

ORGANISATION AND FUNCTIONS OF RBI

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 Calcutta 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."

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 one government Official
 - Others: four Directors - one each from four local boards

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

SECRETARY'S DEPARTMENT

Names and addresses of the Directors of the Central Board of the Reserve Bank of India

1 Dr. D. Subbarao

@11 Shri Azim Premji

- | | |
|---|---|
| <p>Governor
Reserve Bank of India
Central Office
Mumbai 400 001.</p> | <p>Chairman,
WIPRO Limited
Doddakannelli,
Sarjapur Road,
Bangalore – 560033</p> |
| <p>2. Smt. Shyamala Gopinath
Deputy Governor
Reserve Bank of India
Central Office
Mumbai 400 001.</p> | <p>@12. Shri Kumar Mangalam Birla
Chairman,
Aditya Birla Group of Companies
Aditya Birla Centre,
S. K. Ahire Marg, Worli
Mumbai – 400 030</p> |
| <p>3. Dr. K.C. Chakrabarty
Deputy Governor
Reserve Bank of India
Central Office
Mumbai 400 001.</p> | <p>@13. Smt. Shashi Rajagopalan
Plot No. 10, Saket Phase 2
Kapra, ECIL Post
Hyderabad – 500 062</p> |
| <p>4. Dr. Subir Gokarn
Deputy Governor
Reserve Bank of India
Central Office
Mumbai 400 001.</p> | <p>@14. Shri Suresh Neotia
B-32, Greater Kailash Part - I
New Delhi – 110 048</p> |
| <p>5. Shri Anand Sinha
Deputy Governor
Reserve Bank of India
Central Office
Mumbai 400 001</p> | <p>@15. Dr. A. Vaidyanathan
B-1, Sonali Apartment, Old No. 11
Beach Road, Kalakshetra Colony
Chennai – 600 090</p> |
| <p>*6. Shri Y.H. Malegam
Chartered Accountant
C/o S. B. Billimoria & Company
Meher Chambers (2nd floor)
R. Kamani Road, Ballard Estate
Mumbai 400 001</p> | <p>@16. Prof. Man Mohan Sharma
2/3 Jaswant Baug (Runwal Park),
Behind Akbarallys, Chembur Naka
Mumbai – 400 071</p> |
| <p>*7. Prof. Suresh D. Tendulkar
Economist,
AD-86-C,
Shalimar Bagh,
New Delhi – 110 088</p> | <p>@17. Shri Sanjay Labroo
Managing Director & CEO
Asahi India Glass Ltd.
Global Business Park
Tower - B, 5th Floor'
Mehrauli - Gurgaon Road
Gurgaon - 122002 (Haryana)</p> |
| <p>*8. Prof. U. R. Rao
Chairman, Physical Research
Laboratory</p> | <p>#18. Shri R. Gopalan
Secretary
Department of Economic Affairs</p> |

Department of Space,
Government of India
Antariksh Bhavan, New BEL Road
Bangalore – 560 094

Government of India
Ministry of Finance
New Delhi 110001

*9. Shri Lakshmi Chand
IAS (Retd.),
C-12, Sector 14
NOIDA, Gautham Budh Nagar
Uttar Pradesh

@10. Shri H. P. Ranina
Advocate, Supreme Court of India,
506, Raheja Centre,
214 Backbay Reclamation,
Free Press Journal Road,
Mumbai - 400 023

* Directors nominated under Sect 8 (1) (b) of the RBI Act, 1934.

@ Directors nominated under Sect 8 (1) (c) of the RBI Act, 1934.

Director nominated under Sect 8 (1) (d) of the RBI Act, 1934.

Dated March 10, 2011

Local Boards

- One each for the four regions of the country in Mumbai, Calcutta, Chennai and New Delhi
- Membership:
- consist of five members each
- appointed by the Central Government
- 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.

Names and Addresses of the Members of The Local Boards of The Reserve Bank of India

WESTERN AREA

1. Shri Y.H. Malegam
Chartered Accountant
c/o S.B.Billimoria & Company
Meher Chambers (2nd floor)
R. Kamani Road, Ballard Estate
Mumbai 400 001

EASTERN AREA

1. Shri Suresh D. Tendulkar
Economist,
AD-86-C,
Shalimar Bagh,
New Delhi – 110 088

2. Shri K. Venkatesan
113, F-Block
Anna Nagar East
Chennai 600 040.
3. Shri Dattaraj V. Salgaocar
Managing Director
V. M. Salgaocar & Bro. Ltd.
Hira Bihar, Airport Road, Chicalim
Vasco Da Gama, Goa - 403 711
4. Shri Jayantilal B. Patel
Chairman
Sahakari Khand Udyog Mandal Ltd.
At & Post, Gandevi Sugar Factory
Taluka Gandevi, District Navsari, Via
Billimora
Gujarat
PIN-396 360

Mumbai : Dated March 10, 2011

2. Shri A. K. Saikia, Retd. IAS
H-8, Sector - 27
Noida - 201 301
3. Shri Sovan Kanungo, Retd. IAS
17/404, East End Apartments
Mayur Vihar I (Extension)
New Delhi -110096
4. Shri Md. Sohrab
Village – Mangaljan
P.O. – Ghorsala
Dist. – Murshidabad
West Bengal

NORTHERN AREA

1. Prof. U. R. Rao
Chairman,
Physical Research Laboratory,
Department of Space,
Antariksh Bhawan, New BEL Road
Bangalore – 560094
2. Dr. Ram Nath
Ex-Professor & Vice Chancellor
CSA University of Agri. & Tech.
Plot No. 710, 'A' Block, Avas Vikas
Colony,
Hanspur, Naubasta, Kanpur - 208 001
3. Dr. Pritam Singh
Director, Management Development
Institute
Mehrauli Road, Sukhrali
Gurgaon - 122 001
4. Shri Kamal Kishore Gupta
Chartered Accountant
Kamal & Co.

SOUTHERN AREA

1. Shri Lakshmi Chand
Retd. IAS, C-12,
Sector – 14, Noida,
U. P. 201301
2. Shri C. P. Nair
Retd. Chief Secretaray to Government of
Kerala
Narayaneeyam, Jawahar Nagar
Thiruvananthapuram - 695 041
3. Dr. M. Govinda Rao
Director
National Institute of Public Finance and
Policy
18/2, Satsang Vihar Marg
Special Institutional Area (Near JNU)
New Delhi 110 067
4. Smt. Devaki Jain,
Tharangavana, D-5, 12th Cross,
RMV Extension,

1372, Kashmere Gate
Delhi 110006

Bangalore 560080

5. Shri Mihir Kumar Moitra
H-205, Wembley Estate
Rosewood City
Sector-49-50
Gurgaon-122001

Mumbai : Dated November 3, 2010

Financial Supervision

The Reserve Bank of India performs this 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.

Objective

Primary objective of BFS is to undertake consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies.

Constitution

The Board is constituted by co-opting four Directors from the Central Board as members for a term of two years and is chaired by the Governor. The Deputy Governors of the Reserve Bank are ex-officio members. One Deputy Governor, usually, the Deputy Governor in charge of banking regulation and supervision, is nominated as the Vice-Chairman of the Board.

BFS meetings

The Board is required to meet normally once every month. It considers inspection reports and other supervisory issues placed before it by the supervisory departments.

BFS through the Audit Sub-Committee also aims at upgrading the quality of the statutory audit and internal audit functions in banks and financial institutions. The audit sub-committee includes Deputy Governor as the chairman and two Directors of the Central Board as members.

The BFS oversees the functioning of Department of Banking Supervision (DBS), Department of Non-Banking Supervision (DNBS) and Financial Institutions Division (FID) and gives directions on the regulatory and supervisory issues.

Functions

Some of the initiatives taken by BFS include:

- i. restructuring of the system of bank inspections
- ii. introduction of off-site surveillance,
- iii. strengthening of the role of statutory auditors and
- iv. strengthening of the internal defences of supervised institutions.

The Audit Sub-committee of BFS has reviewed the current system of concurrent audit, norms of empanelment and appointment of statutory auditors, the quality and coverage of statutory audit reports, and the important issue of greater transparency and disclosure in the published accounts of supervised institutions.

Current Focus

- supervision of financial institutions
- consolidated accounting
- legal issues in bank frauds
- divergence in assessments of non-performing assets and
- supervisory rating model for banks.

Regulation and Supervision of Payment systems

The Payment and Settlement Systems Act 2007(PSS Act 2007) empowers the Reserve Bank of India to regulate and supervise the payment systems in the country. The Act states that these powers will be exercised by the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) constituted by it for the purpose. The BPSS will be a Committee of the Reserve Bank of India's Central Board.

Objective and Functions

The functions of the BPSS will be to lay down policies for regulation and supervision of the payment systems in the country, laying down standards for existing and future payment systems, authorisation of payment systems, determination of the criteria for membership of payment systems including continuation, termination and rejection of membership, overseeing the administration of regulations and guidelines framed under the PSS Act 2007, issuing directions to payment system operators, calling for returns/information, etc.

Constitution

The BPSS consists of the Governor of the RBI as Chairperson, Deputy Governors as Members out of whom the Deputy Governor who is in charge of the Department of Payment and Settlement Systems will be the Vice Chairperson and three Directors of Reserve Bank of India Central Board will be members.

Two Executive Directors of Reserve Bank of India and its principal Legal Adviser will be permanent invitees to the meetings. Persons with experience in the field of payment and

settlement systems may be invited to the meetings of the BPSS either as permanent or ad-hoc invitees.

BPSS is assisted by the Department of Payment and Settlement Systems.

Current Focus

1. Authorisation/ refusal of authorisation of/to payment systems.
2. To lay down policies for encouraging the movement from paper-based payment systems to electronic modes of payments.
3. Setting up of the regulatory framework of newer payment methods.
4. Enhancement of customer convenience in payment systems.
5. Improving security and efficiency in paper-based and electronic modes of payment.

Legal Framework

Umbrella Acts

- [Reserve Bank of India Act, 1934](#): governs the Reserve Bank functions
- Banking Regulation Act, 1949: governs the financial sector

Acts governing specific functions

- Public Debt Act, 1944/Government Securities Act (Proposed): Governs government debt market
- Securities Contract (Regulation) Act, 1956: Regulates government securities market
- Indian Coinage Act, 1906: Governs currency and coins
- Foreign Exchange Regulation Act, 1973/Foreign Exchange Management Act, 1999: Governs trade and foreign exchange market
- Payment and Settlement Systems Act 2007: Regulation and supervision of the payment systems.

Acts governing Banking Operations

- Companies Act, 1956: Governs banks as companies
- Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980: Relates to nationalisation of banks
- Bankers' Books Evidence Act
- Banking Secrecy Act
- Negotiable Instruments Act, 1881

Acts governing Individual Institutions

- State Bank of India Act, 1954

- The Industrial Development Bank (Transfer of Undertaking and Repeal) Act, 2003
- The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993
- National Bank for Agriculture and Rural Development Act
- National Housing Bank Act
- Deposit Insurance and Credit Guarantee Corporation Act

Main Functions

Monetary Authority:

- Formulates, implements and monitors the monetary policy.
- Objective: maintaining price stability and ensuring adequate flow of credit to productive sectors.

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.
- Regulator and supervisor of the payment systems
 - Authorises setting up of payment systems
 - Lays down standards for operation of the payment system
 - Issues direction, calls for returns/information from payment system operators.

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 and exchanges or destroys currency and coins not fit for circulation.
- 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.

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

- Has 4 regional offices ,15 branches and 5 sub-offices.

Training Establishments

Has six training establishments

- Three, namely, College of Agricultural Banking, Bankers Training College and Reserve Bank of India Staff College are part of the Reserve Bank
- Others are autonomous, such as, National Institute for Bank Management, Indira Gandhi Institute for Development Research (IGIDR), Institute for Development and Research in Banking Technology (IDRBT)

For details on training establishments, please check their websites links which are available in [Other Links](#).

Subsidiaries

Fully owned: National Housing Bank(NHB), Deposit Insurance and Credit Guarantee Corporation of India(DICGC), Bharatiya Reserve Bank Note Mudran Private Limited(BRBNMPL)

Majority stake: National Bank for Agriculture and Rural Development(NABARD).