 crore as on March 31, 2021.

b) *Asset Development Fund (ADF)*

The Asset Development Fund was created in 1997-98 and the balance therein represents provision specifically made till date towards investments in subsidiaries and associate institutions and meet internal capital expenditure. An amount of ₹100 crore was provided towards ADF on account of new investment in Reserve Bank Innovation Hub (RBIH). Based on the above, the balance in ADF as on March 31, 2022 was ₹22,974.68 crore as compared to ₹22,874.68 crore as on March 31, 2021.

Table XII.2: Balances in Risk provisions

(₹ crore)

As on	Balance in CF	Balance in ADF	Total	CF and ADF as Percentage to Total Assets
1	2	3	4=(2+3)	5
June 30, 2018	2,32,107.76	22,811.08	2,54,918.84	7.05
June 30, 2019	1,96,344.35 [@]	22,874.68 ^{@@}	2,19,219.03	5.34
June 30, 2020	2,64,033.94 ^{\$}	22,874.68	2,86,908.62	5.38
March 31, 2021	2,84,542.12 [*]	22,874.68	3,07,416.80	5.39
March 31, 2022	3,10,986.94 [^]	22,974.68 ^{^^}	3,33,961.62	5.39

@: The decline in the CF is due to writing back of excess provision of ₹52,637 crore as on June 30, 2019.

@@: Increase in ADF is due to provision of ₹30 crore and ₹33.60 crore on account of investment in NCFE and IFTAS, respectively.

\$: Increase in CF is the net impact of provision of ₹73,615 crore and charging of the debit balance in the FCVA amounting to ₹5,925.41 crore as on June 30, 2020.

*: Increase in CF is the net impact of provision of ₹20,710.12 crore and charging of the debit balance in the FCVA amounting to ₹6,127.35 crore as on March 31, 2021.

^: Increase in CF is the net impact of provision of ₹1,14,567.01 crore and charging of the debit balance in the IRA-FS amounting to ₹94,249.54 crore as on March 31, 2022.

^^: Increase in ADF is due to provision of ₹100 crore on account of investment in RBIH.

XII.7.6 Revaluation Accounts

The unrealised marked-to-market gains/losses are recorded in revaluation heads, viz., Currency and Gold Revaluation Account (CGRA), Investment Revaluation Accounts (IRA) and Foreign Exchange Forward Contracts Valuation Account (FCVA). The details are as under:

a) *Currency and Gold Revaluation Account (CGRA)*

The major sources of market risk faced by the Reserve Bank are currency risk, interest rate risk and movement in gold prices. Unrealised gains/losses on valuation of Foreign Currency Assets (FCA) and Gold are not taken to the income account but instead accounted for in the CGRA. Net balance in CGRA, therefore, varies with the size of the asset base, its valuation and movement in the exchange rate and the price of gold. CGRA provides a buffer against exchange rate/gold price fluctuations. It can come under pressure if there is an appreciation of the rupee *vis-à-vis* major currencies or a fall in the price of gold. When CGRA is not sufficient to fully meet exchange losses, it is replenished from the CF. During 2021-22, the balance in CGRA increased from ₹8,58,877.53 crore as on March 31, 2021 to ₹9,13,389.29 crore as on March 31, 2022 mainly due to depreciation of rupee and rise in the international price of gold.

b) *Investment Revaluation Account-Foreign Securities (IRA-FS)*

The foreign dated securities are marked-to-market on the last business day of each week ending Friday and the last business day of each month and the unrealised gains/losses arising therefrom are transferred to the IRA-FS. The balance in IRA-FS decreased from

₹8,853.67 crore as on March 31, 2021 to ₹(-)94,249.54 crore as on March 31, 2022 because of increase in yields across the maturities for all major markets. As per the extant policy, the debit balance of ₹94,249.54 crore in IRA-FS was adjusted against the CF on March 31, 2022 which was reversed on the first working day of the following year. Accordingly, the balance in IRA-FS as on March 31, 2022 was Nil.

c) *Investment Revaluation Account—Rupee Securities (IRA-RS)*

Rupee securities and oil bonds (with exception as mentioned under significant accounting policy) held as assets of the Banking Department are marked-to-market as on the last business day of each week ending Friday and the last business day of each month and the unrealised gains/losses arising therefrom are booked in IRA-RS. The balance in IRA-RS decreased from ₹56,723.79 crore as on March 31, 2021 to ₹18,577.81 crore as on March 31, 2022 due to net impact of: (a) hardening of yields across the yield curve leading to mark-to-market losses; and (b) booking of unrealised gain into realised gain on sale of rupee securities.

d) *Foreign Exchange Forward Contracts Valuation Account (FCVA)*

Marking to market of outstanding forward contracts as on March 31, 2022 resulted in a net unrealised gain of ₹2,576.90 crore, which was credited to the FCVA with contra debit to Revaluation of Forward Contracts Account (RFCA) as compared to net unrealised loss of ₹6,127.35 crore in 2020-21, which was debited to the FCVA with contra credit to PFCVA and the said debit balance of FCVA was, accordingly, adjusted with CF in 2020-21.

XII.7.7 Other Liabilities

'Other Liabilities' decreased by 49.85 per cent from ₹1,50,657.97 crore as on March 31, 2021 to ₹75,547.53 crore as on March 31, 2022, primarily due to decrease in surplus payable to the Central Government.

i. *Provision for Forward Contracts Valuation Account (PFCVA)*

The balance was Nil in this account as on March 31, 2022 as against ₹6,127.35 crore as on March 31, 2021.

Balances in Revaluation Accounts and PFCVA for the last five years is given in Table XII.3.

Table XII.3: Balances in CGRA, IRA-FS, IRA-RS, FCVA and PFCVA

(₹ crore)

As on	CGRA	IRA-FS	IRA-RS	FCVA	PFCVA
1	2	3	4	5	6
June 30, 2018	6,91,640.97	0.00	13,285.22	3,261.92	0.00
June 30, 2019	6,64,479.74	15,734.96	49,476.26	1,303.96	0.00
June 30, 2020	9,77,141.23	53,833.99	93,415.50	0.00	5,925.41
March 31, 2021	8,58,877.53	8,853.67	56,723.79	0.00	6,127.35
March 31, 2022	9,13,389.29	0.00	18,577.81	2,576.90	0.00

ii. *Provision for payables*

This represents the year end provisions made for expenditure incurred but not defrayed and income received in advance/payable, if any. The balance under this head increased by 1.25 per cent from ₹3,240.73 crore as on March 31, 2021 to ₹3,281.08 crore as on March 31, 2022.

iii. *Surplus payable to the Central Government*

Under Section 47 of the RBI Act, 1934, after making provisions for bad and doubtful debts, depreciation in assets, contribution to staff and superannuation funds and for all matters for which provisions are to be made by or under the Act or that are usually provided by bankers, the balance of the profits of the Bank is required to be paid to the Central Government. Under Section 48 of the RBI Act, 1934, the Reserve Bank is not liable to pay income tax or super tax on any of its income, profits or gains. Accordingly, after adjusting the expenditure, provisions for CF and ADF and contribution of ₹4 crore to four statutory funds, the surplus payable to the Central Government for the year 2021-22 amounted to ₹30,307.45 crore (including ₹493.92 crore, same as previous year, payable towards the difference in interest expenditure borne by the Government, consequent on conversion of special securities into marketable securities).

iv. *Bills Payable*

The Reserve Bank provides remittance facilities for its constituents through issue of Demand Drafts (DDs) and Payment Orders (POs) (besides electronic payment mechanism). The balance under this head represents the unclaimed DDs/POs. The amount outstanding under this head decreased from ₹4.36 crore as on March 31, 2021 to ₹0.14 crore as on March 31, 2022.

v. *Miscellaneous*

This is a residual head representing items such as interest earned on earmarked securities, amounts payable on account of leave encashment, medical provisions for employees, global provision, etc. The balance under this head decreased from ₹13,665.86 crore as on March 31, 2021 to ₹13,086.07 crore as on March 31, 2022.

XII.7.8 Liabilities of Issue Department-Notes Issued

The liabilities of Issue Department reflect the quantum of currency notes in circulation. Section 34(1) of the RBI Act, 1934 requires that all banknotes issued by the Reserve Bank since April 1, 1935 and the currency notes issued by the Government of India before the commencement of operations of the Reserve Bank, be part of the liabilities of the Issue Department. The 'Notes Issued' increased by 9.86 per cent from ₹28,26,862.67 crore as on March 31, 2021 to ₹31,05,720.56 crore as on March 31, 2022. Earlier, an amount of ₹10,719.37 crore, representing the value of Specified Bank Notes (SBNs) not paid was transferred to 'Other Liabilities' as on June 30, 2018. In terms of Gazette Notification issued by Government of India on May 12, 2017, the Reserve Bank has made payments to the extent of ₹4.30 crore towards exchange value of SBNs to eligible tenderers during the year ended March 31, 2022.

XII.8 ASSETS OF THE RESERVE BANK

XII.8.1 ASSETS OF BANKING DEPARTMENT

i) Notes, Rupee Coin and Small Coin

This head represents the balances of bank notes, one-rupee notes, rupee coins of 1, 2, 5, 10 and 20 and small coins kept to meet the day to day requirements of banking functions conducted by the Reserve Bank. The balance

as on March 31, 2022 was ₹17.13 crore as against ₹12.02 crore as on March 31, 2021.

ii) Gold - Banking Department (BD)

As on March 31, 2022, total gold held by the Reserve Bank was 760.42 metric tonnes as compared to 695.31 metric tonnes as on March 31, 2021. The increase is on account of addition of 65.11 metric tonnes of gold during the year.

Of 760.42 metric tonnes as on March 31, 2022, 295.82 metric tonnes of gold is held as backing for Notes Issued as compared to 292.30 metric tonnes as on March 31, 2021 and is shown separately as an asset of Issue Department. The balance 464.60 metric tonnes as on March 31, 2022 as compared to 403.01 metric tonnes on March 31, 2021 is treated as an asset of Banking Department (Table XII.4).

The value of gold (including gold deposit) held as asset of Banking Department increased by 37.11 per cent from ₹1,43,582.87 crore as on March 31, 2021 to ₹1,96,864.38 crore as on March 31, 2022. This increase is on account of addition of 61.59 metric tonnes of gold and also due to increase in the price of gold and depreciation of INR *vis-à-vis* USD.

Table XII.4: Physical Holding of Gold

	As on March 31, 2021	As on March 31, 2022
	Volume in metric tonnes	Volume in metric tonnes
1	2	3
Gold held as backing for Notes Issued (held in India)	292.30	295.82
Gold (including Gold Deposit) held as asset of Banking Department (held abroad)	403.01	464.60
Total	695.31	760.42

iii) Bills Purchased and Discounted

Though the Reserve Bank can undertake purchase and discounting of commercial bills under the RBI Act, 1934, no such activity was undertaken in 2021-22. Consequently, there was no such asset in the books of the Reserve Bank as on March 31, 2022.

iv) Investments-Foreign-Banking Department (BD)

Foreign Currency Assets (FCA) of the Reserve Bank include: (i) deposits with other central banks; (ii) deposits with the Bank for International Settlements (BIS); (iii) deposits with commercial banks overseas; (iv) investments in foreign T-Bills and securities; and (v) Special Drawing Rights (SDR) acquired from the Government of India (GoI).

The FCA is reflected under two heads in the balance sheet: (a) 'Investments-Foreign-BD' shown as an asset of Banking Department and (b) 'Investments-Foreign-ID' shown as an asset of Issue Department.

'Investments-Foreign-ID' are FCA, eligible as per Section 33(6) of the RBI Act, 1934, used for backing of Notes Issued. The remaining of FCA constitutes 'Investments-Foreign-BD'.

The position of FCA for the last two years is given in Table XII.5.

v) Investments-Domestic-Banking Department (BD)

Investments comprise dated Government Rupee Securities, State Development Loans, T-Bills and Special Oil Bonds. The Reserve Bank's holding of domestic securities increased by 11.67 per cent, from ₹13,33,173.90 crore as on March 31, 2021

Table XII.5: Details of Foreign Currency Assets (FCA)

(₹ crore)

Particulars	As on March 31	
	2021	2022
1	2	3
I Investments-Foreign-BD*	12,29,940.41	11,41,127.75
II Investments-Foreign-ID	27,21,979.14	29,79,863.29
Total	39,51,919.55	41,20,991.04

*: Includes shares in BIS and Society for Worldwide Interbank Financial Telecommunications (SWIFT) and SDR transferred from Gol valued at ₹11,286.57 crore as on March 31, 2022 compared to ₹11,155.96 crore as on March 31, 2021.

Note:

1. The Reserve Bank has agreed to make resources available under the IMF's New Arrangements to Borrow (NAB). Effective January 1, 2021, India's commitment under NAB stands at SDR 8.88 billion (₹93,035.29 crore/US\$12.29 billion). As on March 31, 2022, investments amounting to SDR 0.09 billion (₹928.33 crore/US\$0.12 billion) have been made under NAB.
2. The Reserve Bank has agreed to invest up to an amount, the aggregate of which shall not exceed US\$5 billion (₹37,861.90 crore), in the bonds issued by India Infrastructure Finance Company (UK) Limited. As on March 31, 2022, the Reserve Bank has invested US\$1.44 billion (₹10,904.23 crore) in such bonds.
3. During the year 2013-14, the Reserve Bank and Gol entered into a MoU for transfer of SDR holdings from Gol to RBI in a phased manner. As on March 31, 2022, SDR 1.05 billion (₹10,975 crore/US\$1.45 billion) were held by the Reserve Bank.
4. With a view to strengthening regional financial and economic cooperation, the Reserve Bank has agreed to offer an amount of US\$2 billion both in foreign currency and Indian rupee under the SAARC Swap Arrangement to SAARC member countries. As on March 31, 2022, Swap with Bhutan and Sri Lanka, amounting to US\$0.20 billion (₹1,517.87 crore) and US\$0.40 billion (₹3,028.96 crore) respectively, is outstanding.
5. The nominal value of foreign securities posted as collateral and margin in repurchase and IRF transactions was ₹74,830.06 crore/US\$9.88 billion and the nominal value of those received under reverse repurchase transactions was ₹77,984.34 crore/US\$10.30 billion as on March 31, 2022.
6. The nominal value of foreign securities lent under Security Lending arrangement was ₹42.03 crore/ US\$0.006 billion.

to ₹14,88,815.96 crore as on March 31, 2022. The increase was mainly on account of liquidity management operations conducted by way of net purchase of government securities amounting to ₹2,13,976 crore (face value).

A part of Investments-Domestic-BD is also earmarked for various staff funds, DEA Fund and PIDF as explained in para 2.5(d). As on March 31, 2022, ₹85,178 crore (face value) was earmarked for the said funds.

vi) Loans and Advances**a) Central and State Governments**

These loans are extended in the form of Ways and Means Advances (WMA) and Overdraft (OD) to the Central Government and in the form of WMA/

OD and Special Drawing Facility (SDF) to the State Governments in terms of Section 17(5) of the RBI Act, 1934. The WMA limit, in case of the Central Government, is fixed from time to time in consultation with the Gol and in case of State Governments, the limits are fixed based on the recommendations of Advisory Committee/Group constituted for this purpose. There were no loans and advances lying outstanding to the Central Government as on March 31, 2021 as well as on March 31, 2022 as the Central Government was in surplus on both the days whereas loans and advances to State Governments decreased by 50.73 per cent from ₹3,382.79 crore as on March 31, 2021 to ₹1,666.56 crore as on March 31, 2022.

b) *Loans and Advances to Commercial, Co-operative Banks, NABARD and Others*

- *Loans and Advances to Commercial and Co-operative Banks:* These include amounts outstanding against Repo under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) and special liquidity facility to banks. The amount outstanding increased from ₹90,252.18 crore as on March 31, 2021 to ₹94,365.75 crore as on March 31, 2022 due to increase in funds availed by banks under Special Long-Term Repo Operations (SLTRO) and on-tap Targeted Long-Term Repo Operations (TLTRO) during the year.
- *Loans and Advances to NABARD:* The Reserve Bank can extend loans to NABARD under Section 17(4E) of the RBI Act, 1934. The balance under this head decreased from ₹25,425.56 crore as on March 31, 2021 to ₹23,010.10 crore as on March 31, 2022.
- *Loans and Advances to Others:* The balance under this head represents loans and advances to National Housing Bank (NHB), Small Industries Development Bank of India (SIDBI) and liquidity support provided to Primary Dealers (PDs). The balance under this head increased by 110.08 per cent from ₹6,905.32 crore as on March 31, 2021 to ₹14,506.94 crore as on

March 31, 2022, primarily due to increase in loans and advances to SIDBI.

c) *Loans and Advances to Financial Institutions outside India*

The balances under the head increased from ₹9,153.06 crore as on March 31, 2021 to ₹75,243.50 crore as on March 31, 2022 due to increase in volume of reverse repo transactions during the year.

vii) Investment in Subsidiaries/Associates

The total holding of the Reserve Bank in its subsidiaries/associate institutions increased from ₹1,963.60 crore as on March 31, 2021 to ₹2,063.60 crore as on March 31, 2022 as the Reserve Bank invested an amount of ₹100 crore in Reserve Bank Innovation Hub (RBIH). The comparative position of investment in subsidiaries/associate institutions as on March 31, 2021 and March 31, 2022 is given in Table XII.6.

viii) Other Assets

'Other Assets' comprise fixed assets (net of depreciation), accrued income, Swap Amortisation Account (SAA), Revaluation of Forward Contracts Account (RFCA) and miscellaneous assets. Miscellaneous assets comprise mainly loans and advances to staff, amount spent on projects pending completion, security deposit paid, etc. The amount outstanding under 'Other Assets' increased by 26.71 per cent from ₹37,014.75 crore as on March 31, 2021 as compared to ₹46,900.04 crore as on March 31, 2022.

Table XII.6: Holdings in Subsidiaries/Associates in 2021-22

(₹ crore)

Subsidiaries/ Associates	2020-21	2021-22	Per cent Holding as on March 31, 2022
1	2	3	4
a) Deposit Insurance and Credit Guarantee Corporation (DICGC)	50.00	50.00	100
b) Bharatiya Reserve Bank Note Mudran (P) Ltd. (BRBNMPL)	1,800.00	1,800.00	100
c) Reserve Bank Information Technology (P) Ltd. (ReBIT)	50.00	50.00	100
d) National Centre for Financial Education (NCFE)	30.00	30.00	30
e) Indian Financial Technology & Allied Services (IFTAS)	33.60	33.60	100
f) Reserve Bank Innovation Hub (RBIH)	0.00	100.00	100
Total	1,963.60	2,063.60	

a) Swap Amortisation Account (SAA)

As on March 31, 2022 as well as on March 31, 2021, the balance in SAA was NIL as there were no outstanding contracts of swaps which were in nature of repo at off market rate.

b) Revaluation of Forward Contracts Account (RFCA)

The balance in RFCA was ₹2,576.90 crore as on March 31, 2022 representing net marked-to-market gain on outstanding forward contracts as against Nil on March 31, 2021.

XII.8.2 Assets of Issue Department

The eligible assets of the Issue Department held as backing for Notes Issued consist of gold coins, gold bullion, foreign securities, rupee coins, rupee securities and Domestic Bills of Exchange. The Reserve Bank holds 760.42 metric tonnes of gold, of which 295.82 metric tonnes are held as backing for Notes Issued as on March 31, 2022 (Table XII.4). The value of gold held as asset of Issue Department increased by 20.37 per cent from ₹1,04,140.13 crore as on March 31, 2021 to ₹1,25,348.98 crore as on March 31, 2022.

This increase in the value of gold during the year is on account of addition of 3.52 metric tonnes and, also due to increase in the price of gold and depreciation of INR *vis-à-vis* USD. Consequent upon the increase in Notes Issued, Investments-Foreign-ID held as its backing increased by 9.47 per cent from ₹27,21,979.14 crore as on March 31, 2021 to ₹29,79,863.29 crore as on March 31, 2022. The balance of Rupee Coins held by the Issue Department decreased by 31.63 per cent from ₹743.40 crore as on March 31, 2021 to ₹508.29 crore as on March 31, 2022.

FOREIGN EXCHANGE RESERVES

XII.9 Foreign Exchange Reserves (FER) comprises FCA, Gold, SDR holdings and Reserve Tranche Position (RTP). The SDR holdings acquired from Gol form part of the Reserve Bank's balance sheet and is included under 'Investments-Foreign-BD'. The SDR holdings remaining with Gol and the RTP, which represents India's quota contribution to IMF in foreign currency, is not a part of the Reserve Bank's balance sheet. The position of FER as on March 31, 2021 and March 31, 2022 in Indian Rupees and the US dollar, which is the numéraire currency for our FER, is furnished in Tables XII.7 (a) and (b).

Table XII.7(a): Foreign Exchange Reserves (Rupee)

(₹ crore)

Components	As on		Variation	
	March 31, 2021	March 31, 2022	Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	39,24,167.84 [^]	40,94,564.98 [#]	1,70,397.14	4.34
Gold (including gold deposit)	2,47,723.00 [@]	3,22,213.36 [*]	74,490.36	30.07
Special Drawing Rights (SDR)	10,863.73	1,43,051.88	1,32,188.15	1,216.78
Reserve Tranche Position (RTP) in IMF	36,198.01	38,988.28	2,790.27	7.71
Foreign Exchange Reserves (FER)	42,18,952.58	45,98,818.50	3,79,865.92	9.00

[^]: Excludes (a) SDR holdings of the Reserve Bank amounting to ₹10,847.81 crore, which is included under the SDR holdings; (b) Investment of ₹13,621.79 crore in bonds issued by IIFC (UK); and (c) ₹1,454.19 crore lent to Bhutan and ₹1,827.92 crore lent to Maldives under the Currency Swap arrangement made available for SAARC countries.

[#]: Excludes (a) SDR holdings of the Reserve Bank amounting to ₹10,975 crore, which is included under the SDR holdings; (b) Investment of ₹10,904.23 crore in bonds issued by IIFC (UK); and (c) ₹1,517.87 crore lent to Bhutan and ₹3,028.96 crore lent to Sri Lanka under the Currency Swap arrangement made available for SAARC countries.

[@]: Of this, Gold valued at ₹1,04,140.13 crore is held as an asset of Issue Department and Gold (including gold deposit) valued at ₹1,43,582.87 crore is held as an asset of Banking Department.

^{*}: Of this, Gold valued at ₹1,25,348.98 crore is held as an asset of Issue Department and Gold (including gold deposit) valued at ₹1,96,864.38 crore is held as an asset of Banking Department.

Table XII.7(b): Foreign Exchange Reserves (USD)

(US\$ billion)

Components	As on		Variation	
	March 31, 2021	March 31, 2022	Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	536.69 [*]	540.72 ^{**}	4.03	0.75
Gold (including gold deposit)	33.88	42.55	8.67	25.59
Special Drawing Rights (SDR)	1.49	18.89	17.40	1,167.79
Reserve Tranche Position (RTP) in IMF	4.92	5.14	0.22	4.47
Foreign Exchange Reserves (FER)	576.98	607.30	30.32	5.25

^{*}: Excludes (a) SDR holdings of the Reserve Bank amounting to US\$1.48 billion, which is included under the SDR holdings; (b) US\$1.86 billion invested in bonds of IIFC (UK); and (c) BTN equivalent to US\$0.20 billion equivalent of INR currency lent to Bhutan and US\$0.25 billion lent to Maldives under the Currency Swap arrangement made available for SAARC countries.

^{**}: Excludes (a) SDR holdings of the Reserve Bank amounting to US\$1.45 billion, which is included under the SDR holdings; (b) US\$1.44 billion invested in bonds of IIFC (UK); and (c) BTN equivalent to US\$0.20 billion equivalent of INR currency lent to Bhutan and US\$0.40 billion lent to Sri Lanka under the Currency Swap arrangement made available for SAARC countries.

ANALYSIS OF INCOME AND EXPENDITURE

INCOME

XII.10 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/Loss on sale of Bank's property and (ix) Provision no longer required and Miscellaneous Income. Certain items of income such as interest on LAF repo, Repo in foreign security and exchange gain/loss from foreign exchange transactions are reported on net basis.

Table XII.8: Earnings from Foreign Sources

(₹ crore)

Item	2020-21	2021-22	Variation	
			Absolute	Per cent
1	2	3	4	5
Foreign Currency Assets (FCA)	39,51,919.55	41,20,991.04	1,69,071.49	4.28
Average FCA	38,49,940.15	42,42,514.17	3,92,574.02	10.20
Earnings from FCA (interest, discount, exchange gain/loss, capital gain/loss on securities)	80,715.82	89,582.36	8,866.54	10.98
Earnings from FCA as per cent of average FCA	2.10	2.11	0.01	0.48

Earnings from Foreign Sources

XII.11 The income from foreign sources increased by 10.98 per cent from ₹80,715.82 crore in 2020-21 to ₹89,582.36 crore in 2021-22. The rate of earnings on foreign currency assets was 2.11 per cent in 2021-22 as compared to 2.10 per cent in 2020-21 (Table XII.8).

Earnings from Domestic Sources

XII.12 The net income from domestic sources increased by 34.20 per cent from ₹52,556.93 crore in 2020-21 to ₹70,529.77 crore in 2021-22 mainly on account of net impact of: (a) increase in interest income on holding of Rupee Securities (including oil bonds); and (b) increase in net outgo of interest under LAF/MSF due to absorption of surplus liquidity in the banking system (Table XII.9).

Table XII.9: Earnings from Domestic Sources

(₹ crore)

Item	2020-21	2021-22	Variation	
			Absolute	Per cent
1	2	3	4	5
Earnings (I+II+III+IV)	52,556.93	70,529.77	17,972.84	34.20
I. Earnings from Rupee Securities and Discounted Instruments				
i) Interest on holding of Rupee Securities (including oil bonds)	59,824.79	96,396.42	36,571.63	61.13
ii) Profit/Loss on sale and redemption of Rupee Securities	5,193.94	6,028.19	834.25	16.06
iii) Depreciation on Rupee Securities inter portfolio transfer	-8.12	-20.07	-11.95	-147.17
iv) Amortisation of premium/discount on Rupee Securities (including oil bonds)	846.48	-1,717.97	-2,564.45	-302.95
v) Discount	964.16	403.76	-560.40	-58.12
Sub total (i+ii+iii+iv+v)	66,821.25	1,01,090.33	34,269.08	51.28
II. Interest on LAF/MSF				
i) Net Interest on LAF Operations	-17,957.86	-35,501.29	-17,543.43	-97.69
ii) Interest on MSF operations	12.38	37.63	25.25	203.96
Sub total (i+ii)	-17,945.48	-35,463.66	-17,518.18	-97.62
III. Interest on Other Loans and Advances				
i) Government (Central & States)	264.04	296.34	32.30	12.23
ii) Banks & Financial Institutions	1,400.63	1,149.57	-251.06	-17.92
iii) Employees	44.33	55.91	11.58	26.12
Sub total (i+ii+iii)	1,709.00	1,501.82	-207.18	-12.12
IV. Other Earnings				
i) Exchange	0.00	0.00	0.00	0.00
ii) Commission	2,073.97	3,058.09	984.12	47.45
iii) Rent realised, Profit/Loss on sale of Bank's Property, provision no longer required and miscellaneous income	-101.81	343.19	445.00	437.09
Sub total (i+ii+iii)	1,972.16	3,401.28	1,429.12	72.46

XII.13 *Interest on holding of Rupee Securities (including oil bonds)* increased from ₹59,824.79 crore in 2020-21 to ₹96,396.42 crore in 2021-22 on account of higher holding of rupee securities in 2021-22 and current accounting year being of twelve months as compared to the nine months period for 2020-21.

XII.14 *The Net Interest Income from Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF) operations* decreased from ₹(-) 17,945.48 crore in 2020-21 to ₹(-)35,463.66 crore in 2021-22 due to higher surplus liquidity in the banking system leading to higher net interest outgo under LAF/MSF and current accounting year being of twelve months as compared to the nine months period for 2020-21.

XII.15 *Profit on sale and redemption of Rupee Securities* increased from ₹5,193.94 crore in 2020-21 to ₹6,028.19 crore in 2021-22 primarily on account of sale operations amounting to ₹64,085 crore (Face Value) in 2021-22 and conversion of securities by the Gol with the Reserve Bank for ₹1,19,701 crore in 2021-22.

XII.16 *Amortisation of premium/discount on Rupee Securities (including oil bonds):* The premium/discount on Rupee Securities and oil bonds held by the Reserve Bank, are amortised on daily basis during the period of residual maturity. The net income from premium/discount on amortisation of Rupee Securities decreased from ₹846.48 crore in 2020-21 to ₹(-)1,717.97 crore in 2021-22.

XII.17 *Discount:* The income from holding of discounted instruments (T-Bills) decreased from ₹964.16 crore in 2020-21 to ₹403.76 crore in 2021-22.

XII.18 *Interest on Loans and Advances*

- a) *Central and State Governments:* Interest income on loans and advances extended to Central and State Governments increased by 12.23 per cent from ₹264.04 crore in 2020-21 to ₹296.34 crore in 2021-22. Of the total, interest income received from the Central Government on account of WMA/OD decreased from ₹2.28 crore in 2020-21 to Nil in 2021-22 and interest income received from the State Governments on account of WMA/OD/SDF increased by 13.21 per cent from ₹261.76 crore in 2020-21 to ₹296.34 crore in 2021-22. The net increase in earning was due to higher utilisation of SDF/WMA/OD facility by the State Governments in 2021-22, primarily on account of current accounting year being of twelve months as compared to the nine months period for 2020-21.
- b) *Banks & Financial Institutions:* Interest on loans and advances to banks and financial institutions decreased by 17.92 per cent from ₹1,400.63 crore in 2020-21 to ₹1,149.57 crore in 2021-22.
- c) *Employees:* Interest on loans and advances to employees increased by 26.12 per cent from ₹44.33 crore in 2020-21 to ₹55.91 crore in 2021-22.

XII.19 *Commission:* The commission income increased by 47.45 per cent from ₹2,073.97 crore in 2020-21 to ₹3,058.09 crore in 2021-22. This was mainly due to the net effect of: (a) increase in management commission received for servicing outstanding Central and State Government loans including savings bonds, T-Bills and Cash Management Bills (CMBs);

(b) increase in floatation charges recovered from the Central and State Governments for the loans issued during the year; and (c) current accounting year being of twelve months as compared to the nine months period for 2020-21.

XII.20 *Rent Realised, Profit/Loss on sale of Bank's property, Provision No Longer Required and Miscellaneous Income*: Earnings from these income heads increased from ₹(-)101.81 crore in 2020-21 to ₹343.19 crore in 2021-22.

EXPENDITURE

XII.21 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. The total expenditure of the Reserve Bank increased by 280.13 per cent from ₹34,146.75 crore in 2020-21 to ₹1,29,800.68 crore in 2021-22 (Table XII.10).

i) Interest payment

During 2021-22, an amount of ₹1.77 crore was paid as interest to Dr. B. R. Ambedkar Fund (set up for giving scholarship to wards of staff) and Employees Benevolent Fund.

ii) Employee Cost

The total employee cost decreased by 19.19 per cent from ₹4,788.03 crore in 2020-21 to ₹3,869.43 crore in 2021-22. The decrease was due to decrease in Reserve Bank's expenditure towards accrued liabilities of various superannuation funds in 2021-22.

iii) Agency Charges/Commission

a) Agency Commission on Government Transactions

The Reserve Bank discharges the function of banker to governments through a large network of agency bank branches that serve as retail outlets for governments' receipts and payments. The Reserve Bank pays commission to these agency banks at prescribed rates. The agency commission paid on account of government business increased by 47.79 per cent from ₹2,611.05 crore in 2020-21 to ₹3,858.95 crore in 2021-22. The increase was primarily on account of current accounting year being of twelve months as compared to the nine months period for 2020-21.

Table XII.10: Expenditure

(₹ crore)

Item	2017-18	2018-19	2019-20	2020-21	2021-22
1	2	3	4	5	6
i. Interest payment	0.97	1.16	1.34	1.10	1.77
ii. Employee Cost	3,848.51	6,851.07	8,928.06	4,788.03	3,869.43
iii. Agency Charges/Commission	3,903.06	3,910.21	3,876.08	3,280.06	4,400.62
iv. Printing of Notes	4,912.52	4,810.67	4,377.84	4,012.09	4,984.80
v. Provisions	14,189.27	63.60	73,615.00	20,710.12	1,14,667.01
vi. Others	1,422.33	1,407.44	1,742.61	1,355.35	1,877.05
Total (i+ii+iii+iv+v+vi)	28,276.66	17,044.15	92,540.93	34,146.75	1,29,800.68

b) Underwriting Commission Paid to Primary Dealers (PDs)

The expenditure on account of underwriting commission to Primary Dealers decreased from ₹642.95 crore [inclusive of reimbursement of ₹159.92 crore on account of legacy Service Tax (ST) and GST payments] in 2020-21 to ₹486.95 crore in 2021-22. The large quantum of government borrowing and uncertainty in domestic and global economic conditions continued to weigh on market sentiments and resulted in Primary Dealers demanding a higher commission to underwrite the issuances of dated government securities.

c) Sundries

This includes the expenses incurred on handling charges, turnover commission paid to banks for Relief/Savings Bonds subscriptions and Commission paid on Securities Borrowing and Lending Arrangement (SBLA), etc. The commission paid under this head increased from ₹6.30 crore in 2020-21 to ₹12.29 crore in 2021-22.

d) Fees Paid to the External Asset Managers, Custodians, Brokers, etc.

Fees paid for external asset managers, custodial and broker services increased from ₹19.76 crore in 2020-21 to ₹42.43 crore in 2021-22.

iv) Printing of Notes

The supply of notes during the year 2021-22 at 2,22,505 lakh pieces was 0.36 per cent lower than that of the year 2020-21 (2,23,301 lakh pieces). The expenditure incurred on printing of Bank notes increased from ₹4,012.09 crore in 2020-21 to ₹4,984.80 crore in 2021-22.

v) Provisions

In 2021-22, provisions of ₹1,14,567.01 crore and ₹100 crore were made towards transfer to Contingency Fund (CF) and Asset Development Fund (ADF), respectively.

vi) Others

Other expenses comprises expenditure on remittance of currency, printing and stationery, audit fees and related expenses, miscellaneous expenses, etc., which increased by 38.49 per cent from ₹1,355.35 crore in 2020-21 to ₹1,877.05 crore in 2021-22.

CONTINGENT LIABILITIES

XII.22 Total contingent liabilities of the Reserve Bank amounted to ₹958.98 crore. The main component of it being partly paid shares, denominated in SDR, of Bank for International Settlements (BIS) held by the Reserve Bank. The uncalled liability on partly paid shares of the BIS as on March 31, 2022 was ₹934.68 crore. The balances are callable at three months' notice by a decision of the BIS Board of Directors.

PRIOR PERIOD TRANSACTIONS

XII.23 For the purpose of disclosure, prior period transactions of ₹1 lakh and above only have been considered. The prior period transactions under expenditure and income amounted to ₹61.45 crore and ₹(-)978.37 crore, respectively.

Payment to Micro and Small Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006

XII.24 The following table sets forth the cases of delayed payments of the principal amount or interest due thereon to Micro and Small Enterprises:

Particulars	(₹ crore)	
	Principal	Interest
1	2	3
i. the principal amount and the interest due thereon remaining unpaid (due for more than 45 days) to any supplier (micro or small enterprises) as at March 31, 2022;	-	-
ii. the amount of interest paid along with the principal amount paid to the supplier for delay beyond 45 days during the year;	0.04	0.001
iii. the amount of delayed payment paid to the supplier during the year beyond 45 days without adding the interest due thereon (for the period of delay in making payment);	-	-
iv. the amount of interest accrued and remaining unpaid at the end of the accounting year;	-	-
v. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	NA	NA

NA: Not Applicable.

PREVIOUS YEAR'S FIGURES

XII.25 Figures for the previous year have been rearranged, wherever necessary, to make them comparable with the current year.

AUDITORS

XII.26 The statutory auditors of the Reserve Bank are appointed by the Central Government

in terms of Section 50 of the RBI Act, 1934. The accounts of the Reserve Bank for the year 2021-22 were audited by M/s Chandabhoy & Jassoobhoy, Mumbai and M/s G. M. Kapadia & Co., Mumbai, as the Statutory Central Auditors and M/s Ray & Ray, Kolkata, M/s Sundaram & Srinivasan, Chennai and M/s S. K. Mittal & Co., New Delhi as Statutory Branch Auditors.