

X

GOVERNANCE, HUMAN RESOURCES DEVELOPMENT AND ORGANISATIONAL MANAGEMENT

The smooth functioning of the multi-faceted work of the Reserve Bank necessitates robust organisational support to ensure healthy governance and efficient human resource management, aside from a quality work environment. Recent years have seen a number of important initiatives from the Reserve Bank to enhance its communication strategy to the public, apart from improved transparency in its governance and efforts to acquire and groom a high calibre work force. The various departments of the Reserve Bank persisted in their efforts to further improve organisational functioning, paying utmost care to the corporate social responsibility that goes with it.

INITIATIVES FOR IMPROVED GOVERNANCE

X.1 Central banks operate under varied framework and organisational set-up. While some have formal statute-backed autonomy, others enjoy varied degrees of informal autonomy. Irrespective of the structure, it is central bank actions and

governance practices that earn its reputation. The accountability for their actions is enforced by informal public scrutiny, discipline and transparency practices followed as part of good governance (Box X.1). In this context, the Reserve Bank, in recent years, has focused on continuously

Box X.1

Governance Practices by Board of Directors of Central Banks – Global Experience

Central banks are established and operate under their own statutes and their role and functions differ substantially across countries. They can be divided into three main categories based on the prime emphasis of their mandate: i) a single primary mandate (e.g., the European Central Bank (ECB) – inflation targeting); ii) two co-equal primary goals (e.g., the US Federal Reserve – long-term price stability and full employment); iii) a broad mandate (e.g., central banks of Canada, India, China, etc., – currency stability, flow of credit, price stability with growth, developmental aspects, etc.). After the recent crisis, formal central bank responsibility for financial stability is becoming increasingly common.

Governance framework

The board of directors normally forms the apex structure, overseeing and guiding the activities of the bank. Most central banks have a single central board. In certain cases, however, there is more than one board, each with a separate function, which allows an alignment of expertise and to focus on the task. For example, the Reserve Bank of Australia has two boards – the Reserve Bank Board responsible for monetary policy and financial stability, and the Payment System Board responsible for matters relating to the payment system.

Constitution

Most central banks are state entities that are wholly owned by the state, while some central banks have been established as private entities under a company law (e.g., Belgium, South Africa). With the government as the 'owner', board members

are appointed through a political process. The appointment process, however, is clearly specified by law in most cases and a reasonably long tenure, a staggered term for members, restrictions on dismissal of the governor or board members, etc. limit the scope of misuse. The legal requirement for a length of term of office helps strengthen institutional autonomy.

In the case of the Reserve Bank of India, the governor and board members are appointed for a period up to five and four years respectively, and can be re-appointed. In the case of the Federal Reserve Board, the statutory term is 14 years. Both the Federal Reserve and the ECB have limitations on the re-appointment of board members.

Size and membership

Regional factors, history and the size of the country have influenced the size of the board. Governance and oversight boards typically include external members with specialisation/experience in fields relevant to the bank's governance. Central bank boards/ decision-making bodies range from less than five to more than twenty members. Boards with fewer than ten members are more common. The number of board members in the case of the Swiss National Bank is three, the Federal Reserve's Federal Open Market Committee is nineteen, the Reserve Bank of India is twenty one and the ECB's Governing Council is twenty three. The board is usually chaired by the Governor; however, in some cases it is chaired

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by a non-executive member (e.g., the Reserve Bank of New Zealand).

Meetings

The number of meetings of the board/ decision-making body of the central banks depends on their legal set-up. While the court of directors of the Bank of England meet for a minimum of seven times in a calendar year, the ECB's Governing Council normally meets twice a month. At the Reserve Bank of India, the board generally meets seven times a year, while the committee of the central board meets every week.

Independence

The institutional and operational independence of a central bank is ensured by law or convention in most cases. These arrangements are closely linked to the form of government, whether parliamentary or presidential. The ECB is granted a high degree of institutional independence by statute/Treaty, by which ECB and its decision-making bodies do not take instructions from the government or any other bodies. The US Congress, on the other hand, retains the ultimate power to instruct the Federal Reserve by law and to dismiss a board member. In some countries, the government has the power to issue directives to override the central bank's monetary policy decisions (e.g., Canada, Korea, and Malaysia).

According to the statutes, in the case of the Reserve Bank of India, the government can issue instructions to the board and remove the Governor, a Deputy Governor or any board member, though this power has not been exercised so far.

Accountability and transparency

Central banks are accountable to the state from which they derive their statutory authority. The ECB reports to the

European Parliament. In the US, Congress has oversight responsibilities combined with legislative powers over the Federal Reserve. In Belgium, Italy, South Africa and Turkey the central bank is also accountable to private shareholders.

However, no formal accountability mechanism is laid down by statutes for the Reserve Bank of India. The Reserve Bank remains accountable to Parliament through the Finance Minister. Besides, the standing committee on finance of the Parliament summons the Governor for testimony. Many central banks are subject to periodic review by the legislature. The Bank of Canada board undertakes an annual self-evaluation and also evaluates board processes and management effectiveness in supporting the board. In the case of the Reserve Bank of New Zealand, the board's primary function is to monitor the performance of the Governor and provide the Minister of Finance with an annual assessment of the bank's performance.

The Reserve Bank of India has taken several initiatives to improve transparency. Apart from publications through the website and print media, the public interface of the Governor and top management through events like Town Hall meetings and outreach programmes present a unique experiment in central banking transparency in an emerging economy.

References

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Subbarao, Duvvuri (2011), "Central Bank Governance Issues: Some RBI Perspectives", Comments by the Governor, RBI at the meeting of the Central Bank Governance Group in Basel on May 9, 2011.

improving its governance within the given legal framework. It has also strived to improve its communication and human capital.

Meetings of the Central Board and its Committee

X.2 The central board held seven meetings during 2011-12. Apart from the four held at the standard metropolitan centres, three were held at non-traditional centres, including Mussoorie, Uttarakhand. In The post-budget meeting of the central board (March 19, 2012), which the Finance Minister also attended, the Governor stressed the Reserve Bank's concerns, particularly with respect to fiscal consolidation.

X.3 The discussions and decisions taken at the central board meetings, while pertaining to general superintendence and the direction of affairs of the

Reserve Bank, also included important issues relating to its role in supporting socio-economic goals and the development of the nation in line with its mandate as a full -service central bank.

X.4 Forty -five weekly meetings of the committee of the central board (CCB) were held in Mumbai during the year (up to end-June 2012). The CCB attended to the current business of the Reserve Bank, including approval of the weekly accounts of the Issue and Banking Departments. Two sub-committees of the central board have been formed, viz., (i) the audit and risk management sub-committee (earlier known as the inspection and audit sub-committee) with a wider mandate to lay down the broad strategy and policies for the Reserve Bank's risk management functions, and (ii) the IT sub-committee (ITSC) that will, *inter alia*,

guide the Reserve Bank on overall IT strategy, as well as related infrastructure and applications. Details of the changes in directors/members of the central board/local boards since July 1, 2011 are outlined in Annex 1.

Appointment/Retirement of Executives

X.5 Shri V. S. Das, Executive Director, retired from the Reserve Bank's service as at the close of business on July 31, 2012.

X.6 Shri Jasbir Singh was appointed as Executive Director with effect from August 1, 2012.

Awards

X.7 Shri Y.H. Malegam was conferred the Padma Shri Award on Republic Day, 2012 for public affairs. Dr. Anil Kakodkar was conferred the Maharashtra Bhushan Award for 2011-12 for his contributions in the field of nuclear power. Ms. Ela Bhatt was, *inter alia*, awarded the prestigious Roosevelt Medal in the Netherlands and conferred an honorary degree by Georgetown University in Washington DC, in recognition of her four decade long career as an international leader in Women's rights.

Visits of Foreign Dignitaries

X.8 Several foreign delegations visited the Reserve Bank during the year and interacted with the top management on a wide spectrum of issues, including reviews of the global economic situation, the framework for strong, sustainable and balanced global growth, financial/ regulatory reforms and reforms for international financial institutions. The Reserve Bank's monetary and regulatory policies were also discussed, apart from aspects pertaining to mutual trade and bilateral relations. The list of high-profile dignitaries who visited the Reserve Bank during 2011-12 is given in Annex III.

INITIATIVES FOR IMPROVED COMMUNICATION

X.9 Demystifying the central bank and the Governor's office has been a major plank of communication in the past few years at the Reserve

Bank. Some unique initiatives in this direction are discussed in the following paragraphs. These efforts went a long way to augment other structured and unstructured communications on policy issues.

Town Hall Events

X.10 At the instance of the Governor, town hall events were organised specifically to generate awareness about initiatives taken by the central bank and commercial banks to improve customer service. Four such events were organised in tier II cities, with the audience representing a wide cross-section of users and potential users of banking services. Senior officials of local commercial banks dealing directly with customer service, the Indian Banks' Association, the Banking Codes and Standards Board of India, the Reserve Bank's customer service department, the department of payment and settlement systems and the Banking Ombudsman of the concerned state participated in the events. By partnering with television channels, the events were given wider reach.

Newsibition

X.11 Initiated by the Reserve Bank's Platinum Jubilee publication, 'Mint Road Milestones' in 2010, and largely drawing upon newspaper clippings and photographs in the media and other archival material, including rare documents, the newsibition depicts the 75-year history of the Reserve Bank. Through illustrations, the Reserve Bank's journey was made accessible to a wide audience. This was evident from the response received in Kolkata, where it opened in December 2010. The positive response then prompted the Reserve Bank to turn the newsibition into a travelling exhibition in 2011-12. It has, since then, visited Bhopal, Agartala, Guwahati, Kanpur, New Delhi, Jaipur, Ahmedabad, Mumbai, Bhubaneswar and Hyderabad.

Educational Visits

X.12 To demystify the world of central banking, the Reserve Bank regularly organises educational visits to its offices for students from schools, colleges and foreign universities, groups of citizens

and non-government organisations. During 2011-12, around 4,200 participants from 64 institutions visited the Reserve Bank's central office in Mumbai alone. Students from foreign universities, such as, Athens University, the London School of Economics, Pace University (New York), St. Mary's College of California, Harvard University and various universities in Singapore have visited the Reserve Bank. On request, officers of the Reserve Bank also visited colleges, schools and NGOs to disseminate information about its role and functions.

Promoting Research

X.13 During 2011-12, the Reserve Bank took significant policy supportive measures to promote its research. Accordingly, seminars were organised for the two annual statutory publications of the Reserve Bank. Sessions for the Report on Trend and Progress of Banking in India 2010-11 were organised at Benaras Hindu University (Benaras) and the Madras School of Economics (Chennai). The Annual Report 2010-11 was the agenda for discussion in a series of four seminars held for the first time in outside institutions, such as, the Institute of Economic Growth (New Delhi), the Indira Gandhi Institute of Development Research (Mumbai) and the Indian Institute of Management (Kolkata). These sessions were well-received by students and academics, who also provided valuable feedback.

Research Initiatives at the Reserve Bank

X.14 The research publications of the Reserve Bank staff *viz.*, the RBI Occasional Papers and the web-based RBI Working Paper Series (RBIWPS) continued as the major platforms for disseminating focused in-house research on a wide array of issues that support the policy-making process through analytical and technical inputs. In all, up to mid-August 2012, 38 papers were released through the RBIWPS, covering a range of issues such as interest rate channels of monetary transmission, trends in real lending rates of Indian banks, growth-inflation trade-off, capacity utilisation and inflation forecasting. The Reserve Bank staff continued to publish several research articles in reputed national

as well as international economic and financial research journals.

X.15 The Department of Economic and Policy Research (DEPR) of the Reserve Bank organised the Second International Research Conference (SIRC) on February 1-2, 2012 in Mumbai. The theme of the conference was 'Monetary policy, sovereign debt and financial stability: the new trilemma' and encapsulated the complex challenges for central banks in the post-crisis period. The Governors/Head of central banks/monetary authorities of Brazil, Bangladesh, Iceland, Maldives, Nepal, Pakistan and Singapore participated in the conference, apart from international academia and the heads of major commercial banks and financial and research institutions in India. The reality of the new trilemma was acknowledged, and fiscal discipline was deemed critically important for financial and price stability. The importance of the interaction between sovereign debt and monetary policy in determining market confidence was also acknowledged.

X.16 To enable the public to access improved real-time data, the Department of Statistics and Information Management (DSIM) revamped the Data Base on the Indian Economy (DBIE) portal. Data are mainly presented through time-series formatted reports organised under sectors and sub-sectors by periodicity. This not only makes the data user-friendly, but it also allows researchers to obtain time series data across all publications of the Reserve Bank, including the RBI bulletins, the Weekly Statistical Supplement (WSS), and other banking reports. The visitor count of almost 0.15 million during March-June 2012 highlights the popularity of this initiative.

X.17 Following the Reserve Bank of India Act, 1934 [Section 17(15B)], the Reserve Bank provides funds for external research activities through the RBI Endowment Scheme. These include establishment of RBI Chairs by grant of corpus fund to universities/research institutions. Specific research projects, both short-term and medium-term, which at present include macroeconomic

modelling, the India KLEMS project and an evaluation framework for technologically delivered financial intermediation has been undertaken with the Reserve Bank's financial support. Such research has provided useful insight. For instance, the preliminary results of the KLEMS project suggest that the trend growth in total factor productivity (TFP) in the Indian economy was about 1 per cent per annum during 1980-2008 when computed using labour input and capital services. The TFP distinctly improved during 2000-08. Financial support has also been provided for publishing research journals and organising conferences, seminars and workshops. Scholarship scheme for faculty members from academic institutions have been instituted, under which three studies on micro-finance institutions, the efficiency of the banking system and commercial paper have been submitted. The Reserve Bank also provides funds for conducting the development research group (DRG) studies, 37 of which have been published so far.

X.18 To facilitate greater academic interaction, the Reserve Bank held the First Research Conference of RBI Chair Professors in Mumbai on February 14, 2012. Eight papers were presented and debated on policy issues such as Indian food inflation, international capital flows, financial inclusion and the international clearing union. In addition Prof. Nicholas Stern, I.G. Patel Chair Professor at the London School of Economics and Political Science, presented a paper on 'Low-Carbon Growth in a Fragile Decade for the World Economy'.

HUMAN RESOURCE DEVELOPMENT INITIATIVES

Training/ Deputation/ Higher Studies/Distance Learning

X.19 To enhance the quality of human capital in the organisation, the Reserve Bank continued to provide avenues for skill upgrading to its staff (Box X.2). The six training establishments of the

Box X.2

Capacity-Building Initiatives

The multi-faceted work of the Reserve Bank necessitates wide segment-specific variations that require vastly different competencies in terms of infrastructure and human resource. The organisational design of the Reserve Bank has accordingly been structured as a two-way interface between the environment and internal capabilities. Capacity-building initiatives over the years have, however, not been confined to training its own personnel. As the central bank of the country, the Reserve Bank has also made conscious efforts towards creating institutions devoted to the systematic training of supervisory staff of various banks in India.

Capacity building for the Reserve Bank has, therefore, been driven by three broad considerations: (i) the current policy context in which the banking sector in India operates and the broad direction that the Reserve Bank would like the constituents to take; (ii) the state of preparedness of the Reserve Bank as also other banks and financial institutions for future developments and the efforts, individual as well as collective, that they have undertaken towards this; and (iii) efficiently dovetailing policy-making, competency development and research in banking and finance in India and working out a possible action matrix.

The Reserve Bank has two training colleges, namely, the Reserve Bank Staff College (RBSC) in Chennai and the College of Agricultural Banking (CAB) in Pune, that were established in 1963 and 1969, respectively. The RBSC organises training courses, both functional and behavioural, for various categories of officers in the Reserve Bank as well as officials of select commercial banks. It also conducts short seminars and workshops on different themes with a view to disseminating and sharing knowledge and providing policy inputs.

CAB, on the other hand, designs and delivers regular training programmes on a wide range of subjects for officers in the Reserve Bank and various commercial banks, regional rural banks and co-operative banks. It also organises conferences and seminars, both national and international, and conducts customised programmes (on-site and off-site) for its clientele. In collaboration with reputed international institutions, it organises programmes of topical relevance.

The four zonal training centres (ZTCs) of the Reserve Bank located at Belapur in Navi Mumbai, Kolkata, New Delhi and

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Chennai provide training to junior officers as also Class III and Class IV staff. Each ZTC has been allocated a focus area.

The Reserve Bank also deposes its officers abroad to attend training courses, seminars, conferences and workshops conducted by other central banks, financial and multilateral institutions. Further, to get acquainted with new developments in the fields of economics, finance and quantitative analysis and to sharpen executive skills, the Reserve Bank deposes senior officers for advanced management and executive education programmes at leading international business schools.

The Reserve Bank also organises short courses in collaboration with reputed external institutions (including institutions that it fully or partially funds) in the areas of banking, finance, soft skills, human resources, *etc.* for a limited number of staff every year.

To encourage and facilitate self-learning for its employees, various schemes have been introduced under which employees can pursue studies in the subject of their interest, provided the same is useful for the Reserve Bank in the long run. These schemes include commercial bank training for select officers up to grade C, the golden jubilee scholarship scheme, incentives for acquiring higher professional

qualifications like Ph.D./ M.Phil./ FCA, study leave and a scheme for a sabbatical of one year for senior officers.

The offices of the Reserve Bank also have study circles with lectures on both functional and behavioural themes. Through its monthly thematic video-conferences on important and emerging issues that are anchored by members of the leadership team, the Reserve Bank encourages its staff to participate in the discussions, thereby blurring the perceived gaps due to hierarchies, and generating new ideas and integrating different geographies that may not have the opportunity to interface and network with each other.

The Reserve Bank also financially supports and facilitates specialised training institutes like the Indira Gandhi Institute of Development Research (IGIDR), Mumbai, the Centre for Advanced Financial Research and Learning (CAFRAL), Mumbai, the National Institute of Bank Management (NIBM), Pune and the Indian Institute of Bank Management (IIBM), Guwahati. All these institutions are engaged in research, training and consultancy for the banking and financial sectors.

These capacity-building initiatives are key components that help the Reserve Bank build a knowledge-enabling organisation strategy and enable the organisational culture.

Reserve Bank cater to its training requirements, and also those of select commercial banks (Table X.1).

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

Training Establishment	2009-10 (July-June)		2010-11 (July-June)		2011-12 (July-June)	
	No. of Pro-grammes	No. of Parti-cipants	No. of Pro-grammes	No. of Parti-cipants	No. of Pro-grammes	No. of Parti-cipants
1	2	3	4	5	6	7
RBSC, Chennai	143	2,960	147	2,904	125	2,492*
CAB, Pune	160	4,885	162	4,951	190	5,647@
ZTCs (Class I)	47	1,066	57	1,140	116	2,098
ZTCs (Class III)	112	1,826	87	1,310	35	639
ZTCs (Class IV)	63	1,214	70	1,422	65	1,237

* : Includes 20 concurrent auditors, 32 NABARD officers, 13 trainee IES officers and 15 foreign participants.

@: Includes 24 foreign participants.

Training at External Institutions

X.20 During 2011-12 the Reserve Bank deputed 1,072 officers to participate in training programmes, seminars and conferences organised by external management/banking institutions in India. A number of Class III and Class IV employees were also deputed for training in external institutions in India during the year. The Reserve Bank also deputed 511 officers to attend various training courses, seminars, conferences and workshops conducted by banking and financial institutions and multilateral institutions in more than 41 countries (Table X.2).

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

Year	No. of officers trained in India (external institutions)	No. of officers trained abroad
1	2	3
2009-10	1,104	553
2010-11	1,090	578
2011-12	1,072	511

X.21 Twelve officers of the Bank availed of study leave under different schemes for higher studies during the year. Further, 412 employees pursued select part-time or distance education courses during 2011-12 under the Reserve Bank's incentive scheme.

Joint India-IMF Training Programme (ITP)

X.22 The Reserve Bank and the International Monetary Fund (IMF) have jointly established the Joint India-IMF Training Program (ITP) at NIBM, Pune. During 2011-12, eight training programmes, on topics including anti-money laundering and combating the financing of terrorism, macroeconomic management and fiscal policy/ financial sector issues, financial market analysis, international trade-in-services and financial soundness indicators were conducted with 47 participants from the Reserve Bank.

Grants and Endowments

X.23 The Reserve Bank is an organisation that furthers corporate social responsibility in a number of ways in its area of domain. As part thereof, the Reserve Bank extends financial support to select institutions that cater to the training, research and consultancy requirements of the banking and financial sectors. During 2011-12, ₹280 million was provided to IGIDR, Mumbai, ₹38 million to CAFRAL, Mumbai, ₹14 million to NIBM, Pune and ₹2 million to IIBM, Guwahati.

INITIATIVES IN ORGANISATION MANAGEMENT

X.24 The Reserve Bank continued with its initiatives for strategic talent acquisition alongside its capacity-building initiatives and knowledge dissemination agenda. Policies to meet the career aspirations of the staff as also the efficient functioning of the organisation have been pursued.

Industrial Relations

X.25 The Reserve Bank continues to hold periodic meetings with recognised associations/ federations of officers and employees/ workmen on

various matters related to service conditions and welfare measures, and its interactions with industry remained encouraging during the year.

Right to Information Act (RTI), 2005

X.26 In the seventh year of the implementation of the RTI Act in the Reserve Bank, the number of requests for information has increased by 30 per cent to 4,812, of which 95 per cent has been addressed. The number of first appeals received during the year was 702, of which the Appellate Authority has passed orders on 595 appeals. The Central Information Commission (CIC), through video-conferencing arrangements in the Reserve Bank's premises, heard 161 cases of second appeals filed by the appellants. A pilot programme was conducted at the RBSC for CAPIOS/dealing officers to familiarise them with the provisions of the RTI Act and its implementation in the Reserve Bank and to facilitate the exchange of ideas and experience.

Recruitment

X.27 During 2011 (January-December), the Reserve Bank recruited 154 employees. Of this, 25 belonged to scheduled castes (SCs) and 12 to scheduled tribes (STs) categories, constituting 24 per cent of total recruitment (Table X.3).

Staff Strength

X.28 The total staff strength as on December 31, 2011 was 18,132 compared with 19,207 the year

Table X.3: Recruitment by the Reserve Bank – 2011

Category of Recruitment	Total	of which		Percentage	
		SC	ST	SC	ST
1	2	3	4	5	6
Class I	146	24	11	16.4	7.5
Class III	-	-	-	-	-
Class IV					
a. Maintenance Attendant	7	1	1	14.3	14.3
b. Others	1	-	-	-	-
Total	154	25	12	16.2	7.8

* : January-December.

Box X.3

Organisational Structure of the Reserve Bank: Sub-Offices

The Reserve Bank's organisational structure has, over the years, broadly followed India's federal government structure. In terms of expansion of its branch network, the Reserve Bank has adopted an incremental approach that has seen the opening of its branches as and when a need is felt, for catering to the specific interests of such areas.

The main orientation of the strengthening of this decentralisation of operations has been to seize or create the potential for engagement in local development processes so as to be able to look after the soundness of the financial system and ensure that the financial concerns of all sections of the population in these areas, with the vulnerable and marginalised groups at the core of the agenda, are adequately addressed.

This decentralisation is also critical, given the distinctive local flavour reflecting the regional/ sub-national sub-text, attributes and aspirations in our economy on the one hand, and pan-Indian trends like perceptible shifts in economic choices and preferences or the rural-urban continuum in economic linkages, on the other. The complexity of our policy responses and the delivery of services at all regional offices of the Reserve Bank, including its sub-offices, have sought to factor in both these dimensions while facilitating a process of integration in the interests of growth and equity.

The first sub-office was opened in November 1970 at Kochi, followed by one in Panaji in November 1983. The Srinagar sub-office was opened in 1981 with the FED cell. The RPCD

and DBS cells carved out of the Jammu office also function there during the summer months, coinciding with the Durbar move to Srinagar. Soon after the formation of the states of Uttarakhand, Chhattisgarh and Jharkhand, the Reserve Bank opened its sub-offices in Dehradun, Raipur and Ranchi, effective June 2006, January 2007 and November 2007, respectively. The sub-office at Shimla was opened in July 2007.

While the Guwahati office had been catering to the needs of all seven north-eastern states (Assam, Meghalaya, Tripura, Mizoram, Manipur, Nagaland and Arunachal Pradesh), the physical presence of the Reserve Bank in each of the states was felt necessary to facilitate financial inclusion and literacy and to closely monitor the adequacy of bank credit and rural credit flows in order to address the problems of unemployment and lack of economic development in the region. A decision was taken in 2010-11 to open sub-offices in six north-eastern states in phases. Accordingly, the sub-office in Agartala was set up in May 2011. For the state of Sikkim, which had been under the supervision of the Reserve Bank's office in Kolkata, a sub-office in Gangtok was opened in January 2010.

With a view to developing new ideas and strategies to advance and leverage the Reserve Bank's policies and emerging priorities, all its new sub-offices have focused on affording greater access to financial services to the vast unreached segment of the population, as well as on bridging the knowledge gap in financial education and literacy

before (Box X.3). Of the total staff, 45.1 per cent belong to Class I, 18.6 per cent to Class III and the remaining 36.2 per cent to Class IV (Table X.4).

X.29 In the total staff strength, the SC and ST categories make up 21.1 and 8.9 per cent, respectively (Table X.5). In accordance with the central government's policy, the Reserve Bank provided reservation to other backward classes (OBCs) effective September 8, 1993. The representation of OBCs (recruited after September 1993) in the Reserve Bank as on December 31, 2011 stood at 971.

X.30 The Mumbai centre (including the central office departments) continued to have the maximum staff (30.3 per cent), followed by Kolkata (8.9 per cent), Chennai (7.2 per cent) and New Delhi (6.8 per cent) (Table X.6).

X.31 The total strength of ex-servicemen in the Reserve Bank as on December 2011 stood at 192

Table X.4: Category-wise Actual Staff Strength
(As on December 31, 2011)

Class	Actual Strength
1	2
a. Class I	8,183
1. Senior Officers in Grade F	90
2. Senior Officers in Grade E	233
3. Senior Officers in Grade D	374
4. Officers in Grade C	968
5. Officers in Grade B	1,400
6. Officers in Grade A	5,045
7. Treasurer	5
8. Deputy Treasurer	19
9. Assistant Treasurer	49
b. Class III	3,381
1. Senior Assistant	1,390
2. Assistant	617
3. Secretarial Assistant	88
4. Word Processor Assistant	355
5. Special Assistant (Teller)	467
6. Class III (Others)	464
c. Class IV	6,568
1. Maintenance Staff	1,427
2. Service Staff	4,223
3. Technical Staff	197
4. Other Staff	721
Total Strength in the RBI (a+b+c)	18,132

Table X.5 : Staff Strength of the Reserve Bank

Category	Category-wise strength						Percentage of total strength	
	Total strength		SC		ST		SC	ST
	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2011	
1	2	3	4	5	6	7	8	9
Class I	8,754	8,183	1,277	1,189	598	563	14.5	6.9
Class III	3,604	3,381	554	518	422	395	15.3	11.7
Class IV	6,849	6,568	2,200	2,121	688	660	32.3	10.0
Total	19,207	18,132	4,031	3,828	1,708	1,618	21.1	8.9

SC : Scheduled Caste. ST : Scheduled Tribe.

Table X.6: Reserve Bank's Office-wise Strength of Staff
(As on December 31, 2011)

Office (including sub-offices)	Class I	Class III	Class IV	Total
1	2	3	4	5
Agartala	5	0	0	5
Ahmedabad	327	170	287	784
Bangalore	463	146	260	869
Belapur	139	65	210	414
Bhopal	169	26	96	291
Bhubaneswar	199	67	212	478
Chandigarh	179	32	112	323
Chennai	501	304	492	1,297
Dehradun	10	3	3	16
Gangtok	4	0	0	4
Guwahati	239	96	214	549
Hyderabad	333	118	284	735
Jaipur	266	115	211	592
Jammu@	87	8	61	156
Kanpur	276	166	383	825
Kochi	49	45	42	136
Kolkata	625	361	628	1614
Lucknow	186	56	140	382
Mumbai	669	470	1104	2243
Nagpur	275	238	264	777
New Delhi	579	266	382	1227
Panaji, Goa	10	4	2	16
Patna	220	63	249	532
Pune-CAB-CRDC-ITP	59	22	81	162
Raipur	9	0	0	9
Ranchi	11	0	0	11
Shimla	7	0	0	7
Thiruvananthapuram	208	69	160	437
Total	6,104	2,910	5,877	14,891
CODs #	2,079	471	691	3,241
Grand Total	8,183	3,381	6,568	18,132

CAB: College of Agricultural Banking.
CRDC: Central Records and Documentation Centre.
ITP: IMF Training Program, Pune.
@: Includes Srinagar sub-office.
#: Central office departments including DICGC.

in Class I, 101 in Class III and 677 in Class IV. The total number of differently-abled employees in Class I, Class III and Class IV cadres in the Reserve Bank stood at 232, 79 and 126, respectively, as on December 2011.

Campus Recruitment

X.32 Greater emphasis on the Reserve Bank's regulatory and supervisory role *vis-à-vis* banks, financial institutions and non-banking financial companies in recent years has highlighted the need to acquire talent that has analytical and managerial skills. The Reserve Bank introduced a separate channel of campus recruitment for direct recruitment of officers, under which 17 candidates, including 3 SC and 5 OBC candidates, from various management institutes and central universities in the country were inducted during 2011-12.

Recruitment of Assistants

X.33 Taking into account the anticipated high rate of retirements in the Reserve Bank during the next five years, the process of recruiting 1,000 assistants in the Class III cadre across all offices has been initiated.

Promotion Policy

X.34 With a view to better meet the long-term career aspirations of officers, a new promotion policy has been put in place. It combines the time-bound and merit-based promotion systems in alternate grades to develop a flatter organisational

structure with greater empowerment, accountability and quicker decision-making, and provides greater flexibility in the deployment of officers under three groupings, viz. junior, middle and senior levels.

Formation of Risk Management Department

X.35 Based on the recommendations of an inter-department group set up by the Reserve Bank, a Risk Management Department (RMD) has been constituted in the Reserve Bank with effect from May 31, 2012, to look after financial and operational risks. Its principal aim is effective identification, assessment and management of risks throughout the organisation.

X.36 Operational risk management, including legal risk, IT risk, business continuity plan risk and physical security risk will be the responsibility of the functional units. Each functional unit will manage the reputation risk that could arise from its area. The primary reputational risk, arising from public perception, will be addressed through a structured communication policy that will be formulated by the RMD in consultation with the department of communication.

Business Process Re-engineering

X.37 Given the changes in the external environment and keeping in view the Reserve Bank's internal capabilities and resource potential, business process re-engineering (BPR) has been considered integral to leverage manpower and technology by adopting a systematic approach to designing, prioritising, managing, controlling and monitoring business processes, competitive performance standards and operational excellence (Box X.4).

Rajbhasha

X.38 In compliance with the statutory requirements of the Rajbhasha policy, the Reserve Bank strove to promote the use of Hindi in its work during 2011-12. All training material were made available in bilingual form in its training colleges and the Reserve Bank continues to bring out various publications in bilingual form.

X.39 Various Hindi training programmes, including a number of inter-bank and internal competitions, as well as many Hindi functions, were organised during the year. The Rajbhasha officers'

Box X.4

Business Process Re-engineering

Business process re-engineering (BPR) is expected to herald the implementation of radical changes in the Reserve Bank's business processes to achieve breakthrough results. A clear understanding of the business processes lies at the root of re-engineering them. To streamline the identification of the entire gamut of the Reserve Bank's business processes, 26 central office departments have been categorised under 13 verticals based on commonalities in their work processes, while the 27 regional offices form the fourteenth vertical.

Suggestions from each of the departments and offices have been sought and are being collated vertical-wise for further study and evaluation by a BPR unit in the human resource management department (HRMD). When the suggestions are received, they will be examined by a high-level multidisciplinary committee that has the overall responsibility for optimising processes and allocating resources before taking up work on any new or revised work process.

Going forward, processes that lend themselves more easily to re-engineering will be identified. The process owners

will be taken on board at this stage for brainstorming. Documentation will then be prepared on the As-Is, To-Be and quantifiable benefits envisaged in terms of savings on time and costs. After the revised processes are implemented, their effectiveness will be measured through feedback from customers and employees. The combined BPR proposals will be considered and approved by the committee for BPR planning and implementation in consultation with the senior management of the concerned department.

Learning from past experience indicate that process re-engineering has to precede technological development to bring the necessary connect between technology, information and business processes. Thus it has been felt that before initiating a holistic, organisation-wide BPR exercise, the processes linked to technological interventions with the minimal external interface need be prioritised. Accordingly, the areas identified for BPR study in the immediate future include human resource management and establishment, workflow automation, desktop virtualisation and currency management.

conference, as well as a review meeting with the Rajbhasha officers, was held to monitor the progress made in the use of Hindi and to chalk out future plans.

X.40 Major highlights during the year were an intensive Hindi typing training programme for non-typist staff (including officers) with trainees successfully passing the Hindi typing examination conducted by the Government of India; and a seminar in which Shri A.N.P. Sinha, Secretary, Department of Official Language, Ministry of Home Affairs, Government of India, delivered a lecture on 'Implementation of Official Language Policy – New Challenges'. The seminar was also webcast for staff at the regional offices. Also, a quarterly Hindi magazine on banking, 'Banking Chintan-Anuchintan' that contains original Hindi articles and a special issue on 'MSME' was published, aside from the quarterly news magazine, 'Rajbhasha Samachar', which describes activities related to implementation of the Rajbhasha policy.

Management of the Reserve Bank's Premises

X.41 The Reserve Bank endeavoured towards upgrading/ modernising the physical infrastructure in its office buildings and provide residential accommodation for officers and staff in a planned way during the year. Six construction projects (four projects for officers' flats and two for student hostels in IGIDR and RBSC) were taken up during 2010-11. Due to delay in getting the required statutory approvals, the projects are running behind schedule and are being followed up with various authorities. The facilities in the residential accommodation are also being upgraded in phases. Tendering for two more projects for the construction of residential buildings in Hyderabad and Lucknow was taken up during the year.

X.42 Preliminary work for construction of a new office building at Raipur was initiated and the work on identifying and acquiring land for office buildings and residential quarters at Dehradun, Agartala and Raipur is in progress.

X.43 A design competition was held for the construction of a new institutional complex for the CAFRAL and an architect firm has been selected for designing the same.

X.44 In view of the emerging security and fire safety needs, up-grading/ replacement of security and fire detection systems, such as a CCTV systems and an intelligent addressable fire alarm system for all office buildings has been planned and will be implemented in phases. A pilot project of an IP-based CCTV system is already underway.

Green Initiatives

X.45 Multiple initiatives to promote energy conservation, environment preservation and protection have been upheld by the Reserve Bank in line with its corporate social responsibility. For the carbon footprint-mapping exercise, the identified action points, such as planting trees and using eco-friendly paper, were implemented (Box X.5). The carbon footprint-mapping exercise has been initiated in the Jaipur and Bengaluru offices. In office buildings, occupancy sensors, timers, etc. are being used to avoid wastage of electrical energy. A blue print for energy conservation was prepared with short-term and medium-term goals, which will be implemented in phases.

Internal Audit/ Inspection in the Reserve Bank

X.46 An enterprise-wide risk management (EWRM) has been formalised in the Reserve Bank to strengthen the risk management systems in place and lead to uniform implementation of the risk management policies and methodologies across the organisation, with a clear segregation of the risk management function from the audit function. EWRM would have a blend of top-down and bottom-up approaches for identifying, assessing and managing various financial and non-financial risks throughout the Reserve Bank.

X.47 An audit and risk management sub-committee (ARMS) has been established this year to perform the tasks of the erstwhile inspection audit

Box X.5

Sustainable Development - Carbon Footprint Mapping

Climate change is one of the major challenges facing mankind today. Scientific studies by various international organisations have identified greenhouse gases (GHGs) as the chief cause of global warming. The financial sector, as an intermediary between savers and investors, plays an important role in environmental protection, both as a provider of capital to investors as well as user of resources. Financial institutions could, thus, act as harbingers of sustainable economic development with reduced negative consequences for climate change by prioritising investments in the industries and projects that contain the harmful effects of GHGs and also by investments in non-polluting technologies. The financial sector could thus play a direct role in contributing to the management of GHG emissions.

As a regulator, it is important for the Reserve Bank to understand the risks and implications of climate change in order to devise policies for sustainable economic development.

In this context, the Reserve Bank initiated a carbon footprint -mapping exercise of its operations in the central office building in February 2011. *Carbon footprint* is the total set of GHG emissions caused by an organisation, event or product. For simplicity of reporting, this is expressed in terms of the amount of carbon dioxide or its equivalent of other GHGs emitted.

The GHG estimation and reporting of the Reserve Bank was carried out through a consultant firm, M/s Next Gen, in accordance with the Greenhouse Protocol (GHG Protocol) guidelines laid down by the Confederation of Indian Industry and the ISO-14064 Standard. The carbon emissions were categorised in three types, viz., Scope I (direct emissions), Scope II (indirect emissions, mainly from purchased electricity) and Scope III (other indirect emissions). The total GHG emissions were estimated at 8265.70 MT CO₂. In order to manage the above emissions, an action plan to control and gradually reduce the emissions and a target of 0.6 per cent reduction was set for the first year. The activities are in various phases of implementation. A similar carbon footprint-mapping exercise will be taken up in other Reserve Bank properties across the country.

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sub-committee (IASC) with an expanded mandate for risk management in the Reserve Bank. ARMS will assist the central board of the Reserve Bank in its oversight function by reviewing and monitoring the inspection and audit process, compliance, internal control systems, the financial reporting process, the risk management framework, BCPs and disaster management functions.

X.48 The Inspection Department examines and evaluates systems, processes and controls to provide objective feedback to the top management on the health of various offices and departments

of the Reserve Bank. The department inspected 12 regional offices and 10 central office departments during the year. Information system audits (IS audits) were carried out along with management audit and systems inspection (MASI) and risk based internal audit (RBIA). Technology audit of the DBIE, mail messaging system, IS audit: continuous assurance at the regional offices in New Delhi, Mumbai, Belapur, Kolkata and Chennai, VA-PT of the Reserve Bank's online recruitment application and a preliminary (pre-live) audit of core banking solution were carried out during the year.