

## Establishment

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the **Reserve Bank of India Act, 1934**.

The Central Office of the Reserve Bank was initially established in Kolkata but was permanently moved to Mumbai in 1937. The Central Office is where the Governor sits and where policies are formulated.

Though originally privately owned, since nationalisation in 1949, the Reserve Bank is fully owned by the Government of India.

## Preamble

The Preamble of the Reserve Bank of India describes the basic functions of the Reserve Bank as:

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

## Central Board

The Reserve Bank's affairs are governed by a central board of directors. The board is appointed by the Government of India in keeping with the Reserve Bank of India Act.

- Appointed/nominated for a period of four years
- Constitution:
  - **Official Directors**
    - Full-time : Governor and not more than four Deputy Governors
  - **Non-Official Directors**
    - Nominated by Government: ten Directors from various fields and two government Official
    - Others: four Directors - one each from four local boards

**Functions : General superintendence and direction of the Bank's affairs**

<b>Central Board of Director appointed/nominated under RBI Act, 1934</b>		
<b>Section of RBI Act</b>	<b>Sr. No.</b>	<b>Name</b>
8 (1) (a)	1.	Shri Shaktikanta Das Governor

	2.	Shri Mahesh Kumar Jain Deputy Governor
	3.	Dr. M.D. Patra Deputy Governor
	4.	Shri M. Rajeshwar Rao Deputy Governor
	5.	Shri T. Rabi Sankar Deputy Governor
8 (1) (b)	6.	<b><u>Ms. Revathy Iyer</u></b>
	7.	<b><u>Prof. Sachin Chaturvedi</u></b>
8 (1) (c)	8.	<b><u>Shri Satish Kashinath Marathe</u></b>
	9.	<b><u>Shri Swaminathan Gurumurthy</u></b>
	10.	<b><u>Shri Anand Gopal Mahindra</u></b>
	11.	<b><u>Shri Venu Srinivasan</u></b>
	12.	<b><u>Shri Pankaj Ramanbhai Patel</u></b>
	13.	<b><u>Dr Ravindra H. Dholakia</u></b>
8 (1) (d)	14.	<b><u>Shri Ajay Seth</u></b>
	15.	<b><u>Dr. Vivek Joshi</u></b>
<b>Address:</b> C/o CGM-in-Charge and Secretary Secretary's Department Reserve Bank of India 16th floor, Central Office Building Shahid Bhagat Singh Marg Mumbai – 400 001		

- **Profile of Central Board Directors**

### Local Boards

- Constituted for Western Area, Eastern Area, Northern Area and Southern Area.
- Consist of five members each.
- Members appointed by the Central Government.
- Member shall hold office for a term of four years.

Functions : To advise the Central Board on local matters and to represent territorial and economic interests of local cooperative and indigenous banks; to perform such other functions as delegated by Central Board from time to time.

<b>Names and Addresses of the Members of The Local Boards of The Reserve Bank of India</b>			
<b>WESTERN AREA</b>		<b>EASTERN AREA</b>	
		<b>Address:</b> C/o Secretary to the Western Area Local Board The Regional Director Reserve Bank of India Main Building Shahid Bhagat Singh Marg Mumbai – 400 001	1. Prof. Sachin Chaturvedi  <b>Address:</b> C/o Secretary to the Eastern Area Local Board The Regional Director Reserve Bank of India 15, Netaji Subhas Road Kolkata – 700 001

<b>NORTHERN AREA</b>		<b>SOUTHERN AREA</b>	
1.	Ms. Revathy Iyer	<b>Address:</b> C/o Secretary to the Northern Area Local Board The Regional Director Reserve Bank of India 6, Sansad Marg New Delhi - 110 001	<b>Address:</b> C/o Secretary to the Southern Area Local Board The Regional Director Reserve Bank of India Fort Glacis 16, Rajaji Salai Chennai - 600 001

\*The four Local Boards are not functioning due to lack of quorum. A Standing Committee of Central Board is functioning in the areas where Local Boards are unable to function for want of quorum.  
 Mumbai : Dated November 4, 2022

### **Sitting Fees and Halting Allowance of Board Directors/Members**

<b>Sitting Fees and Halting Allowance paid to the Directors of the Central Board, Members of the Local Board and Directors attending CCB meetings</b>			
<b>Sr. No.</b>	<b>Type of the Meetings</b>	<b>Sitting Fees per meeting (in INR)</b>	<b>Halting allowance per diem (in INR)</b>

1.	Central Board	60,000	1,200
2.	Local Board	60,000	1,200
3.	Committee of the Central Board (CCB)	30,000	1,200
<b>Note:</b> In addition, the travel and stay expenses towards attending Board/Committee/Sub-Committee meetings are also borne by the Reserve Bank of India.			

## **Board for Financial Supervision**

The Reserve Bank of India performs the supervisory function under the guidance of the Board for Financial Supervision (BFS). The Board was constituted in November 1994 as a committee of the Central Board of Directors of the Reserve Bank of India under the Reserve Bank of India (Board for Financial Supervision) Regulations, 1994.

### **Objective**

The primary objective of BFS is to undertake consolidated supervision of the financial sector comprising Scheduled Commercial and Co-operative Banks, All India Financial Institutions, Local Area Banks, Small Finance Banks, Payments Banks, Credit Information Companies, Non-Banking Finance Companies and Primary Dealers.

### **Constitution**

The Board is constituted by co-opting four Directors from the Central Board as Members and is chaired by the Governor. The Deputy Governors of the Reserve Bank are ex-officio members. One Deputy Governor, traditionally, the Deputy Governor in charge of supervision, is nominated as the Vice-Chairman of the Board.

In April 2018, a Sub-committee of the Board for Financial Supervision was constituted, under Para 11 & 12 of the Reserve Bank of India (Board for Financial Supervision) Regulations, 1994. The Sub-committee performs the functions and exercises the powers of supervision and inspection under the Reserve Bank of India Act, 1934 and the Banking Regulation Act, 1949, in relation to Payments Banks, Small Finance Banks, Local Area Banks, small Foreign Banks, select scheduled Urban Co-operative Banks, select Non-Banking Financial Companies and Credit Information Companies. The Sub-committee is chaired by the Deputy Governor in charge of supervision and includes the three Deputy Governors and two Directors of the Central Board as Members.

### **BFS Meetings**

The Board is required to meet normally once every month. It deliberates on inspection reports, periodic reviews related to banking and non-banking sectors and policy matters arising out of or having relevance to the supervisory functions of the Reserve Bank.

The BFS oversees the functioning of Department of Banking Supervision (DBS), Department of Non-Banking Supervision (DNBS) and Department of Co-operative Bank Supervision (DCBS) and gives directions on regulatory and supervisory issues.

## Functions

Some of the initiatives taken by the BFS include:

- i. Fine-tuning the supervisory processes adopted by the Bank for regulated entities;
- ii. Introduction of off-site surveillance system to complement the on-site supervision of regulated entities;
- iii. Strengthening the statutory audit processes of banks and enlarging the role of auditors in the supervisory process;
- iv. Strengthening the internal defences within supervised institutions such as corporate governance, internal control and audit functions, management information and risk control systems, review of housekeeping in banks;
- v. Introduction of supervisory rating system for banks and financial institutions;
- vi. Supervision of overseas operations of Indian banks, consolidated supervision of banks;
- vii. Technical assistance programme for cooperative banks;
- viii. Introduction of scheme of Prompt Corrective Action Framework for weak banks;
- ix. Guidance regarding fraud risk management framework in banks;
- x. Introduction of risk based supervision of banks;
- xi. Introduction of an enforcement framework in respect of banks;
- xii. Establishment of a credit registry in respect of large borrowers of supervised institutions; and
- xiii. Setting up a subsidiary of RBI to take care of the IT requirements, including the cyber security needs of the Reserve Bank and its regulated entities, etc.

## Legal Framework

### I. Acts administered by Reserve Bank of India

- **Reserve Bank of India Act, 1934**
- Public Debt Act, 1944/**Government Securities Act, 2006**
- **Government Securities Regulations, 2007**
- **Banking Regulation Act, 1949**
- **Foreign Exchange Management Act, 1999**
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Chapter II)
- Credit Information Companies(Regulation) Act, 2005
- **Payment and Settlement Systems Act, 2007**
  - **Payment and Settlement Systems Act, 2007 As Amended up to 2019**
  - **Payment and Settlement Systems Regulations, 2008 As Amended up to 2022**

- Factoring Regulation Act, 2011

## II. Other relevant Acts

- Negotiable Instruments Act, 1881
- Bankers' Books Evidence Act, 1891
- State Bank of India Act, 1955
- Companies Act, 1956/ Companies Act, 2013
- Securities Contract (Regulation) Act, 1956
- State Bank of India Subsidiary Banks) Act, 1959
- **Deposit Insurance and Credit Guarantee Corporation Act, 1961**
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
- Regional Rural Banks Act, 1976
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980
- National Bank for Agriculture and Rural Development Act, 1981
- National Housing Bank Act, 1987
- Recovery of Debts Due to Banks and Financial Institutions Act, 1993
- Competition Act, 2002
- **Indian Coinage Act, 2011** : Governs currency and coins
- Banking Secrecy Act
- The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003
- The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993

## Main Functions

### Monetary Authority:

- Formulates, implements and monitors the monetary policy.
- Objective: maintaining price stability while keeping in mind the objective of growth.

### Regulator and supervisor of the financial system:

- Prescribes broad parameters of banking operations within which the country's banking and financial system functions.
- Objective: maintain public confidence in the system, protect depositors' interest and provide cost-effective banking services to the public.

### Manager of Foreign Exchange

- Manages the Foreign Exchange Management Act, 1999.
- Objective: to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

### **Issuer of currency:**

- Issues, exchanges and destroys currency notes as well as puts into circulation coins minted by Government of India.
- Objective: to give the public adequate quantity of supplies of currency notes and coins and in good quality.

### **Developmental role**

- Performs a wide range of promotional functions to support national objectives.

### **Regulator and Supervisor of Payment and Settlement Systems:**

- Introduces and upgrades safe and efficient modes of payment systems in the country to meet the requirements of the public at large.
- Objective: maintain public confidence in payment and settlement system

### **Related Functions**

- Banker to the Government: performs merchant banking function for the central and the state governments; also acts as their banker.
- Banker to banks: maintains banking accounts of all scheduled banks.

### **Offices**

- The Reserve Bank of India has **offices** at 31 locations.

### **Training Establishments**

#### **Has four training establishments**

- Three, namely, RBI Academy, College of Agricultural Banking and Reserve Bank of India Staff College are part of the Reserve Bank.
- Other autonomous, such as, Institute for Development and Research in Banking Technology (IDRBT)

For details on training establishments, please check their websites links for which are available in **Other Links**.

### **Institutes Funded by the Bank**

<b>Sl.No.</b>	<b>Institutes</b>	<b>Description</b>
1	Centre for Advanced Financial Research and Learning (CAFRAL)	Fully funded by RBI

2	Indira Gandhi Institute of Development Research (IGIDR)	Fully funded by RBI
3	Indian Institute of Bank Management (IIBM)	RBI is a sponsor bank along with other banks and Financial Institutions.
4	National Institute of Bank Management (NIBM)	RBI is an ordinary member along with other banks and Financial Institutions.

### **Subsidiaries**

Fully owned: **Deposit Insurance and Credit Guarantee Corporation of India (DICGC)**, **Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)**, **Reserve Bank Information Technology Private Limited (ReBIT)**, **Indian Financial Technology and Allied Services (IFTAS)**, **Reserve Bank Innovation Hub (RBIH)**.