

# X

## HUMAN RESOURCE DEVELOPMENT AND ORGANISATIONAL MATTERS

X.1 The changing roles and activities of central banks and financial regulatory agencies and increased complexities in the financial system in recent years have brought to the fore issues relating to the human resource development function like never before. In the Reserve Bank also, the human resource development function has been receiving high attention. This is reflected in the Reserve Bank's efforts in meeting the evolving requirements through review of the extant systems and processes, systemic and case-specific innovations, constant upgradation of skills and technical expertise and instilling a high degree of professionalism among employees so as to enable them to take on the new and emerging challenges, on the one hand, and, to be able to balance life in the workplace and on the personal front on the other. With a view to reaching out to the common person in the country, the Reserve Bank constantly reviewed its communication strategies for disseminating information on its policies. Speeches by Top Management (Annex 1), reports of the various Working Groups (Annex II), and regular publications, an important part of the communication policy, are all placed on the Reserve Bank's website for wider dissemination.

X.2 This Chapter describes the various initiatives taken by the Reserve Bank to manage its human capital during 2007-08. It also sets out the various steps taken by the Reserve Bank for upgrading the human resources skills through appropriate training facilities at its own as well as external training institutes in areas of relevance to its working and operations. With a view to generating interest in and awareness about the Indian banking sector in general and the Reserve Bank in particular, the Reserve Bank launched the 'Reserve Bank of India Young Scholars Scheme' for students between 18 and 23 years of age and studying in undergraduate classes in various institutions across the country. Various measures were taken by the Customer Service Department of the Reserve Bank for improving the quality of customer service rendered to the members of public, banks, Central and State Governments and financial institutions.

X.3 The Reserve Bank's research departments continued to conduct analytical research on various

aspects of the Indian economy and provide inputs in the conduct and formulation of the monetary and financial policies. A number of research papers were brought out by the staff of the Research Departments as well as other Departments of the Reserve Bank (Annex III). In order to explain the rationale and the analytics of its policy initiatives to the public, the Reserve Bank disseminated wide ranging information through press releases, notifications, master circulars, publications, speeches, frequently asked questions (FAQs) and advertisements.

X.4 Finally, the Chapter presents an overview of the meetings of the Central Board and its Committees. Seven meetings of the Central Board were held during the year ended June 30, 2008. The discussions in the meetings focused on the areas of currency management, information technology, human resource development, banking regulation and supervision, monetary and credit policy, accounting policy, and internal debt management policy. The deliberations of the Board also focused on the critical issue of ensuring the benefits of growth to the poorer sections of society and increasing the flow of credit to agriculture and rural areas.

### HUMAN RESOURCE INITIATIVES

#### Training and Skills Enhancement

X.5 The various training colleges of the Reserve Bank continue to provide for the training needs of the officers of the Reserve Bank and the banking industry. The four Zonal Training Centres (ZTCs) extended training to Class III and IV staff of the Reserve Bank (Table 10.1).

#### *Bankers' Training College*

X.6 The Bankers' Training College (BTC) was established in 1954 to meet the training needs of banks and financial institutions in India. However, a need was felt to review the original mandate of the BTC and reposition it in consonance with the emerging needs of the banking and financial sector in India. The Reserve Bank had set up a Committee of external experts to, *inter alia*, suggest a repositioning of the College based upon a redefined mandate, draw up the broad contours of the appropriate organisational form, structure and

**Table 10.1: Reserve Bank Training Establishments - Programmes Conducted**

Training Establishment	2003-04 (July-June)		2004-05 (July-June)		2005-06 (July-June)		2006-07 (July-June)		2007-08 (July-June)	
	No. of Programmes	No. of Participants	No. of Programmes	No. of Participants	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	8	9	10	11
BTC, Mumbai	171	3,204	153	3,287	85	1,908	89	2,148	42 <sup>^</sup>	1,242 <sup>^</sup>
RBSC, Chennai	144	2,874	133	2,895	127	2,633	138	2,941	158	3,302
CAB, Pune	147 *	3,138 *	146	3,364	152 #	3,812 #	146	4,279	154	4,511
ZTCs (Class III)	187	3,652	245	5,442	230	4,710	215	4,069	191	3,563
ZTCs (Class IV)	56	958	40	1,295	76	1,592	78	1,605	65	1309

<sup>^</sup> : Figures pertain to July-February .

\* : Includes 10 outstations programmes conducted at the initiative of Regional Offices involving 384 participants.

# : Includes 13 off-site programmes involving 437 participants.

BTC : Bankers' Training College. RBSC : Reserve Bank Staff College.

CAB : College of Agricultural Banking. ZTC : Zonal Training Centre.

autonomy levels for the new entity after repositioning and reflect on the role that the Reserve Bank may play in facilitating the growth and governance of such an entity and chart out the transition path for the College from its present to the envisaged form. Keeping in view the recommendations made by the Committee, the BTC was closed effective April 1, 2008. Prior to the closing (July 2007 to February 2008), the BTC conducted 42 training programmes in the areas of credit, forex and risk management; 'know your customer' (KYC) and anti-money laundering; advanced central banking; credit management for commercial banks; integrated risk management; compliance risk management; risk-based internal audit; Basel II and risk management; and integrated establishment systems. The members of faculty also handled sessions at various external institutes in India.

#### *Reserve Bank Staff College, Chennai*

X.7 The Reserve Bank Staff College (RBSC), established to impart training to the Reserve Bank's own officers in junior and middle management cadres and specialised development of officers in the senior management cadre, contributed to the upgradation of skills of all the cadres of the officers. In line with the changing environment, it has been consistently endeavouring to modernise the techniques of training as well as the coverage of inputs. Ethical issues, communication techniques as well as human values have been included in most of the programmes.

X.8 A number of topical programmes relating to currency management; knowledge management; inspections and audit; Integrated Computerised Currency Operations and Management System (ICCOMS); and financial markets were organised in the College during the year (Table 10.2). An interactive programme was organised by the College with senior Police Officers from Sardar Patel National Police Academy, Hyderabad on various issues relating to training and supervision. The College has also developed an E-learning package on "The Story of the Reserve Bank of India". As part of the efforts to bring operations and training inputs closer, the College mooted the concept of collaborative studies/projects with regional offices and central office departments in areas relevant to the Reserve Bank. As a first step in this direction, the College has taken up a project on 'IT-enabled Financial Inclusion and Government Benefit Payments' jointly with officers from the Regional Office, Chennai of the Reserve Bank. In this project, an effort has been made to study the developments in the area of IT-enabled financial inclusion initiatives of various banks and how energies in this area can be harnessed to ensure an efficient and effective means of disbursing various benefit payments being made by the State Governments.

#### *College of Agricultural Banking, Pune*

X.9 The College of Agricultural Banking (CAB), originally set up with a focus on training the senior and middle level officers of rural and co-operative credit sectors, has, in recent years, diversified into areas relating to non-banking financial companies,

**Table 10.2: Select Programmes/Seminars/Workshops Conducted by Training Colleges during 2007-08**

Reserve Bank Staff College (RBSC)	College of Agricultural Banking (CAB)
1. Seminar on Currency Management	1. Customised Training Programme for Rural Branch Managers of Bank of Baroda on Financing Agriculture
2. Programme on Integrated Computerised Currency Operations and Managements System (ICCOMS)	2. Euromoney Training Programme on Financial Risk Management
3. Programme on Financial Markets	3. Workshop on Vulnerability Assessment in IT System
4. Workshop on Coaching / Mentoring	4. Programme on Financing Rural Micro Enterprises and Cluster Development
5. International Seminar on the Core Principles for Effective Banking Supervision	5. Euromoney Training Programme on Advanced Derivatives
6. Seminar on Monetary Policy Initiatives	6. Workshop on Business Continuity Management and Disaster Simulation Exercise (in association with the Business Continuity Management Institute)
7. Programme on Integrated Treasury Inspection	7. Programme on Core Banking Solutions for the CEOs/IT Heads of Regional Rural Banks and Urban Cooperative Banks
8. Customised Programme on Risk Management and Modelling for <i>Da Afghanistan</i> Officials	8. Seminar on Operational Risk Management in Central Banks in collaboration with <i>Banque de France</i> (International Banking and Finance Institute-IBFI)
	9. Legal and Regulatory Aspects of Banking Supervision (in collaboration with Newcastle University)
	10. Legal and Regulatory Aspects of Financial Crime (in collaboration with Newcastle University)
	11. Microfinance Conference
	12. International Workshop on Off-site Surveillance System for Credit Co-operatives for Central Bankers of SAARC and ASEAN countries
	13. Workshop on Technology Support for KYC/ AML Guidelines
	14. Seminar on Risk Management in Agriculture (in collaboration with NIA & MCX)

human resource management and information technology (IT). Keeping in view the emerging training needs, the College conducted various programmes on financial risk management, micro enterprises and cluster development (Table 10.2). The College also conducted agriculture project appraisal programme for officers of commercial banks; State focused programme on financing agri-business in Bihar, programme on core banking solutions for the CEOs/IT Heads of Regional Rural Banks (RRBs) and Urban Co-operative Banks (UCBs); CAB-NABARD collaborative exposure visit programme on financing self-help groups for senior bankers; and the conference of CEOs of regional rural banks.

X.10 The College conducted also several programmes, including interactive workshops for media persons; executive development programmes,

conference of the IT heads of banks with a thematic focus on ISO 27001 information security management system standard; workshop on organic agriculture; annual conference of the in-charges of priority sector of banks, workshop on business continuity management and disaster simulation exercise in association with business continuity management institute based in Singapore.

X.11 The college organised international programmes, viz., the international programme on restructuring rural financial institutions in collaboration with Center for International Co-operation and Training in Agricultural Banking (CICTAB); seminar on operational risk management in central banks in collaboration with *Banque de France* (see para X.17); and customised programme on 'Central Banking' conducted exclusively for the Officers of Royal Monetary Authority of Bhutan. The

College launched a new website (www.cab.org.in) and developed an e-portal (www.ict.cab.org.in) on information and communication technology (ICT) enabled financial inclusion efforts of banks.

*Deputation of Officers for Training in India and Abroad*

X.12 In order to upgrade the skills of its human resources, the Reserve Bank also deposes its officers to various external training institutes, conferences, seminars and workshops, both in India and abroad. During 2007-08, 895 officers were deputed by the Bank to participate in training programmes, seminars and conferences organised by external management/banking institutions in India. The areas of training included human resources management, risk management, security, international banking, foreign trade, labour laws and micro finance. The Bank deputed 520 officers to attend training courses, seminars, conferences and workshops conducted by banking and financial institutions and multilateral institutions in more than 30 countries. The areas of training covered, *inter alia*, banking supervision, derivatives, risk management, financial programming and policies, central bank accounting, monetary policy and operations, finance for agriculture, rural development and macroeconomic management, human resources, debt assets and reserve management (Table 10.3).

X.13 With a view to enhancing the level of knowledge and sharpening executive skills, the Reserve Bank decided from the year 2007-08 to depute senior officers in the rank of Chief General Manager for advanced management/executive education programmes of about two to three weeks duration conducted at leading business schools

**Table 10.3: Number of Officers Trained in External Training Institutions in India and Abroad**

Year	Number of officers trained in India	Number of officers trained abroad
1	2	3
2001-2002	355	137
2002-2003	452	208
2003-2004	433	242
2004-2005	521	171
2005-2006	625	273
2006-2007	871	352
2007-2008	895	520

abroad. Four Chief General Managers were deputed to pursue such courses in 2007-08 at internationally renowned business schools such as the Harvard Business School, the Columbia Business School and the London Business School. For the year 2008-09, four more Chief General Managers have been identified and they would pursue the programme during the course of the year.

X.14 With a view to giving exposure to the international arena and sharpening the management skills of the middle management, the Bank has decided to conduct collaborative programmes with Indian Institute of Management (IIM), Lucknow and Management Development Institute, Gurgaon for its officers. These programmes broadly designed as Advanced Management Courses would have two components. While the domestic learning component would be done at the collaborating institutions, the overseas component would be conducted at various renowned institutions abroad.

X.15 In order to hone the technical and management skills of the Reserve Bank's officers, a need was felt for greater coordination with leading central banks as well as other key regulatory and supranational agencies. With this objective, the Reserve Bank has been working towards putting in place the required mechanisms for the purpose with the respective institutions. Such two-way secondments have till now been put in place with the Bank of England, Reserve Bank of Australia and *Banque de France*.

X.16 Under this arrangement, while two officers from the Reserve Bank have been seconded to Bank of England in their Financial Stability Division and Monetary and Financial Statistics Division respectively, two officials from Bank of England have completed their secondment with the Monetary Policy Department and Financial Markets Department of the Reserve Bank. One more official from the Reserve Bank is expected to take up his secondment in Bank of England shortly. One officer from the Reserve Bank was also seconded to the Personnel Department in the Reserve Bank of Australia during the period. One officer from Reserve Bank has been seconded to *Banque de France* to their Reserves Management Directorate, while one official from *Banque de France* is expected to take up his secondment in Reserve Bank's Department of



Banking Supervision shortly. Besides, one officer from the Reserve Bank has been deputed to the Bank of Mauritius in the area of supervision for three years, effective November 2007. One officer had been deputed to the post of India Analyst in a project run jointly by Bank of Japan and Waseda University in Tokyo; the deputation period of the officer has been extended by two years up to the year 2010. Furthermore, in response to a request received from the Royal Monetary Authority of Bhutan to provide technical assistance for setting up of the Claims Section in their Currency Management Wing, the Reserve Bank would shortly depute a suitable officer there for a period of six weeks.

X.17 The Reserve Bank and *Banque de France* have decided to henceforth organise International Seminars together on themes of common interest in India and France on an alternate basis. The first such seminar on “Operational Risk Management in Central Banks” was held at the College of Agricultural Banking, Pune on December 20 and 21, 2007. This Seminar provided important insights into the evolving risk universe for central banks as well as the tools and strategies needed for designing policies on risk management. While both the Resource Persons for the Seminar were officials from the *Banque de France*, officials from several central banks in South and South-East Asia, including from the Reserve Bank participated in the Seminar.

X.18 Three officers were selected during 2007-08 under the Reserve Bank’s Golden Jubilee Scholarship Scheme for higher studies abroad. In all, 90 officers have been selected under this scheme since its inception in 1986.

X.19 Three officers availed study leave under different schemes for pursuing higher studies during the year.

#### *Zonal Training Centres*

X.20 Zonal Training Centres (ZTCs) of the Reserve Bank conducted programmes on functional areas, information technology and behavioural areas for Class III and IV employees of the Reserve Bank. Apart from regular programmes at their premises, ZTCs also conducted off-site programmes on personnel effectiveness, functions and working of

Reserve Bank for Class III staff; and developmental programme for Class IV staff.

#### *Training in Computer Technology*

X.21 Four officers were deputed to advanced training programmes in computers and information technology to leading training institutions.

#### *Other Initiatives*

X.22 During July-December 2007, 239 employees availed benefits under the incentive scheme for pursuing part time and distance education courses. The major areas of the study were management, information technology, financial analysis and post-graduation in commerce and economics.

X.23 In order to provide its staff an additional avenue of skill enhancement, the Reserve Bank obtained an e-learning module designed by the Indian Institute of Banking and Finance (an affiliate of the Indian Institute of Bankers) exclusively for its employees covering different facets of central banking such as treasury and risk management, and international banking and foreign exchange.

X.24 Carrying forward the Bank’s initiatives for self-development of employees, customised e-learning courses on critical work-areas officers were designed through the Indian Institute of Banking and Finance (IIBF) in the area of treasury and risk management, international banking and central banking. The e-learning material on treasury and risk management has been hosted on the IIBF portal. Reserve Bank employees have been given access through separate ‘log in ID’ and ‘password’. In respect of each candidate, the validity of the access would be restricted to four months from the date of activation of the password. At the end of the study period, an on-line self proctored examination would be structured for Level I candidates. The successful candidates along with other eligible candidates could enrol for Level II of the said course. On successful completion of the Level II of the course, candidates would be awarded a Certificate by IIBF. The Bank would bear the entire expenses for this course, including courseware digitalisation expenses and portal hosting charges.

X.25 As part of its capacity building and knowledge management initiatives, the Reserve

Bank had signed a Memorandum of Understanding with the London School of Economics and Political Science (LSE) for creating a LSE India Observatory and IG Patel Chair to be based at the Asia Research Centre at the LSE. The Indian Observatory was launched on October 15, 2007 with an event titled "India at 60 in a Changing World: Next 20 years" in London which was attended by the Union Minister for Commerce and Industry, Government of India, the Governor, Reserve Bank and the Governor, Bank of England, among others. The Indian Observatory is expected to be a focal point for research into contemporary Indian society and economy. It would pool together those in the School who are already working on Indian issues; organise seminars and conferences to raise the profile of that work as well as other related work being undertaken in the United Kingdom and elsewhere in Europe. Professor Lord Nicholas Stern of Brentford has been appointed as IG Patel Chair in Economics and Government and Director of the Indian Observatory.

X.26 The Joint India-International Monetary Fund (IMF) Training Programme (ITP) was established at the National Institute of Bank Management (NIBM) campus in Pune to impart policy-oriented training to nominees of Governments and central banks of the participating SAARC and East African countries, apart from India, in economics and related operational fields. During the year, seven programmes were conducted under the joint training programme (Table 10.4)

X.27 Given the Bank's growing synergy and linkages with other institutions, an External Services and Technical Co-operation Cell was constituted in the Human Resources Development Department

(HRDD) recently. During the year, various visits/ attachments were coordinated by the Cell. A team of 16 officials from National Bank of Ethiopia visited the Reserve Bank for exposure in various areas and were attached to different departments. A four-member delegation from Bank of Tanzania visited the Bank for discussions with senior officers of the Bank. Interface sessions were held for officials from National Defense College, New Delhi and College of Naval Warfare, Mumbai.

#### *Senior Management Conference 2007*

X.28 With a view to putting in place an effective interface mechanism for Heads of the Regional Offices as well as Central Office departments, the Reserve Bank has been organising the Regional Directors' Conference every year. As the focus of the discussion and debate at the Conference is equally on the Regional Directors and Heads of the Bank's Central Office departments, it was decided to rename this annual meet as "*Senior Management Conference*" from 2007. The Senior Management Conference, 2007 was held at Mumbai from November 22 to 25, 2007. The broad theme for the Conference was "Quest for Organisational Excellence: Issues, Problems and Solutions". Besides the Governor and other Top Executives of the Bank who shared their vision for the organisation, a galaxy of eminent guest speakers also addressed the Conference on a range of interesting and evolving issues. These varied from issues such as empowering rural women and fighting injustices based on gender and other strong social biases to the uniqueness of India as a celebrated democracy and the criticality of having world class urban transport infrastructure in the country. The Guest Speakers at the Senior Management Conference

**Table 10.4: Courses Conducted under Joint India-IMF Training Programme - Pune**

Sr. No.	Course Title	Duration
1.	Macroeconomic Diagnostics (MDS)	August 20 - 31, 2007
2.	Program and Performance Budgeting (PPB)	October 01 - 05, 2007
3.	Macroeconomic Management and Financial Sector Issues (MMF)	December 03 - 14, 2007
4.	Financial Programming and Policies (FPP)	March 03 - 14, 2008
5.	Seminar on Derivatives in Emerging Markets	March 26 - 28, 2008
6.	Macroeconomic Management and Debt Issues (MDI)	April 14 - 25, 2008
7.	AML/CFT Workshop for Financial Supervisors (AMLF)	May 19 - 23, 2008

2007 were: (i) Dr. A.P.J. Abdul Kalam, former President of India; (ii) Dr. E. Sreedharan, Managing Director of the Delhi Metro Rail Corporation; (iii) Dr. Devi Prasad Shetty, Chairman, Narayana Hrudayalaya, Bangalore; and (iv) Ms. Chetna Gala Sinha, Founder / Chair, Mann Deshi Mahila Sahakari Bank Ltd., Satara, Maharashtra.

X.29 The Bank initiated a regular interface mechanism in the form of knowledge-sharing lectures wherein leaders from the financial and corporate world are invited to share their knowledge and experience with the Bank's officials on a wide range of critical issues. This knowledge-sharing is expected not only to broaden the perspective, but also enable the Bank's officers to reinvent themselves for meeting the dynamics of new roles and functions. Several interactive lectures have been organised by the Bank under the ambit of this series.

X.30 Apart from its own training colleges mentioned earlier, the Reserve Bank has also catalysed the creation of four more training institutions, 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. The Reserve Bank extended financial support of Rs.6 crore, Rs.2.9 crore and Rs.29 lakh to IGIDR, NIBM and IIBM respectively, during 2006-07 and Rs.10 crore to IDRBT during 2004-05.

#### *IGIDR Review Committee*

X.31 An external Review Committee under the Chairmanship of Dr. Bimal Jalan, Member of Parliament and former Governor of the Reserve Bank was constituted by the Reserve Bank during the year for evaluating the progress made by the Indira Gandhi Institute of Development Research (IGIDR), Mumbai and to suggest a roadmap for the future. The Committee, which submitted the Report in June 2008, attempted to take stock of the Institute's recent performance and current activities for: (i) identifying the roadblocks; (ii) considering how research trends and needs in economics are taking shape in India and across the world; (iii) brainstorming issues around the future of the Institute; and (iv) outlining a blueprint for its makeover. Making use of the aforesaid tools for a comprehensive analysis of

the present position in the IGIDR, the Review Committee made out a case for some important initiatives to further improve the functioning and attractiveness of IGIDR as a world-class development research institution. This transition trajectory, recommended by the Review Committee, broadly involves four focus areas, viz., (i) governance and other structural issues; (ii) refashioning the Institute's talent management strategy; (iii) expanding the terms and territory of engagement; and (iv) improving the Institute's physical infrastructure. The Report has been considered by the Board of Management of IGIDR and a process to implement it has already been initiated.

#### *Awards for 'Without Reserve'*

X.32 The Reserve Bank's in-house journal "Without Reserve" won five awards including one Gold, three Silvers and a Bronze at the Annual Association of Business Communicators of India (ABCI) competition for in-house journals. In a National in-house magazine contest organised by the Trivandrum Press Club, "Without Reserve" was awarded three first prizes for overall excellence in areas of printing, layout, design and editorial content.

#### **Summer Placement**

X.33 The Reserve Bank has in place a Summer Placement Scheme which affords an opportunity to domestic and foreign students to expose themselves to an actual managerial environment and apply their knowledge to operational issues in the central bank while doing their internship. Consequent to a review undertaken recently, certain improvements/modifications were made in the Bank's Summer Placement Scheme with a view to aligning it with the Bank's overall talent attraction strategy and enriching the trainees by offering them interesting and challenging projects. Accordingly, from 2007 onwards, the Reserve Bank would have 20 Summer Trainees every year who would take up suitable projects in various Central Office departments and in some of the regional offices located at the metro centres. In addition, five Summer Trainees would be taken from amongst the desirous candidates studying in reputed institutes abroad.

#### **Industrial Relations**

X.34 Industrial relations in the Reserve Bank remained, by and large, peaceful during 2007-08. Periodical meetings were held with the recognised Associations/Federations of workmen employees/

**Table 10.5: Recruitment by the Reserve Bank – 2007\***

Category	Total Recruitment	of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	29	2	9	6.9	31.0
Class III	10	3	1	30.0	10.0
Class IV	-	-	-	-	-
(a) Maintenance Attendant	33	5	0	15.1	-
(b) Others	64	10	3	15.6	4.7
<b>Total</b>	<b>136</b>	<b>20</b>	<b>13</b>	<b>14.7</b>	<b>9.6</b>

\*: January-December.

SC: Scheduled Castes. ST: Scheduled Tribes.

officers on various matters relating to service conditions and welfare measures in the Reserve Bank.

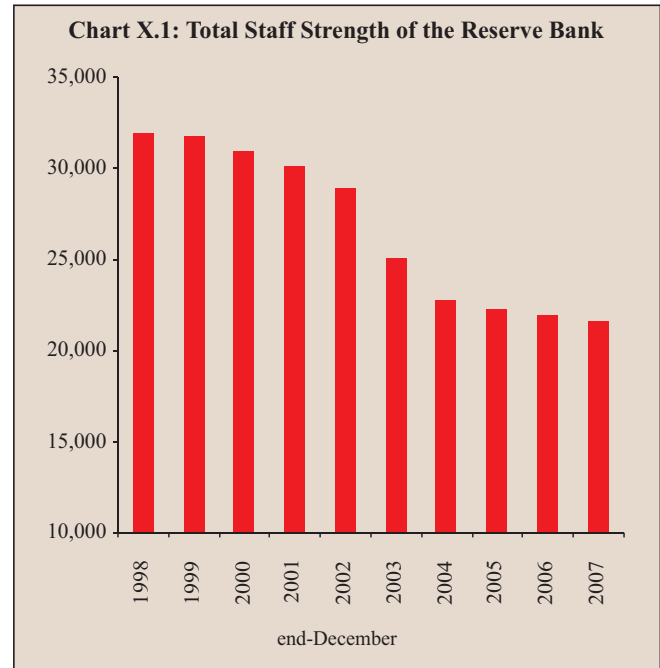
### Recruitment

X.35 During 2007 (January-December), the Reserve Bank recruited 136 employees. Of these, 33 belonged to Scheduled Castes (SCs) and Scheduled Tribes (STs) categories, constituting 24.3 per cent of total recruitment (Table 10.5).

### Staff Strength

X.36 The total staff strength as on December 31, 2007 was 21,494 as compared with 21,910 a year ago (Chart X.1). Of the total staff, 21.3 per cent belonged to Scheduled Castes and 8.9 per cent to Scheduled Tribes (Table 10.6).

X.37 During 2007 (January-December), four meetings between the management and the representatives of the All India Reserve Bank



Scheduled Castes/Scheduled Tribes and the Buddhist Federation were held 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 number of the OBCs (recruited after September 1993) in the Reserve Bank as on December 31, 2007 was 850. Of these, 255 were in Class I, 93 in Class III and 502 in Class IV. Two meetings were held with the All India Reserve Bank OBC Employees' Welfare Association

**Table 10.6: Staff Strength of the Reserve Bank**

Category	Category-wise strength						Percent to Total Strength	
	Total Strength		SC		ST		SC	ST
	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2007	
1	2	3	4	5	6	7	8	9
Class I	6,819	7,760	993	1,145	458	562	14.8	7.2
Class III	7,522	6,268	1,183	1,001	744	623	16.0	9.9
Class IV	7,569	7,466	2,465	2,443	752	728	32.7	9.7
<b>Total</b>	<b>21,910</b>	<b>21,494</b>	<b>4,641</b>	<b>4,589</b>	<b>1,954</b>	<b>1,913</b>	<b>21.3</b>	<b>8.9</b>

SC: Scheduled Castes.

ST: Scheduled Tribes



to discuss issues relating to implementation of the reservation policy in the Reserve Bank.

X.38 The total strength of ex-servicemen in the Reserve Bank at end-December 2007 was 1,217 comprising 197 in Class I, 220 in Class III and 800 in Class IV. The number of physically handicapped employees in Class I, Class III and Class IV cadres was 145, 180 and 133, respectively, at end-December 2007.

X.39 Of the total staff, 36.1 per cent was in Class I, 29.2 per cent in Class III and the remaining 34.7 per cent in Class IV (Table 10.7).

X.40 Almost one-fourth of the total staff is involved in the work related to currency management (Table 10.8).

X.41 The Mumbai centre (including the Central Office departments) continued to have the largest staff strength - 29 per cent of total - followed by Kolkata (10 per cent), and Chennai and Delhi (7 per cent each) (Table 10.9).

#### *Opening of New Offices/Departments*

X.42 The Reserve Bank opened sub-offices at Shimla and Ranchi on July 2 and November 15, 2007 for the States of Himachal Pradesh and Jharkhand, respectively. The sub-offices initially have only one Department, viz., Rural Planning and Credit Department (RPCD) with Financial Inclusion Cell within it. The sub-offices would focus on the issues relating to rural credit and financial inclusion.

X.43 The Press Relations Division was renamed as Department of Communication with effect from March 1, 2008. The Department of Statistical Analysis and Computer Services was renamed as Department of Statistics and Information Management with effect from May 20, 2008.

X.44 The Foreign Exchange Department (FED), Mumbai Regional Office and Panaji Office were delinked from FED, Central Office and brought under the control and supervision of Regional Director, Mumbai Regional Office, for greater efficiency and synergy in operations with effect from December 27, 2007 and April 3, 2008, respectively.

**Table 10.7: Category-wise Actual Staff Strength**

(As on December 31, 2007)

Class	Actual Strength
1	2
<b>Class I</b>	<b>7,760</b>
1. Senior Officers in Grade F	91
2. Senior Officers in Grade E	219
3. Senior Officers in Grade D	355
4. Officers in Grade C	903
5. Officers in Grade B	1,420
6. Officers in Grade A	4,447
7. Treasurers	18
8. Deputy Treasurers	63
9. Assistant Treasurers	244
<b>Class III</b>	<b>6,268</b>
1. Clerks Grade I	2,399
2. Clerks Grade II	2,121
3. Stenographers	197
4. Typists	470
5. Tellers	522
6. Others	559
<b>Class IV</b>	<b>7,466</b>
1. Peons	1,646
2. Mazdoors	1,735
3. Others	4,085
<b>Total Strength in the Reserve Bank</b>	<b>21,494</b>

X.45 The Dehradun Sub-office was attached to Lucknow Office for all administrative and operational activities with effect from December 26, 2007.

X.46 The Rural Planning and Credit Department (RPCD) Cell at Nagpur, which was earlier attached to RPCD, Mumbai Regional Office for its operational requirements and to Nagpur Office for its administrative matters, was attached to Nagpur Regional Office for all matters with effect from December 26, 2007.

#### **Promotion of Hindi**

X.47 During 2007-08, the Reserve Bank persevered with its efforts to promote the use of Hindi in its working. In fulfilling the statutory requirements of Rajbhasha Policy involving implementation of the provisions of the Official Languages Act, 1963, the Official Language Rules, 1976 and the Annual Programme issued by the Government of India, Hindi training programmes and other promotional activities such as shield competitions, inter-bank Hindi essay competitions and inter-bank/financial institutions Hindi/bilingual in-house journal competitions were conducted. Many programmes were conducted at the time of Hindi fortnight observed from September 14, 2007.

**ANNUAL REPORT**

**Table 10.8: Department-wise Staff Strength of the Reserve Bank- As on December 31, 2007**

Sr. No.	Department/Office	Class I			Class III			Class IV			Grand Total
		C.O.	R.O.	Total	C.O.	R.O.	Total	C.O.	R.O.	Total	
1.	2	3	4	5	6	7	8	9	10	11	12
1.	Customer Service Department (CSD)	19	51	70	3	32	35	6	114	120	225
2.	Department of Administration and Personnel Management (DAPM)	97	920	1,017	75	881	956	53	2,546	2,599	4,572
3.	Department of Banking Operations and Development (DBOD)	138	0	138	76	0	76	83	0	83	297
4.	Department of Banking Supervision (DBS)	121	609	730	22	123	145	26	115	141	1,016
5.	Department of Currency Management (DCM)	40	1,237	1,277	21	1,722	1,743	17	1,929	1,946	4,966
6.	Department of Economic Analysis and Policy (DEAP)	207	41	248	125	30	155	83	21	104	507
7.	Department of Expenditure and Budgetary Control (DEBC)	75	373	448	70	412	482	35	136	171	1,101
8.	Department of External Investment and Operations (DEIO)	67	0	67	18	0	18	13	0	13	98
9.	Department of Government and Bank Accounts (DGBA)	64	945	1,009	47	1,260	1,307	21	532	553	2,869
10.	Department of Statistics and Information Management (DSIM)*	187	25	212	97	32	129	76	15	91	432
11.	Department of Information Technology (DIT)	78	57	135	7	13	20	15	2	17	172
12.	Department of Non-Banking Supervision (DNBS)	44	247	291	9	79	88	7	61	68	447
13.	Department of Communication (DOC)#	8	0	8	5	0	5	6	0	6	19
14.	Foreign Exchange Department (FED)	97	185	282	78	208	286	52	147	199	767
15.	Financial Markets Department (FMD)	22	0	22	4	0	4	5	0	5	31
16.	Human Resources Development Department (HRDD)	50	8	58	41	3	44	25	1	26	128
16A.	Bankers' Training College, Mumbai	0	32	32	0	28	28	0	93	93	153
16B.	Reserve Bank Staff College, Chennai	0	37	37	0	19	19	0	38	38	94
16C.	Zonal Training Centres	0	20	20	0	6	6	0	5	5	31
16D.	College of Agricultural Banking, Pune	0	64	64	0	26	26	0	90	90	180
17.	Internal Debt Management Department (IDMD)	31	0	31	8	0	8	8	0	8	47
18.	Inspection Department (ID)	51	0	51	15	0	15	11	0	11	77
19.	Legal Department (LD)	34	11	45	14	5	19	17	3	20	84
20.	Premises Department (PD)	44	289	333	38	262	300	49	694	743	1,376
21.	Rural Planning and Credit Department (RPCD)	98	432	530	29	104	133	34	102	136	799
22.	Secretary's Department	48	0	48	12	0	12	42	0	42	102
23.	Urban Banks Department (UBD)	77	383	460	24	112	136	38	59	97	693
24.	Rajbhasha Department	0	34	34	0	28	28	0	9	9	71
25.	Deposit Insurance and Credit Guarantee Corporation (DICGC)	0	50	50	0	34	34	0	25	25	109
26.	Reserve Bank Services Board (RBSB)	13	0	13	11	0	11	7	0	7	31
<b>Total</b>		<b>1,710</b>	<b>6,050</b>	<b>7,760</b>	<b>849</b>	<b>5,419</b>	<b>6,268</b>	<b>729</b>	<b>6,737</b>	<b>7,466</b>	<b>21,494</b>

\* : The Department of Statistical Analysis and Computer Services was renamed as Department of Statistics and Information Management with effect from May 20, 2008.

# : The Press Relations Division was renamed as Department of Communication with effect from March 1, 2008.

**Note:** 1. C.O - Central Office. R.O - Regional Office.

2. The staff in Monetary Policy Department (MPD) are not shown separately since the staff are drawn from five other Departments, viz., DEAP, DSIM, DBOD, RPCD and DAPM. The staff strength of MPD in different categories as on December 31, 2007 was 41 in Class I, 17 in Class III and 14 in Class IV.

3. The Department of Payment and Settlement Systems (DPSS) is not shown separately as their staff forms a part of staff strength of DIT.

4. The Banking Codes and Standards Board of India (BCSBI) is not been shown separately as their staff forms part of RPCD.

5. The staff shown against DCM is inclusive of staff employed in Issue Department.

6. The staff shown against DGBA is inclusive of staff employed in Banking Department, Public Accounts Department and Public Debt Offices.

**Table 10.9: Office-wise Staff Strength**  
(As on December 31, 2007)

Office	Class I	Class III	Class IV	Total
1	2	3	4	5
1. Ahmedabad	378	274	299	951
2. Bangalore	449	285	301	1,035
3. Belapur	112	133	233	478
4. Bhopal	169	31	100	300
5. Bhubaneswar	187	116	230	533
6. Chandigarh	199	44	115	358
7. Chennai	501	492	574	1,567
8. Dehradun (Sub-Office)	11	2	3	16
9. Guwahati	172	218	216	606
10. Hyderabad	321	231	316	868
11. Jaipur	247	218	249	714
12. Jammu	102	14	56	172
13. Kanpur	205	346	426	977
14. Kochi	29	64	45	138
15. Kolkata	625	720	773	2,118
16. Lucknow	214	81	137	432
17. Mumbai	776	878	1,315	2,969
18. Nagpur	256	389	307	952
19. New Delhi	521	572	469	1,562
20. Panaji, Goa	6	5	2	13
21. Patna	281	150	307	738
22. Pune (CAB and CRDC)	62	26	87	175
23. Raipur (Sub-Office)	13	0	0	13
24. Ranchi (Sub-Office)*	5	0	0	5
25. Shimla (Sub-Office)#	7	0	0	7
26. Thiruvananthapuram	202	130	177	509
<b>A. Total (1 to 26)</b>	<b>6,050</b>	<b>5,419</b>	<b>6,737</b>	<b>18,206</b>
B. Mumbai Central Office Departments	1,710	849	729	3,288
<b>Grand Total (A+B)</b>	<b>7,760</b>	<b>6,268</b>	<b>7,466</b>	<b>21,494</b>

CRDC: Central Records and Documentation Centre.

\* : A sub-office of the Bank was opened at Ranchi, on November 15, 2007.

# : A sub-office of the Bank was opened at Shimla on July 2, 2007.

X.48 In order to promote Hindi, the Reserve Bank continued to bring out its various publications in bilingual form, *i.e.*, both in Hindi and English. The Reserve Bank's Central office publishes bilingual in-house Journal 'Without Reserve'. The Reserve Bank through its Rajbhasha Department further strengthened the use of Hindi in computerisation. The Reserve Bank's training colleges bring out books in Hindi on current banking and other related topics. The Bankers' Training College continued its prestigious Hindi publication named "Banking Chintan-Anuchintan" which is quite popular in the banking sector in India. The regional offices also made attempts to publish regular magazines in Hindi during the year. The Rajbhasha Department started the publication of a quarterly journal, 'Rajbhasha Samachar' with effect from January 2007. The journal is focused on the latest developments in the area of

implementation of Official Language policy and the other activities. Understanding new banking concepts is also a part of this publication.

X.49 The Reserve Bank's main website has been linked with its Hindi section. The intranet site of Rajbhasha Department is only in Hindi. The intranet sites of various Offices/Departments are also provided with Hindi section. Translation workshops were conducted for Rajbhasha officers from the Reserve Bank so as to encourage the adaptation of translation work. The training programmes were revamped and a new programme 'Intensive Hindi Workshop' laying emphasis on working in Hindi on computers was started during the year.

X.50 During the year, the Bank decided to implement the use of Hindi Unicode fonts for Bank's correspondence in Hindi as these fonts are based on international standards and promoted by the Government. The use of these fonts would enable the easy inter-transferability of Hindi text irrespective of availability of Hindi software. This would also relieve the task of converting the Hindi text to web fonts as Hindi Unicode fonts can be directly used for the Hindi website. Apart from this, it would also enable sending email in bilingual form. The familiarisation programmes are being arranged by Rajbhasha Department in this regard. The revised sixth edition of Bank's Glossary (English-Hindi) was published. Another noteworthy initiative taken by the Bank is the Online Banking Glossary. This is a type of application software for the Reserve Bank as well as the banking sector which would facilitate the use of English-Hindi Banking Glossary on computer, exactly as the other dictionaries do. This was launched in April 2008. Furthermore, to understand the new concepts used in the banking and financial sector, a working group has also been set up to prepare banking terminology in Hindi- 'Paribhashik Kosh'.

#### **Complaints Redressal Mechanism – Prevention of Sexual Harassment of Women at Workplace**

X.51 Pursuant to the guidelines laid down in the Supreme Court Judgment [Vishaka and Others vs. State of Rajasthan (1997) SCC 241], a Complaints Redressal Mechanism for prevention of incidence of sexual harassment of women at workplaces was put in place in the Reserve Bank in 1998. Under the system, a Central Complaints Committee (CCC)

headed by a lady officer in Grade 'F' is functional at Central Office level. In order to provide an easy access to the complaints redressal mechanism for the lady staff working in offices located at various other places, additional Complaints Committees were constituted at six locations in the Reserve Bank's offices in Mumbai and 20 Regional Offices. These Committees are also headed by senior lady officers. Besides having an NGO member each, the CCC and the Regional Complaints Committees (RCCs) have more than 50 per cent women members. The CCC acts as the focal point for all the Complaints Committees constituted at 20 centres of the Reserve Bank as well as for the six committees constituted in various premises of the Reserve Bank in Mumbai. During 2007-08 (July-April), one complaint of alleged harassment was received, which is being investigated. A complaint received prior to this period is at the final stage, awaiting the decision of the Competent Authority.

X.52 A two-day seminar (second in the series) on Prevention and Redressal of Sexual Harassment of women at workplace was arranged in November 2007 at Shillong for the members of Complaints Committees functioning at various Offices. In all, 34 Chairpersons/members of complaints committees participated in the seminar. The seminar covered topics such as Supreme Court Guidelines, facts and figures of sexual harassment, constitution of complaints committees, preventive measures, redressal mechanism and disciplinary procedures, among others.

### **Customer Service and Grievance Redressal System in the Reserve Bank**

X.53 The Reserve Bank renders services to members of the public, banks, Central and State Governments and financial institutions in areas covering currency management, Government receipts and payments, including tax collections, public debt management, clearing and remittance of funds and foreign exchange. In order to further improve the delivery of customer service, a Customer Service Department was set up in July 2006 by bringing in various customer service activities handled by different departments of the bank under a single roof. The Complaints Redressal Cell (CRC) of the Customer Service Department coordinates with

different departments of the Bank which have direct dealings with the public for prompt disposal of complaints against the services rendered by the Reserve Bank to the satisfaction of the common public. Complaints by the members of public/Bank's constituents pointing out deficiencies in the services rendered by the various departments of the Bank at various centres, including Central Office departments, fall within the ambit of the CRC. The CRC covers all service-oriented departments of the Bank and in particular, the Banking Department [Public Accounts Department (PAD), Deposits Accounts Department (DAD), and Public Debt Office (PDO)], Foreign Exchange Department and Issue Department.

X.54 CRCs have been established at all Offices/Central Office departments. Advertisements, giving wide publicity about the functioning of the CRC at various Centers and also at the Central Office are simultaneously published on a half-yearly basis, on first Sunday of January and July every year. Advertisements are published in the leading English and regional dailies. The Citizens' Charter specifying the timeframe for each of the customer related activities of the Banking Department is prominently displayed in the Banking Department for the benefit of the customer/members of the public visiting the Reserve Bank's premises for availing of various kinds of services. Due publicity to the Citizens' Charter is also given through the Reserve Bank's website and hard copies of the same are made available to the customers/members of public over the counter. The CRC obtains Monthly Status Reports on the receipt and disposal of complaints from all offices/departments. The CRC also receives Quarterly Reports based on the feedback received in writing from the Bank's customers on Citizens' Charter. As per the implementation plan of the recommendations of CPPAPS, the Regional Offices are required to assess the level of customer service every quarter. The CRC analyses these reports to assess the level of customer service. The issues relating to the customer service and redressal of complaints are discussed at the Branch Level Management Committee meetings. Offices also arrange periodical meetings with the customers, viz., commercial banks, urban co-operative banks, Government agencies/departments and members of public and submit



reports thereon to the CRC. Customer service complaints/grievances, both against the Reserve Bank and commercial banks were brought within the purview of Local Boards. During 2007 (April-December), the Local Boards in their quarterly meetings reviewed 317 complaints against the Reserve Bank offices, of which 306 were against the Issue/Cash Department.

X.55 Regional Offices initiated several measures to improve customer service such as placing of Citizens' Charter at prominent places in the banking hall, holding regular workshops for authorised dealers to enhance their knowledge/competence levels, installing coin vending machines, entering into agreements with post offices for distribution of coins, using ISO standardised customer feedback forms, displaying posters showing features of genuine notes, organising workshops on Reserve Bank (Note Refund) Rules for the officials of commercial banks, Government and Insurance Companies, providing information kiosks in banking halls and undertaking visits by Senior Officers to the Banking hall.

X.56 An IT enabled initiative taken during the year enables complainants to directly send their complaints to the Regional Offices using the weblinks provided on the Reserve Bank's website under 'Contact Us' and 'Complaints against Reserve Bank' under the webpage 'For Common Person'.

X.57 As was announced in the Mid-Term Review of the Annual Policy Statement for 2007-08 in October 2007, the Reserve Bank set up a Committee, comprising external members to look into customer services in the Reserve Bank. The Committee was required (i) to evaluate the efforts for improving public services to common persons undertaken by the Reserve Bank directly or through banks/institutions since adoption of CPPAPS recommendation; (ii) offer advice on improving the quality of such services; and (iii) to review the existing policies and procedures with a view to rationalising them, keeping in view the technological and other developments since adoption of CPPAPS recommendation. The Committee submitted its report on April 15, 2008. Its recommendations covering aspects affecting the common person in areas of currency, foreign exchange and Government transactions are under the consideration of the Reserve Bank.

X.58 During 2007-08, regional offices undertook various customer friendly initiatives, mainly towards increasing awareness in the areas of banking, currency management, foreign exchange management, payment system and evaluation of customer satisfaction. Training programmes/workshops/meetings were conducted to educate officials of State and Central Government undertakings, authorised foreign exchange dealers, representatives of major NGOs, professors and farmers' organisations.

X.59 Dissemination of material prepared to financially educate the common person received a major boost through initiatives at the Regional Offices. They collaborated with State Level Bankers' Committees (SLBCs) and district level Government officials for dissemination of financial education material in local language. Participation in exhibitions/fairs/numismatic fairs through educational displays/exhibits/interactive games was the most successful outreach programme undertaken by Regional Offices. Ahmedabad, Chandigarh, Chennai, Bangalore, Hyderabad, Guwahati Kanpur, Nagpur and Thiruvanthapuram Offices put up stalls in trade exhibitions/numismatic fairs in the area of their jurisdiction. At exhibitions and camps, visitors showed a great deal of interest in currency issues, such as, exchanging soiled and mutilated notes for fresh notes and coins, learning about security features of currency notes and coin vending machines reinforcing the fact that the most visible and recognised part of the Reserve Bank to the common person is currency notes and coins. Information was disseminated about no-frills bank accounts, general banking, Banking Ombudsman Scheme, electronic banking, the Reserve Bank's clean note policy, foreign exchange facilities, exercising caution while placing deposits with NBFCs.

#### **Premises Department**

X.60 Premises Department frames policy and acts as back-office for Regional Offices in the matter of creation, maintenance, renovation of physical assets/infrastructure of the Reserve Bank and its management in general. The Department, in coordination with the various Estate Offices across the country, has provided modern infrastructural facilities for communication, data transfer, security

and safety equipments in all offices. With the ageing of buildings, changes in the work culture and in the external environment, the Department's present emphasis is on modernisation, rehabilitation, renovation (and retrofitting) of existing buildings and modernisation/replacement of its utilities. At the same time, the Department continues to focus on improvement and re-engineering of its existing work-processes and on adoption of global best practices.

X.61 While providing, maintaining and managing office space, the Department has focused on use of environment-friendly materials/systems in consonance with the Energy Conservation Building Code (ECBC) introduced in May 27, 2007 and the country's energy and environment policies. Several measures were initiated for conservation of energy in line with the ECBC for commercial buildings having a connected load of 500 KW and above, with the objective to bring down the energy consumption through efficient design and use of energy efficient/eco-friendly equipments. During the year, various steps were initiated as part of the Department's continuing efforts for conservation of energy in the Reserve Bank's office buildings, which resulted in savings in energy consumption up to 10 per cent in terms of Kilo Watt Hour (KWH). As a concerted effort to put in place a system of water conservation, water audit was introduced in the Bank and the first such water audit is proposed to be completed by December 2008.

### **Inspection of Offices/Departments in the Reserve Bank**

X.62 The Management Audit & Systems Inspection (MA&SI), Information Systems Audit, Concurrent Audit (CA) and Control Self-Assessment Audit (CSAA) of the Offices/departments of the Reserve Bank are undertaken at prescribed intervals. The focus of the MA&SI is on three 'E's', *i.e.*, efficiency, economy and effectiveness of the system. The MA&SI evaluates the adequacy and reliability of existing systems and procedures to ensure that laws, regulations, internal policy guidelines and instructions are meticulously followed. Aspects relating to organisational goals, delegation of power and customer service in the department/Office and management efficacy are also looked into under Management Audit. During 2007-08, Systems Inspections, including Information

Systems Audits of twelve Regional Offices (ROs), eleven Central Office Departments (CODs) and two Training Establishments were completed. In addition, Management Audits of Banking Ombudsman at New Delhi and Mumbai were also taken up and completed. The compliance position in respect of major findings of MA&SI Reports continues to be monitored by the Executive Directors' Committee (EDC) under the overall supervision and guidance of the Inspection and Audit Sub-Committee (IASC) of the Central Board. During 2007-08, four meetings of the IASC, four meetings of the Executive Directors' Committee and twelve meetings of CGMs' Committee were held.

X.63 In order to automate the process of the compliance monitoring and follow-up of inspection reports on Regional Offices/Central Office Departments, a simple online Compliance Monitoring and Reporting System (COMORS) was put in place and integrated with the Department's website. The main objective of COMORS is to make the processing of compliance and follow-up more accurate and efficient. In due course, the COMORS will be developed to serve as an effective MIS system based on the repository of Inspection Findings (RIF) gathered in the data base over a period. The system enabled the reduction in the compliance monitoring cycle from 10-15 days to 3-4 days and viewing of the status of compliance by auditees online. Central Office Departments can also access pending paragraphs marked to them in a consolidated manner any time.

X.64 The monitoring of the efficacy of the Concurrent Audit and Control Self Assessment Audit prevailing at various ROs/CODs continued to be undertaken through an off-site Audit Monitoring Arrangement and on-site snap audits of offices (ROs and CODs). During 2007-08, snap audits of 20 Regional Offices, 22 Central Office Departments and three Training Establishments were conducted. During the year, a Workshop was organised by the Inspection Department in January 2008 with a view to apprising the concurrent auditors, based at Mumbai, of their role and to make them aware of Reserve Bank's expectations in this regard.

X.65 Technology audits of critical application systems were undertaken by involving external experts in the field of Information Systems Audit.

During the year, technology audit of RTGS and CPAD systems were conducted. Pre-launch audit of Cheque Truncation System (CTS) was also conducted with external assistance. Applications like CCIL and IAS have also been identified for technology audits.

X.66 In keeping with the recommendations of the CPPAPS, the project for obtaining ISO 9001-2000 Certification in select work areas/departments was

taken up in phases in the Reserve Bank. ISO 9001-2000 is a generic management standard providing an internationally accepted framework for establishing quality management systems with customer focus and continual improvement as the key elements (Box X.1).

X.67 As a part of the Reserve Bank's continuing initiatives to adopt and adhere to the international

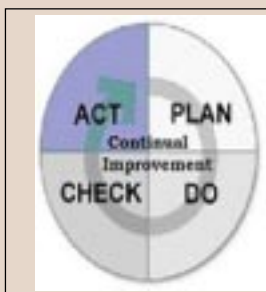
**Box X.1**

**Quality Management System (QMS):ISO 9001-2000 Standards**

Quality Management System (QMS) is a framework comprising a set of policies, processes and procedures required for planning and execution in the core business area of an organisation aimed at process optimisation through integration of best practices into operating system, management focus and discipline of management thinking. It enables the organisation to identify, measure, control and improve various business processes for better achievement

of its business objectives. In December 2000, International Organisation for Standardisation (ISO) introduced a set of Quality Management standards, labeled as 9001-2000 Standards, based on a process model, with emphasis on measuring customer satisfaction. The Standards are generic in nature and flexible enough to be implemented in any kind and size of organisation. These Standards have 'Plan, Do, Check, Act' cycle as operating principle and 'continual improvement' as a key element (Exhibit A).

**Exhibit A**



**Plan** - Analyse organisation's situation, establish overall objectives, set interim targets and develop plans to achieve them.

**Do** - Do what was planned.

**Check** - Measure results.

**Act** - Correct and learn from mistakes to improve plans in order to achieve better results next time.

**Breakthroughs** are improvements in one giant leap.

**Continuous improvement** is a gradual never-ending change.

**Continual improvement** is incremental change, about 'getting better all the time', through measurable improvement which will deliver the right combination of better, faster, cheaper for a particular organisation and its stakeholders.

It was decided to implement these Standards across select functions and locations in the Reserve Bank in phases; through coordination by Inspection Department (Table). Hyderabad and Kolkata Regional Offices as well as Department of Currency Management and Department of Government and Banking Accounts, which were certified earlier, successfully faced third party Surveillance (sustenance) Audits during the year. Certified work areas

benefitted from implementation of standards by way of continual improvement through measurable quality objectives, particularly in areas of house-keeping, record management and customer service; re-emphasized calibration system of measuring/processing devices, especially CVPS, among others. A target has been set to cover Issue and Banking Departments at all the Offices of the Reserve Bank under such Certification by the year 2009 as also a few other departments.

**Table**

Name of the Departments / Offices which are certified under ISO - 9001-2000	Name of the Departments / Offices which are under process for certification under ISO - 9001-2000
1. Department of Government and Bank Accounts, Central Office	1. Department of Economic Analysis and Policy, Central Office
2. Department of Currency Management , Central Office	2. Department of Administration and Personnel Management, Central Office
3. Hyderabad ( Issue and Banking)	3. Human Resources Development Department, Central Office
4. Kolkata ( Issue and Banking)	4. Ahmedabad ( Issue and Banking)
5. Jaipur ( Issue and Banking)	5. Bhopal ( Issue and Banking)
6. New Delhi ( Issue and Banking)	6. Nagpur ( Issue and Banking)
7. Chennai ( Issue and Banking)	7. Thiruvananthapuram including Kochi ( Issue and Banking)
8. Bangalore ( Issue and Banking)	

**Box X.2****Information Security Management System (ISMS) : ISO 27001:2005 Standards**

An Information Security Management System (ISMS) is a systematic approach to managing sensitive information. It encompasses people, processes and Information Management systems. ISO 27001:2005 (adapted from BS 7799-2:2002) is an internationally accepted standard, setting out the requirements for an ISMS. The Standard provides a framework for selection of adequate security controls proportionate to the criticality of the information processed/ stored and business process risks in a particular work area/ domain by alignment of business processes and information security needs. It is implemented through the process of information system asset inventurisation, risk identification and documentation of management and information security policies as well as control procedures for effective risk mitigation.

Considering the large volume of sensitive information being handled, it was decided to implement the above Standards in select work areas of the Reserve Bank, in phases. Assistance from external experts/consultants was obtained for aligning the existing ISMS with the requirements of the

Standards, while Inspection Department was entrusted with the job of coordinating the process across domains and locations. Implementation and Third Party Certification has been taken-up department-wise, in view of the diverse functionality, multiple information processing systems and varying levels of criticality of information across departments. Implementation Approach is designed to complement and enhance the Bank-wide Information Security Policy by catering to the Department Specific Information Security requirements. During 2007-08, the Standards were implemented in a few departments (Table). Department of External Investment Operations and Internal Debt Management Department, which were certified earlier, have sustained the certification by successfully facing the Surveillance (sustenance) Audit. These departments have benefitted from implementation of Standards by way of increased security awareness at all levels, documented incident reporting system, dynamic IS risk assessment and treatment, as periodic reviews and internal audits coupled with third party surveillance were mandated under Certification.

**Table**

<b>Name of the Departments / Offices which are certified under ISO -27001-2005</b>	<b>Name of the Departments / Offices which are under process for certification under ISO -27001-2005</b>
1. Internal Debt Management Department, Central Office	1. Department of Banking Operations and Development, Central Office
2. Department of External Investment and Operations, Central Office	2. Financial Markets Department, Central Office
3. Department of Banking Supervision, Central Office	3. Central Accounts Section, Nagpur

best practices and standards, the project of obtaining Information Security Management System (ISMS) certification (ISO 27001) in work areas was also undertaken in a phased manner (Box X.2).

X.68 In keeping with the international best practices, the Reserve Bank took up the task of introducing Risk Based Internal Inspection for replacing the existing Systems Inspection (Box.X.3).

**Department of Expenditure and Budgetary Control**

X.69 The Department of Expenditure and Budgetary Control (DEBC) prepares the Reserve Bank's Annual Budget and also provides establishment related services to the Bank's own staff. The Department has operationalised the Integrated Establishment System (IES). It is a three-tier application software with browser based access,

secured by passwords and covers the entire range of establishment related activities, including salary processing/ disbursement. It aims at providing a common Oracle platform with standard processes/ rules and ensures data security. It comprises of twelve modules of which seven relate to salary (including increments, promotion, leave, loans and advances) and remaining five pertain to bills, budget, expenditure, fund and final settlement. All the modules are now operationalised in the Department and their usage is gradually being extended to other Central Office Departments/Regional Offices. The usage so far has shown that the software is user friendly and has simplified the processing of salary/ establishment related payments. Besides, it has facilitated the online generation of important returns, particularly those relating to income tax, viz., Form 16 and Form 12B and 24Q.



### **Box X.3**

#### **Risk-Based Internal Audit**

The Reserve Bank has a strong internal audit function, which has evolved over the years and includes Management Audit and Systems Inspection (MA&SI), Concurrent Audit (CA), Control Self-Assessment Audit (CSA), Snap Audit cum Monitoring System (SNAM). The function handled by Inspection Department encompasses Quality Assurance through Compliance and Control Checks, Information Systems Audit and Externally Assisted Technology Audits. Consulting Role of the Audit, by way of suggestions to the Line Management, is also undertaken. However, considering the shift in the role of Internal Audit, as understood internationally, from Compliance to Risk Assurance, a review of the current systems inspection methodology was undertaken. It was perceived that the present internal inspection in the Bank was implicit in its approach to risk assessment as its major focus was control and compliance, resulting in strengthening of internal controls which may lead to creation of layer upon layer of controls, building a type of “organisational plaque” having the potential to slow down business processes, besides making communication more difficult. In comparison, the Risk Based Internal Audit (RBIA) provides assurance that risks are being managed within the organisation’s risk appetite. It applies to any risk that threatens the achievement of the organisation’s objectives whether internal to the organisation or external. The benefits that accrue from the RBIA’s explicit approach to risk assessment and assurance were perceived to be: (a) optimal allocation of limited resources, efficiencies and quality audit in the immediate term; (b) risk awareness, setting risk appetite, and focus on risk and control assessment in the medium term; and (c) scientific audit

aligned to the objectives of the Reserve Bank; development of incident/event database and audit opinion on the entire risk management framework in the long-term.

In view of the above, it was decided to move towards risk-based internal audit/inspection. In order to attain this shift in the audit focus and methodology, several steps were taken. First, an internal task force was constituted in the Inspection Department with the objective of evolving a framework for a risk-based internal audit. The task force prepared inherent risk profiles of all the work areas in the Reserve Bank at activity/sub-process level, through consultative and iterative process. Second, a ‘pilot’ was undertaken with external assistance to refine the ‘profiles’ to map controls, control assessment and residual risk in the form of risk registers. Third, outputs from the ‘pilot’ and ‘report’ by external experts were reviewed in consultation with the Institute of Internal Auditors (IIA) to arrive at a roadmap for RBIA, first phase of which was approved by the Inspection and Audit Sub-Committee (IASC). Action has been initiated in that direction by customising an internal application viz., COMORS (Compliance Monitoring and Reporting System) to map ‘incidents’ across locations through MA&SI. Fourth, a ‘draft approach paper’ for setting up a Risk Management (RM) was prepared, covering aspects such as objectives of RM, framework, organisational structure, taxonomy, approach and methodology. A sample event based risk assessment at inherent as well as residual risk level was also prepared. A methodology for ‘risk score aggregation’ by incorporating risk categorisation and factor weight assignment is being tested/validated.

#### **Dissemination Policy**

X.70 The Reserve Bank continued to disseminate information through press releases, notifications, master circulars, publications, speeches, frequently asked questions and advertisements. During the year ended June 30, 2008, the Reserve Bank issued 1,686 press releases and 388 notifications, including 79 master circulars. It organised meetings, workshops and seminars to interact with special audiences. Members of the public continued to send their queries relating to banking, foreign exchange, economy, customer service through e-mail/telephone/fax to the helpdesks set up in various Departments and Regional Offices. These queries were over and above the queries received under the Right to Information Act.

X.71 With accent on transparency and accountability, the Reserve Bank has been making increasing use of its website (URL: [http://](http://www.rbi.org.in)

[www.rbi.org.in](http://www.rbi.org.in)) for two-way communication with external audiences. The site is used not only to disseminate information emanating from the Reserve Bank, but also to seek feedback on policies. During 2007-08, seven draft reports and 12 draft guidelines were placed on the website for feedback. The size of the website increased from 10 MB in 1996 to 38 GB in July 2008. The number of users, who register themselves for receiving information available on the Reserve Bank’s website through email, increased two-fold during the year. As many as 7,845 users registered themselves in 2007-08 taking the total number of registered users to 15,008.

X.72 For the third year in succession, the Reserve Bank enabled the regional press to interact with the Governor during the press conferences held to explain the stance of monetary policy. The interaction was facilitated through video conference between Mumbai and Ahmedabad, Bangalore, Chennai, Hyderabad, Jaipur, Kolkata, and New Delhi. The

webcasts of the Governor's press conferences to announce the monetary policy continued to be a significant part of the Reserve Bank's communication policy (Box X.4). The webcast of Mid-Term Review of the Annual Policy announced in October 2007 was accessed by 465 persons and that of Annual Policy in April 2008 by 1,803 persons.

X.73 The Reserve Bank arranged two interactive workshops for press persons. The workshops were

arranged in the College of Agricultural Banking, Pune. The objective of these two-and-a-half day workshops was to familiarise the press persons with the international best practices in central banking with special reference to the Reserve Bank. 53 press persons took advantage of the opportunity. The success of these workshops encouraged the Reserve Bank to extend its outreach to the

#### Box X. 4

#### Communication Policy of the Reserve Bank of India

A great change has taken place over the last ten to fifteen years in the importance being given by leading central banks to their communication policy and practices. The main reasons for this change are:

- Increasing central bank autonomy or attainment of independence has imposed a great demand for accountability of central banks which has necessitated greater emphasis on effectiveness and transparency in communication.
- Monetary policy transmission is now done mainly through changes in policy interest rates and their effects on money, credit and financial markets. Hence, effective communication is integral to the efficacy of monetary policy. Many central banks have also formed monetary policy committees and have started publishing their minutes.
- The innovations in information and communication technology have made the speed and form of communication from central banks quite revolutionary. In addition to traditional challenges provided by the print medium and television, websites of central banks and continuous communication through wire agencies have made central bank communication real time on a global basis.

Consequently, a number of central banks have articulated and adopted formal policies on communication.

As the Reserve Bank moved away from direct credit controls and other quantitative direct instruments and as financial markets deepened in the late 1980s and 1990s, effective communication of central bank policy objectives, instruments and action gained prominence. Faced with such multiple tasks and complex mandate – from monetary policy and financial stability to banking regulation, debt management, government debt market regulation and currency issue – there is a necessity of clearer communication on the part of the Reserve Bank of India.

The Reserve Bank of India has had well established communication practices. However, in recognition of the growing importance of communication, it was felt necessary to codify the communication policy and practices. The codified policy and practices were placed before the Central Board of Directors of the Reserve Bank at its meeting held in July 2008.

The principal goals of the Reserve Bank's communication strategy are:

- Transparency for strengthening accountability and credibility
- Clarity on the Reserve Bank's role and responsibilities with regard to its multiple objectives; managing inherent complementarities/ contradictions and transition
- Managing expectations and promoting two-way flow of information/ perceptions
- Dissemination of information, statistics and research at various frequencies

The Policy has also outlined Principles of Communication. These are:

- The Reserve Bank's approach to communicating the policy stance is to explain the stance with rationale, information and analysis and to refrain from explicit forward guidance with a preference for market participants and analysts to draw their own inferences;
- The content of communication relates to monetary policy, financial regulation and supervision, external sector management, currency management and public debt management covering policy changes as well as the path of structural reforms;
- Communication is combined with policy measures and administrative strategies;
- Coherence, clarity and credibility in articulation through speeches, formal structured and periodic statements, statutory/ non-statutory publications and committee reports as well as in reporting/dissemination of information;
- Communication is sensitive to the target audience – researchers, analysts, academics, media, regulated entities, other central banks, rating agencies, multilateral institutions, market participants, Government agencies and the common person including urban and rural population, women, senior citizens, defence personnel, school children – and therefore different types of communication instruments are used;
- Dissemination of information through the official website on real time basis;
- Pre-announced periodicity of standard communication instruments in order to enhance timeliness; advance release calendars and review cycles;

The Communication Policy of Reserve Bank of India would be reviewed annually and placed on the RBI website by way of a master circular.

neighbouring countries. Accordingly, a three-day workshop was conducted for a team of 16 press persons from Nepal at the College of Agricultural Banking, Pune. The objective of this workshop was to explain the basic central banking concepts to them with reference to Nepal and India. The workshop included a visit to Mumbai to see the Mint, the Reserve Bank's Monetary Museum, the Real Time Gross Settlement, Currency Verification and Processing System Centres and National Clearing Cell, where cheques are processed.

X.74 With the objective of giving an insight into its role and functions, the Reserve Bank, in 2006, embarked on a programme of encouraging school/college students and other interest groups of the public to visit the Reserve Bank. Under this programme, nearly 600 students and teachers visited the Central Office in Mumbai alone during 2007-08. Significantly, groups of less privileged children, such as, those supported by NGOs like Pratham (engaged in education of street children) and Prerna (children of municipal schools) also visited the central bank. The programme in Mumbai includes interactive sessions between students and the Reserve Bank officials on issues relating to central banking and economy and a visit to the Monetary Museum as well as to the National Clearing Cell.

#### *Project Financial Literacy*

X.75 The Reserve Bank launched Project Financial Literacy during 2007-08 with a view to creating awareness, especially among the common persons, on matters relating to banking, finance and central banking. The Project is guided by a Steering Group headed by an Executive Director. The Steering Group includes representatives of two regional offices and select Central Office Departments. The Steering Group screens the ideas and material for financial education. For the purpose of giving relevant information to various target groups, the Reserve Bank has divided them into various segments, such as, children in the age group of 8-12 years, young students in the age group of 12-16 years, senior citizens, defence personnel, women in rural and urban areas.

X.76 The Project was initiated in July 2007 with a launch of a multi-lingual site for empowering the common person ([www.rbi.org.in/commonman](http://www.rbi.org.in/commonman)) with

information about his rights to receive efficient banking services at reasonable cost. The site gives, among other things, information on the Reserve Bank's regulations to banks, service charges of banks, their lending rates and cheque collection policy, frequently asked questions on various subjects and also on Banking Ombudsman Scheme. The basic objective of this site is to empower the common person with information on banking subjects. This site is available in 11 regional languages, apart from Hindi and English, so that the common person can receive and understand useful banking related information in his own language. To mark the Children's Day, on November 14, 2007, the Reserve Bank released a micro site ([www.rbi.org.in/financialeducation](http://www.rbi.org.in/financialeducation)) especially dedicated to financial education for children of different age groups. The site explains banking and central banking concepts in comic format and through games. Two characters have been specially created for this purpose – 'Raju' who learns all about banking and shares his learning with his friends in the village, and 'Money Kumar' who explains, especially to children, subjects relating to central banking, such as, monetary policy, bank regulations and currency notes. The micro site also has films explaining security features of currency notes and is available in 11 regional languages in addition to Hindi and English.

X.77 To generate interest among school children in banking and finance, the Reserve Bank conducted State level essay competition through its Regional Offices. The competition evoked enormous response with many children participating in the competition. Apart from cash prizes, the children were invited by some offices to visit the Reserve Bank. The award winning essays were placed on the Reserve Bank's website for wider dissemination.

X.78 A Young Scholars Awards Scheme designed at giving college-going students an opportunity to work as interns in the Reserve Bank also generated tremendous response (Box X.5). Over 33,000 students applied for the examination conducted in 91 centres across the country. Out of these, the Reserve Bank selected 150 scholars to work in the Reserve Bank for two months during summer vacation. The essay competition as well as the Young Scholar Award examination were conducted in 11 regional languages, besides Hindi and English.

**Box:X.5****Reserve Bank of India Young Scholars Scheme**

Some of the key initiatives taken by the Reserve Bank in recent years focused on affording greater access to financial services to the vast hitherto unreached segment of the population, as well as the associated issue of bridging the extant knowledge gap in financial education and literacy in the country. Taking this forward, a need was felt to explore the potential for integrating financial education and literacy into the Bank's overall endeavour for financial inclusion by proactively encouraging young scholars from across the country to know more about the Reserve Bank and also providing them with an opportunity to work with the Reserve Bank on a short-term basis. The Bank, therefore, launched the 'Reserve Bank of India Young Scholars Scheme' for students between 18 and 23 years of age and studying in undergraduate classes at various institutions across the country. A countrywide selection test was conducted in all scheduled languages for the purpose and 150 young

scholars were selected for being located at various Reserve Bank's offices spread across India.

These young scholars are expected to emerge as potentially important instruments in broadly facilitating financially inclusive growth. The students are also expected to share their learning and experience with much wider constituencies, thereby sensitising those segments of the population, which otherwise have limited resources and skills to appreciate the complexities of financial dealings with financial intermediaries. This initiative is thus expected to contribute to (i) spreading awareness about the economy and banking system in general and the Reserve Bank in particular; (ii) building a culture of inclusion; (iii) dissemination of financial literacy; (iv) bringing in a fresh perspective and a workplace ambience of collaborative learning; and (v) setting off project-based work initiatives.

**The Right to Information Act, 2005**

X.79 The Right to Information Act, 2005 was enacted on June 15, 2005 and came into effect from October 12, 2005. The Reserve Bank has a centralised system for providing information under the Act. Shri V. S. Das, Executive Director, has been designated as the Central Public Information Officer (CPIO) and Shri H.R. Khan, Executive Director as the Alternate CPIO. Dr. Rakesh Mohan, Deputy Governor, is the Appellate Authority (AA) and Shri V. Leeladhar, Deputy Governor is the Alternate AA. With a view to assisting members of public to submit requests for information, senior officers have been designated as Central Assistant Public Information Officers (CAPIO) at each office of the Bank.

X.80 Increased awareness of the Act resulted in a rise in the number of requests for information from 2,959 as on June 30, 2007 to 5,414 as on June 30, 2008. Almost 96 percent of the requests were resolved. The requests in respect of which, the information was fully disclosable and hence disclosed, rose from 54 per cent as at the end of June 30, 2007 to 68 per cent as at the end of June, 30 2008. During the year, a total of 493 appeals, against the decision of CPIO /non-disclosure of information, were received by the Bank's Appellate Authority. While 48 applicants appealed to the Central Information Commission (CIC), during the period, CIC has so far given decisions in 69 appeals (including decisions on cases pertaining to earlier

period) (Table 10.10). The Commission upheld the decisions of the first Appellate Authority in the Bank in 45 cases and gave further directions in 24 cases.

**Table 10.10: Right to Information Act, 2005 – Requests Received and Resolved during the Year**

Item	(July-June)	
	2006-07	2007-08
1	2	3
<b>A. 1) Requests pending as on June 30, 2007</b>	<b>94</b>	<b>207</b>
<b>2) Requests received during the year</b>	<b>2,163</b>	<b>2,455</b>
<b>3) Requests resolved during the year</b>	<b>2,050</b>	<b>2,466</b>
<i>of which:</i>		
i) Requests met fully	1,062	2,051
ii) Requests met partly	329	62
iii) Requests declined	270	92
iv) Resolved in other manner	389	261
<b>4) Under consideration</b>	<b>214</b>	<b>196</b>
<b>B. 1) Appeals pending as on June 30, 2007</b>	<b>18</b>	<b>96</b>
<b>2) Appeals received by the Bank's Appellate Authority (AA) during the year</b>	<b>393</b>	<b>493</b>
<i>of which:</i>		
i) Appeals under consideration	96	49
ii) Number of appeals disposed off	287	540
<i>of which:</i>		
a) Number of appeals which were partially allowed/where general directions to furnish additional information were issued by AA	127	223
b) Appeals where Central Public Information Officer's (CPIO) decisions were upheld	178	317
<b>C. 1) Appeals pending with Central Information Commission as on June 30, 2007</b>	<b>3</b>	<b>29</b>
<b>2) Appeals referred to Central Information Commission during the year</b>	<b>46</b>	<b>48</b>
<b>3) Orders issued</b>	<b>24</b>	<b>69</b>
i) Appeals partially allowed	7	24
ii) Appeals where CPIO/AA's decisions were upheld	17	45
<b>4) Under consideration</b>	<b>25</b>	<b>8</b>



**Box X.6**

**Select Major Decisions of Central Information Commission (CIC)**

- 1) **Collection and furnishing of information from banks regulated by the Reserve Bank:** "The Reserve Bank of India could not be directed to collect information from banks regulated by it and furnish the information to requestors under the Act." *Decision of the Central Information Commission in Shri Pravin Kamble vs. Reserve Bank of India (August 10, 2007, F.No .PBA /07/ 618).*
- 2) **Furnishing of information available in material form:** "As far as Right to Information Act, 2005 is concerned, the appellant could only seek information which is held by a public authority and which is available in material form." *Decision of the Central Information Commission in Shri D.S. Rachappa vs. Reserve Bank of India (August 28, 2007, Appeal No.847/ICPB/2007).*
- 3) **Preservation of records beyond 20 years:** "Under the RTI Act, 2005 it is not mandatory for the public authority to preserve all records for 20 years." *Decision of the Central Information Commission in Shri T. Srinivasan vs. Reserve Bank of India (November 5, 2007, Appeal 1094/ICPB/ 2007).*
- 4) **Names of account holders and staff details in Fraud Monitoring Reports not to be disclosed:** The Commission agreed with the stand taken by the Reserve Bank of India that "though copies of Fraud Monitoring Reports submitted by banks could be disclosed under the Act, the names of the account holders and details of the staff involved should not be disclosed, as these are personal details (received in confidence)." *Decision of the Central Information Commission in Shri D. Marimuthu vs. Reserve Bank of India (June 20, 2008, Appeal No.2234/ICPB/2008).*
- 5) **BRBNMPL is a Public Authority:** "BRBNMPL is a Public Authority as it is a subsidiary of Reserve Bank of India, which is a Public Authority." *Decision of the Central Information Commission in Shri Venkata Revati Batchu vs. Bharatiya Reserve Bank Note Mudran P Ltd. (September 10, 2007 (Appeal No.873/ICPB/2007).*
- 6) **Redressal of grievances does not come under the Act:** "There is no provision in the Act to redress issues such as unsatisfactory service rendered by banks." *Decision of the Central Information Commission in Brig. B.K.Bhandari vs. Central Bank of India (January 3, 2008, Appeal No. 1278 / ICPB / 2007).*
- 7) **General queries:** "Queries which are not specific and are too general in nature, cannot be replied under the Right to Information Act, 2005." *Decision of the Central Information Commission in Shri Amresh Kumar Srivastava vs. Central Bank of India (June 13, 2008, No.2180/ICPB/2008).*

Some of the important decisions by the Central Information Commission are summarised in Box X.6.

X.81 Majority of the requests for information that were received during the year pertained to the Reserve Bank's regulatory and supervisory functions. Besides these, there were also several requests pertaining to other areas, such as currency management, foreign exchange facilities, customer service and personnel management. Information, which is exempt from disclosure under the provisions of the Act, was not furnished. Certain requests seeking opinions, views, reasons, interpretations or grievance redressal were outside the scope of the Act and dealt with accordingly. A 'Disclosure Log' summarising disclosures of general interest has also been placed on the Reserve Bank's website.

### Research Activities

X.82 Like other major central banks, the Reserve Bank has developed its own research capabilities in

the field of economics and statistics, which contribute to a better understanding of the functioning of the economy. In view of the ongoing structural changes in the Indian economy brought out by deregulation, liberalisation and increasing external integration of the economy, the importance of timely and adequate analytical inputs for the formulation of the Reserve Bank's policies - monetary and regulatory - has assumed greater importance. Against this backdrop, the Research Departments, viz., Department of Economic Analysis and Policy (DEAP) and Department of Statistics and Information Management (DSIM)<sup>1</sup>, provided analytical research on various aspects of the Indian economy in the conduct and formulation of policies by the Reserve Bank.

#### *Department of Economic Analysis and Policy*

X.83 The Department of Economic Analysis and Policy conducts policy oriented research relating to various aspects of the economy. It also provides inputs on various policy matters concerning the

<sup>1</sup>: The Department of Statistics and Information Management (DSIM) was earlier known as the Department of Statistical Analysis and Computer Services (DESACS).

Reserve Bank. The statutory reports prepared in the Department and released during the year were the Reserve Bank's Annual Report, 2006-07, and the Report on Trend and Progress of Banking in India, 2006-07. The Report on Currency and Finance, 2006-08 covering the theme "The Banking Sector in India: Emerging Issues and Challenges" would be released shortly. The focus of the Report is on delineating various existing and emerging challenges faced by the banking sector and suggesting measures to address them. "State Finances - A Study of Budgets of 2007-08" was published during the year, which carried a special theme on "Fiscal Transfers to the State Governments". The Report of the "Seventh Survey of Foreign Collaboration in Indian Industry" for the period 1994-95 to 2000-01 was also published during the year. In order to reach out to a wider audience, the Department took up the initiative of getting the Summary of the Bank's Annual Report for 2006-07 translated into different local languages. This task was handled by the various Regional Offices and the translated Summary was distributed to academic and research institutions, public libraries, industry and trade associations and chambers of commerce in the regions.

X.84 The Department released the "Macroeconomic and Monetary Developments" on a quarterly basis during 2007-08 along with the Governor's Annual Policy Statement/Mid-term/Quarterly Reviews. Presentations on macroeconomic and monetary developments were made by the Department before the Technical Advisory Committee on Monetary Policy at each of its quarterly meetings during the year.

X.85 The Department is the primary source of the data on balance of payments of the country, released at the end of each quarter with a lag of one quarter. The quarterly data on external debt are compiled by the Department for two quarters (end-March and end-June), while the data for the remaining two quarters (end-September and end-December) are compiled by the Government. The Department also compiles the index of Nominal and Real Effective Exchange Rate (36-country) for India. All these data are disseminated through the Bank's Monthly Bulletin.

Besides, the Department is entrusted with the responsibility of compiling data on monetary aggregates, consolidated State finances, combined finances of Central and State Governments, flow of funds accounts, household financial savings and primary capital issues (including private placements). Detailed time-series statistical information covering various sectors of the Indian economy - real, monetary, fiscal, external and financial markets - continued to be released through the publication "Handbook of Statistics on the Indian Economy, 2006-07" for the use by researchers. The publication provides annual data (in many cases from 1950-51 onwards), quarterly/monthly data (from 1990-91 onwards) as well as daily data in the case of many financial variables for the last few years. The Department also disseminated information on key parameters of the Indian economy in the Reserve Bank's Monthly Bulletin and its Weekly Statistical Supplement.

X.86 The Department also disseminated the various economic indicators under the Special Data Dissemination Standards of the International Monetary Fund (IMF). The Department served as the nodal point for the work relating to multilateral institutions such as IMF and Bank for International Settlements (BIS) and tracked developments in these institutions. The Department coordinated the work relating to the visit of the IMF Team to India in connection with discussions under Article IV of the IMF's Articles of Agreement.

X.87 The various articles published in the monthly Bulletin during the year, among others were: (i) Finances of State Governments - 2007-08: Highlights; (ii) Union Budget 2008-09: Review and Assessment; (iii) Railway Budget 2008-09: Review and Assessment; (iv) Monthly Review on India's Foreign Trade; (v) Invisibles in India's Balance of Payments: An Analysis of Trade in Services, Remittances and Income; (vi) India's External Debt as at end-June 2007 and (vii) Flow of Funds Accounts of the Indian Economy 1994-95 to 2000-01. During the year a quarterly article on "Indian Investment Abroad in Joint Ventures and Wholly Owned Subsidiaries" and an annual article on "Industrial Production in India: 2007-08" were introduced in the Bulletin.

X.88 During 2007-08, the Department prepared the Weekly Financial and Commercial Report for the Committee of the Central Board/Central Board Meeting and the Annual Memorandum on Current Economic Situation for Central Board Meeting.

X.89 The Department also provided inputs for the work relating to Committee on Financial Sector Assessment. A draft Report of the Working Group on Banking Penetration in India was prepared in the Department. The Department provided secretarial support to the Working Group on Savings for the Eleventh Five Year Plan (Chairman: Dr. Rakesh Mohan) and the High Level Committee on Estimation of Saving and Investment (Chairman: Dr. C. Rangarajan). The Department also provided secretarial support to the Internal Working Group constituted by the Bank to review recommendations of the National Commission for Enterprises in the Unorganised Sector (NCEUS) report on conditions of work and promotion of livelihood in the unorganised sector. It also provided technical inputs to other Departments and participated in several Inter-Departmental Groups, *viz.*, Inter-Departmental Group on Growth and Inflation, Internal Working Group on Impact of Oil Prices on Inflation and Inter-Departmental Group on Seasonal Movements in Inflation. The Department provided secretarial support to the Working Group on Real Sector and prepared the report on projection of GDP growth one year in advance, which is used as input for the formulation of monetary policy.

X.90 The Department carried out analytical research covering a range of areas such as banking, prices, monetary sector, fiscal sector, capital markets, industrial sector, agriculture and rural sector, balance of payments, international trade, international monetary and financial system. The various research notes prepared by the Department during the year for use by the top management and the Government, *inter alia*, included: (i) Impact of Fuel Price Hike; (ii) Inflation Forecast; (iii) Cross-country Study on Impact of Monetary Policy Framework; (iv) Commodity Price Movements; (v) Strategies for Containing the Prices of Wheat, Pulses, Edible Oils and Sugar; (vi) Rise in Food and Fuel

Prices; (vii) Performance of Capital Goods Sector: Some Trends; (viii) Recent Performance of the Consumer Goods Sector in India: Some Fact-finding; (ix) Monthly Industrial Production Trends; (x) A Study of Trends in Employment and Unemployment in India; (xi) Estimates of FII Inflows and their Impact on Financial Stability; (xii) Competitiveness of the Indian Equity Market *vis-à-vis* Developed Equity Markets; (xiii) Recent Volatility in Stock Markets; (xiv) Global Financial and Currency Crises; and (xv) Holding Companies: Some Issues.

X.91 The Department organised a series of seminars/lectures by foreign dignitaries and experts from India. The Department organised the Thirteenth C. D. Deshmukh Memorial Lecture "Fasten Your Seatbelts! Monetary Policy Challenges in Turbulent Times" on November 2, 2007. The lecture was delivered by Mr. T. T. Mboweni, Governor, South African Reserve Bank. Mr. Jean-Claude Trichet, President, European Central Bank, delivered the Tenth L. K. Jha Memorial Lecture on November 26, 2007 on "The Growing Importance of Emerging Economies in the Globalised World and its Implications for the International Financial Architecture". During 2007-08, the Department published a commemorative volume of the lectures delivered under the L.K. Jha Memorial Lecture series, which covered issues in macroeconomic management, globally as well as in the Indian context, since the 1990s. To commemorate Silver Jubilee of the RBI Archives, the Department organised the Foundation Day Lecture on October 5, 2007. Prof. Marvin Goodfriend, Tepper School of Business, delivered a lecture on "Elements of Effective Central Banking: Theory, Practice and History" on the occasion.

X.92 The regional offices of the Department also continued to contribute to the research efforts of the Reserve Bank. Regular monthly/quarterly reviews pertaining to the specific States/regions were prepared. In addition, various studies on areas covering economic, banking and fiscal sectors were also undertaken by the regional offices.

X.93 Analytical studies in the areas concerning the Indian economy were published in the Reserve

Bank of India Occasional Papers and various other journals by the staff members of the Reserve Bank, particularly from the Research Departments, viz., DEAP and DSIM (Annex III).

X.94 The Development Research Group (DRG) was constituted in the Reserve Bank in November 1991 with the objective to undertake quick and effective policy-oriented research, backed by strong analytical and empirical work. DRG continued to serve as a platform for collaborative research between outside experts/academics and pool of research talent available within the Reserve Bank. DRG has published 27 studies since its inception on a wide range of subjects relating to real, monetary, fiscal, banking, agriculture, external and social sectors. During 2007-08, seven studies were initiated: (i) Rural Credit in India; (ii) Agricultural Growth in India since 1991; (iii) Monetary Policy, Feedback and Markets under Uncertainty; (iv) Forecasting the Rupee/Dollar Exchange Rate; (v) An Outline of a Post-2009 FRBM Fiscal Architecture of the Union Government in the Medium-Term; (vi) Strengthening Decentralisation-Augmenting the Consolidated Fund of the States by the Thirteenth Finance Commission: A Normative Approach; and (vii) Introducing Expenditure Quality in Inter-Governmental Transfers: A Triple-E Framework. At present, 19 studies are in progress which, *inter alia*, include: (i) Dutch Disease Phenomenon in Brazil, Nigeria, Malaysia and Russia with Lessons for India's Trade Policy; (ii) Credit Risk of Banks in India; and (iii) Nature and Causes of Deposit Growth.

X.95 The Department also looks after the Endowment Scheme of the Bank. Under the scheme, financial support is provided to various institutions for the purpose of research and training in areas of interest to the Reserve Bank. The financial support is provided through corpus funds. At present, there are 22 corpus funds, with a total corpus of around Rs.26 crore. During the year 2007-08, the National Institute of Advanced Studies, Bangalore was also included among the various institutes receiving support under the scheme. Besides the Endowment Scheme, the Reserve Bank also grants financial support to institutions/universities for funding

research projects, publication of specialised journals and holding of conferences/seminars/workshops. In order to widen the scope of research within the Reserve Bank, it is proposed to invite distinguished visitors to the Bank for DRG studies, lecture/seminar series or for very short-term research projects.

X.96 To further increase the spread of research activities in the country, an expert committee has been constituted to review the mission, objectives, scope and modalities of the Reserve Bank's research funding policy and to suggest changes to provide greater clarity and effectiveness of the programme. The Expert Committee is chaired by Dr. Bimal Jalan, Honourable Member of the Rajya Sabha and former Governor of the Reserve Bank. Other members of the Committee include Prof. V.S. Vyas, Prof. D.M.Nachane, Dr. Subir Gokarn and Dr. Rakesh Mohan, Deputy Governor, Reserve Bank.

#### *Library*

X.97 The Central Library of the Reserve Bank attached to the Department of Economic Analysis and Policy plays an important role in the collection, storage and dissemination of information in the fields of economics, banking and finance. The Library has a comprehensive collection of books, journals, working papers, reports, CD-ROMs and other documents. It maintains electronic database of all these documents through OPAC(Online Public Access Catalogue), which can be accessed through Intranet in the Central Office Building and from all other offices of the Reserve Bank. The Library subscribes to various online services, viz., Bankscope, CenralBankNews.com, JSTOR Business and Legal collections, ECONLIT, Proquest Business Periodicals Database (covering 2,900 journals), Elsevier Science Direct online (41 journals), DATASTREAM, ISI Emerging Markets Online, Lexis-Nexis Online, and Springer Online Journals (95 journals) and discussion papers and special papers of major international research organisations. Other online services provided by the Library include PROWESS, CAPEX, State Analysis Service and World Bank eLibrary. The Library has a collection of about 64,686 books, 25,938 Government



publications, 4,425 Working Papers and 12,633 back volumes of journals. It also maintains an online database of 29,148 journal articles and receives 368 technical journals. The Library also provides information services and technical support to training colleges and libraries in other offices of the Reserve Bank.

*Department of Statistics and Information Management*

X.98 The Department of Statistical Analysis and Computer Services (DESACS) was renamed as Department of Statistics and Information Management (DSIM) with effect from May 20, 2008, as indicated earlier, in recognition of the changes in its job role and to reflect its main functions. The Department provides high quality statistical service which encompasses collection, compilation, analysis and dissemination of information relating to various sectors of the economy. The Department has been entrusted with managing electronic data dissemination platform through Database on Indian Economy, data warehouse of the Reserve Bank. Providing technical support to other Departments in statistical analysis and large-scale data management in specific areas also form the core activities of the Department.

X.99 During 2007-08, the Department conducted the following surveys: (a) quarterly Industrial Outlook Survey, providing insight into the performance and prospects of the private corporate sector engaged in manufacturing activities; (b) quarterly Inflation Expectations Survey of Households covering 4000 households in 12 cities to gauge inflation expectations of the household sector; (c) Survey of Small Borrowal Accounts (each with credit limit Rs.2 lakh or below) with March 31, 2006 as the reference period; (d) Survey of Inventories, Order Books and Capacity Utilisation, 2006-07 providing quarterly information on key parameters of business cycle analysis. The Department also extended help in conducting a study on services to depositors and small borrowers in rural and semi-urban areas. In order to ensure improvement in data quality of inflation expectations survey, the Department

conducted training programs for investigators and also made field-visits.

X.100 Several central banks conduct 'Survey of Professional Forecasters' on major macroeconomic indicators of short to medium term economic developments so as to gain from the professional expertise and experience of these forecasters. The Department introduced such a survey from the second quarter ended September 2007 covering component-wise detailed forecasts of GDP growth, inflation, savings, capital formation, consumption expenditure, exports, imports, interest rates, money supply, credit growth, stock market movements and corporate profit, among others. The results of this survey are disseminated on the RBI website.

X.101 'House starts' is considered to be one of the leading economic indicators. The house prices are traditionally looked into for an assessment of operative asset price channel of monetary policy. However, construction of house starts also provides additional and supplementary information about the impact of monetary policy impulses on housing investments. Keeping in view the importance of such an indicator for the central bank, the Reserve Bank constituted a Technical Advisory Group (TAG) on Development of Housing Start Up Index (Chairman: Prof. Amitabh Kundu). The TAG comprises officials from the Reserve Bank, CSO, NSSO, NHB, NBO, HUDCO, SBI, four State Directorates of Economic and Statistics (DES) and renowned academicians in the field. This is for the first time that the compilation of Housing Start Up Index is being considered in India. The TAG is working on formulating a feasible methodology for the construction of Housing Start Up Index in the Indian context and would be submitting the final report giving the road map soon.

X.102 The Department undertook two different surveys/studies to identify the real estate price movements in Mumbai. The first one used the official data on all the transactions in Greater Mumbai collected from the Department of Registration and Stamps, Government of Maharashtra, to develop a quarterly house price index for Greater Mumbai. The second one was initiated at the instance of the Board of Financial Supervision (BFS) for conducting a

sample survey on real estate price movements in Greater Mumbai in January 2004, January 2005, January 2006, January 2007, May 2007 and November 2007. This sample survey covered prices of residential and commercial properties, including rent and sale/resale transactions of six zones in Greater Mumbai and eight adjacent municipalities. The study developed separate price indices for sale/resale prices and rent of commercial and residential properties. The results indicate that the rent and sale/resale prices of residential properties in Mumbai showed a sharp increase over the last four years.

X.103 The Department has been entrusted with managing electronic data dissemination platform through Database on Indian Economy: Reserve Bank's Data Warehouse. As per the recommendation of the Standing Advisory Group (Chairman: Dr. R.B. Barman) and Technical Committee on CDBMS (Chairman: Dr. K.S.R. Rao), a common site called Database on Indian Economy: RBI's Data Warehouse, for both intranet and internet users has been implemented effective February 29, 2008 (Box X.7). In addition to the existing pre-formatted reports and simple querying, two more features – advanced querying and data definitions – have been introduced to help the users to extract the data required by them. In order to enable the senior

management of the Reserve Bank in tracking latest developments on Indian Economy, dashboards were implemented in the RBI's Data Warehouse. These dashboards help in the analysis of data using growth rates, trends and charts which, in turn, help in identifying early warning signals. Furthermore, in order to facilitate cross-country comparison, some of the dashboards have been built using data of other countries as available in the Reserve Bank's Data Warehouse and sourced from BIS Data Bank.

X.104 The Department co-ordinated the work relating to implementation of on-line returns filing system (ORFS). Several returns received in different Departments of the Reserve Bank such as Department of Banking Operations and Development, Department of Banking Supervision, Monetary Policy Department, Foreign Exchange Department, Department of Payment and Settlement Systems and Department of Statistics and Information Management are being brought under the ORFS. With the objective of standardising the entire process of data submission by banks, the Reserve Bank took the initiative to implement an XBRL ("eXtensible Business Reporting Language") enabled ORFS. In order to oversee its implementation, a High Level Steering Committee was constituted (Chairman: Shri V. Leeladhar)

#### Box X.7

##### Database on Indian Economy (DBIE): RBI's Data Warehouse – Release of Common Site for both Intranet and Internet Users

The Reserve Bank extended certain functionalities of its Data Warehouse site, viz., Database on Indian Economy (DBIE): RBI's Data Warehouse, to internet users which were earlier available to its internal users only. This was achieved by creating a common site from February 2008 for the Reserve Bank's Data Warehouse for both intranet and internet users. It is accessible from the 'Database' page of the Reserve Bank website (<http://www.rbi.org.in>) or, alternatively, through the URL <https://reservebank.org.in>.

The revamped site provides facilities such as sophisticated Homepage, improved search option, discussions on any report and advanced query. An important development was the introduction of data marts to the users for creating their desired report. Thus, in addition to standard reports, data could be accessed through *Adhoc Query* mode, i.e., 'Simple Query' (previously known as 'Data Query') and 'Advanced Query' (new feature). Through the 'Advanced Query' feature, user can create new reports in their desired format based on the available data marts. Users can select appropriate

universe as per their choice from the list of universes. Using Graphics User Interface (GUI) tool, user can drag and drop required items. To select data for the select period, user need to specify values/value range for the respective Time Dimension Object using the tool. These reports also provide options to the users to download the report into their local computer in the form of Excel/CSV/PDF file format.

A number of additional data series on various subject areas, including financial sector, real sector, financial market, external sector, public finance and corporate finance, have been added since its inception. At present there are 194 static reports, arranged both according to subject area-wise and frequency-wise. In addition, there are 74 data query reports subject area-wise and 53 data query templates frequency-wise, and 38 data mart universes which can be utilised to create user defined reports using a web browser. These reports are released along with their metadata (i.e. business terms and notes on tables).

**Box X.8**

**Technological Innovations for Data Reporting by Banks**

With the objective of easing reporting burden of banks, the Reserve Bank initiated an Online Returns Filing System (ORFS) for a few returns, such as Form A. The ORFS obviates the need for paper-based data submission. It also removes submission of multiple copies of the same return to various Departments of the Reserve Bank, thus simplifying the data reporting process both for banks and the Reserve Bank. ORFS has been built on the networking backbone of the Indian financial sector, *i.e.*, the INFINET, although it can be used on the internet too. By adopting XML (“extensible markup language”) for data reporting, ORFS helps in ensuring data quality to a large extent.

At the same time, there has been an international initiative on business reporting using the XBRL (“extensible business reporting language”), led by a consortium of government agencies, major companies and organisations. The main objective of this consortium is to bring in open standards in business reporting across the globe which are computer readable and which allow data quality assurance and “straight through processing”. XBRL International Inc. (XII), a non-profit organisation is leading the movement.

Efforts to form an XBRL jurisdiction in India are taken by the Institute of Chartered Accounts of India. Regulators such as the Reserve Bank, Securities and Exchange Board of India and Insurance Regulatory and Development Authority are actively participating in the effort. For the banking sector, the Reserve Bank has taken the lead, by forming a High Level Steering Committee (Chairman: Shri V. Leeladhar) to steer the implementation of XBRL-based data reporting by banks to the Reserve Bank.

The Committee decided to implement the project in phases over a period of three years. The first phase, which is expected to be completed by March 2009, will cover the newly introduced Basel II returns, a few returns already covered under the ORFS and financial statements. During this phase, XBRL taxonomies would be developed for these returns and published by the Reserve Bank. The system would be implemented as an extension of the already functioning ORFS. The long-term objective of the project is to build an XBRL-repository for the banking sector.

Review of Financial Sector Technology Vision Document, published by the Reserve Bank in June 2007, identifies XBRL standards as a key development in the coming years.

(Box X.8). As part of the XBRL implementation process, the Committee took up the work relating to rationalisation of all returns submitted by banks. It is expected that such rationalisation would reduce reporting burden of commercial banks.

X.105 The BIS system of quarterly compilation of International Banking Statistics (IBS) was implemented by the Reserve Bank in December 1999. The data on IBS of India comprising 18 statements on locational banking statistics (LBS) and 5 statements on consolidated banking statistics (CBS) are being supplied to the BIS beginning March 2001. The BIS has been including the IBS of India in their publications since December 2001. During the year, LBS and CBS statements in the prescribed format, based on IBS data for the four quarters from end-June 2007 to end-March 2008 were supplied to the BIS.

X.106 With a view to reviewing the present position regarding receipt and compilation of data by the Reserve Bank and NABARD on bank credit to agriculture and other priority sectors, so as to ensure

consistency and accuracy, a Working Group on Rationalisation of Returns furnished by scheduled commercial banks to the Reserve Bank and NABARD was constituted in the DSIM.

X.107 Data on various characteristics of credit and deposits are collected from offices of scheduled commercial banks through the Basic Statistical Returns (BSR) 1 and 2, under the BSR system. These provide data on distributional aspects of deposits and credit on parameters such as spatial distribution of place of sanction of place of utilisation of credit, type of account, organisation, interest rate, bank groups and population groups. The BSR 1 return was revised and implemented with effect from March 2008 survey. There are several salient features in the revision. First, new types of account such as kisan credit cards (KCC), general credit cards (GCC) and other credit cards were included. Second, the organisation codes of the borrower were restructured. Financial and non-financial organisations were separately defined under public, private and co-operative sectors. Separate codes were included for self- help groups (SHGs)/micro-

finance institutions (MFIs). Third, the BSR occupation/activity codes are designed in line with national industrial classification (NIC), which is based on international standard industrial classification (ISIC). The occupation codes in the BSR were re-structured as per the changes that have taken place in other related system. Lastly, classification of 'category of borrowers' was introduced, which is based on the size of the borrowing unit, for manufacturing and service enterprises as micro, small and medium enterprises following the new guidelines. A revised Handbook of Instructions, March 2008, Seventh Edition was also published providing guidelines on the revised returns. In order to ensure improvement in quality/coverage of the BSR system and IBS data, the Department continued to conduct workshops/training programmes for officials of participating banks at the colleges and various centres of the Reserve Bank and other banks.

X.108 As per the recommendation of the Technical Group on Statistics for International Trade in Banking Services, comprising members from the Ministry of Finance, Ministry of Commerce and the concerned Departments of the Bank, a survey was launched in January 2008 for collecting information on trade in banking services, from foreign banks operating in India and the Indian banks having branches abroad. In all 112 Indian bank branches operating abroad and 25 foreign banks operating in India responded to the survey and the data are being processed. In addition, on acceptance of the recommendations of the Technical Group on Computer Services Exports (comprising members from National Association of Software and Services Companies (NASSCOM), Software Technology Parks of India (STPI) and the Reserve Bank) by the Reserve Bank, a comprehensive survey is being launched to collect information on computer/software services exports from the companies dealing in computer software/information technology (IT) and IT enabled services. The group was setup to examine the compilation issues regarding software exports and to suggest appropriate modifications in the data collection procedure through the comprehensive survey on IT services exports with a view to bringing it in line with

the International Monetary Fund (IMF) guidelines as laid down in the Balance of Payments Manual, 5th Edition (BPM5).

X.109 The Department provided technical support to four States, viz., Uttarakhand, Jharkhand, Assam and Karnataka for implementation of CSDRMS 2000+ package for management of their domestic debt and other contingent liabilities. The Department has been assisting/providing technical support to Foreign Exchange Department, Central Office for development of data management system in respect of overseas direct investments. It has been envisaged that the Department will ultimately manage this system after its development and implementation. In addition, with effect from April 2007 onwards, the Department took over collection/compilation/processing of Stat Returns (non-resident deposits) from the Foreign Exchange Department of the Bank.

X.110 The information on the performance of the corporate sector is an important input to policy formulation. Since the past several years, the domestic economy is passing through a robust growth phase and the Indian corporate sector is getting increasingly integrated with the global markets. Against this backdrop, the Department made concerted efforts to expand the scope of studies on the corporate sector and made attempts at cross-country scenario on corporate performance.

X.111 The Department undertook various research initiatives covering both policy and operational issues during 2007-08. Some of the issues include: (i) estimation of potential output; (ii) inventory management of currency; (iii) agricultural credit and production; (iv) evaluation studies for survey data; (v) vulnerability of urban banks; (vi) vulnerability of portfolio of commercial banks; (vii) market risk measurement in securities market; (viii) senior loan officers' opinion survey; (ix) corporate savings; (x) determinants of external commercial borrowings of corporates in India; (xi) structural time series model-based forecasting and policy simulation; (xii) rural credit—a changing pattern, 1970-71 to 2002-03; (xiii) macroeconomic forecasting using dynamic factor models; (xiv) forecasting of growth/inflation



using Bayesian VAR models; and (xv) stress testing and financial vulnerability of Indian banks.

X.112 To commemorate the birth anniversary of Professor P.C. Mahalanobis, which has been designated as 'Statistics Day' by the Government of India, the Department organised the second 'Annual Conference on Financial Statistics' on July 1, 2008. The programme was inaugurated by Dr. Rakesh Mohan, Deputy Governor, Reserve Bank. Eminent speakers, including Professor Suresh Tendulkar, Chairman, National Statistical Commission and Professor D.M. Nachane, Director, IGIDR delivered lectures at the conference.

X.113 During the year, the Department introduced lecture series on various advanced topics relevant to the working of the Bank. The topics included: (i) Bayesian Methods for Financial Analysis and Forecasting; (ii) Linear Algebra and Linear Modeling; (iii) Risk Measurement and Basel II; (iv) Re-sampling/ Bootstrap Techniques; (v) Advanced Time Series Analysis; (vi) National Account Statistics; and (viii) Measurement of Efficiency and Productivity. Around 65 officers across various Departments attended the lecture series on a regular basis.

X.114 The Department opened three more Regional offices at Ahmedabad, Bangalore and Lucknow during 2007-08.

#### **CENTRAL BOARD AND ITS COMMITTEES**

X.115 Seven meetings of the Central Board were held during the year ended June 30, 2008. Of these, four meetings were held at traditional centres (New Delhi, Kolkata, Chennai and Mumbai) and three were held at non-traditional centres (Ranchi, Lucknow and Shillong). Forty-five weekly meetings of the Committee of the Central Board were held during the year at Mumbai. Three Committees, *viz.*, Committee of the Central Board, Board for Financial Supervision, and Board for Regulation and Supervision of Payment and Settlement Systems and three Sub-Committees, *viz.*, Inspection and Audit Sub-Committee, Staff Sub-Committee, and Building Sub-Committee were constituted to assist the Central

Board in steering the affairs of the Reserve Bank. The Committee of the Central Board, as usual, attended to the regular business of the Bank, including approval of the Reserve Bank's weekly accounts pertaining to the Issue and the Banking Departments. The discussions at the meetings of the Central Board broadly covered matters pertaining to general superintendence and direction of the Reserve Bank's affairs, in which the Directors, with their vast experience in diverse fields, actively contributed to important decisions pertaining to currency management, information technology, human resource development, banking regulation and supervision, monetary and credit policy, the Reserve Bank's accounting policy and internal debt management policy, among others. The deliberations of the Board also focused on the critical assessment of the percolation of benefits of growth to the poorer sections of the society and on agriculture and rural areas in general.

X.116 The 500th meeting of the Central Board was held on October 11, 2007 at Ranchi. As a follow-up of decision taken in the Central Board meeting, it was decided to open a small sub-office in Jharkhand. Consequent to the presentation of the Union Budget 2008-09 in the Parliament, the Union Finance Minister met the Directors during the Central Board meeting held at New Delhi on March 6, 2008 and discussed the Budget proposals.

X.117 In addition to the above, four meetings of the Inspection and Audit Sub-Committee (IASC), one meeting of the Staff Sub-Committee and two meetings of the Building Sub-Committee were held during the year. These Sub-Committees of the Central Board have been constituted to assist the Central Board in direction of the affairs of the Reserve Bank. The Building Sub-Committee advised the Reserve Bank on various matters, including construction of staff quarters, renovation of office and residential buildings. The Sub-committee also reviewed the utilisation of capital budget for the year 2007-08. The Inspection and Audit Sub-Committee examined the critical areas emanating from the

**Table 10.11: Awards Conferred on Members of the Central Board of the Reserve Bank**

Name	Award	Area
1	2	3
Shri Suresh Neotia	Padma Bhushan	Trade and Industry and Social Work
Shri Ratan Tata*	Padma Vibhushan	Trade and Industry
Shri N.R. Narayana Murthy*	Padma Vibhushan	Trade and Industry
Shri P.N. Dhar*	Padma Vibhushan	Public Affairs
Shri D.R. Mehta®	Padma Bhushan	Social Work
* Former Central Board Director.	® : Former Deputy Governor	

Management and Systems Inspection of Central Office Departments and Regional Offices of the Reserve Bank. The Staff Sub-Committee reviews manpower planning in the Bank and gives necessary approval for addition/upgradation of posts.

#### *Directors/Members of the Central Board/Local Boards*

X.118 Five distinguished present and former Members of the Central Board were conferred Padma Bhushan and Padma Vibhushan Awards on Republic Day 2008 (Table 10.11).

X.119 Dr. M.V. Hate, former Deputy Governor of the Reserve Bank passed away on June 3, 2008.

X.120 Shri. S. Ramachander, Member, Local Board (Southern Area) passed away on June 14, 2008.

X.121 Shri P.R. Nangia, former Deputy Governor of the Reserve Bank passed away on August 8, 2008.

#### *Appointment/Retirement of Executives*

X.122 Shri P. K. Biswas, Executive Director retired from the Bank's service at the close of business on October 4, 2007.

X.123 Shri G. Gopalakrishna and Shri H.R. Khan were appointed as Executive Directors with effect from December 3, 2007.

X.124 Shri C. Krishnan, Executive Director was appointed as full time Chief Vigilance Officer of the Reserve Bank with effect from December 4, 2007.

#### *Foreign Dignitaries*

X.125 A number of foreign delegations visited the Reserve Bank during the year and interacted with top management (Annex IV). These included Governors of central banks of Maldives, Sri Lanka, South Africa, Malaysia, Zimbabwe, Israel, Mauritius, Switzerland; Parliamentary delegations from Finland, Germany, Japan, Sweden; ministerial delegations from United States of America, United Kingdom, Singapore, Australia, Germany, Japan, and Switzerland; and top functionaries from the International Monetary Fund, the Asian Development Bank and the World Bank. Mr. Jean-Claude Trichet, President, European Central Bank also visited the Reserve Bank and delivered the 10th L.K. Jha Memorial Lecture.