



# GOVERNMENT OF ANDHRA PRADESH COMMISSIONERATE OF COLLEGIATE EDUCATION



## Constitution and Governance of RBI

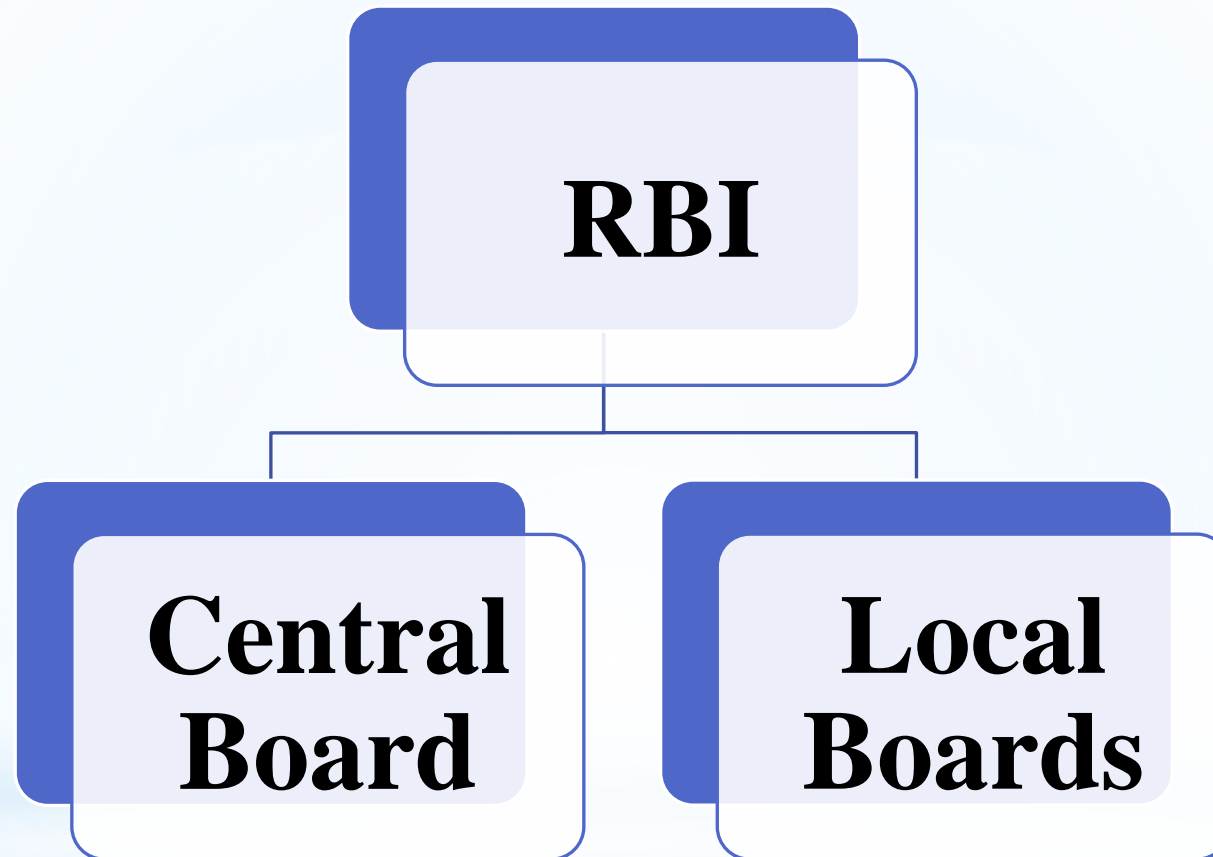
### Central Banking

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## **Learning Objectives:**

- ❖ To learn about Constitution and Governance of RBI
- ❖ To learn about Management and Structure of RBI



## Central Board

The Central Board has the primary authority to look all the affairs of Reserve Bank. The administration and all the affairs of Reserve Bank is done by the central board which was appointed by the Government of India. Its functions are dealt to meet the administrative affairs of the banking.

The Primary function of Central Board is of General superintendence and direction of the Bank's affairs. It delegates specific functions by constituting committees and sub-committees.

## Constitution

- ❖ The Reserve Bank's affairs are governed by a central board of directors. The Central board is appointed by the Government of India under the provisions of the Reserve Bank of India Act 1934.
- ❖ Directors are categorised into
  - Official Directors
  - Non-Official DirectorsAppointed/nominated for a period of four years.



## Official Directors

- One Governor.
- Four Deputy Governors, at a maximum.

## Non-Official Directors

- 4 directors nominated to represent each local board.
- 10 directors nominated who are expertise in various segments of the economy.
- 2 representatives from the Central Government.

- The Central Board has wide powers and do all the activities and things which are essential to the entire banking and also it follows the directions issued by the Central Government in public interest after consultation with the Governor.
- Meetings of the Central Board have to be held at least six times in a year and at least once in a quarter.
- The meetings shall be presiding by Governor or a Deputy Governor and he shall have casting vote in case of equal votes among the members.

## **Committee of Central Board:**

For practical convenience, the Board delegated some of its functions by means of statutory regulations to a Committee called the 'Committee of the Central Board' consisting of the Governor, Deputy Governors and such other Directors.

- The Committee meets once a week, generally on Wednesday at the office of the Bank.
- The agenda focuses on current operations, including approval of the weekly statement of accounts related to the Issue and Banking Departments.



## **Board for Financial Supervision:**

Regulates and supervises commercial banks, Non-Banking Finance Companies (NBFCs), development finance institutions, urban co-operative banks and primary dealers.

## **Board for Payment and Settlement Systems:**

Regulates and supervises the payment and settlement systems. All the services are covered under the payment and settlement systems Act, 2007

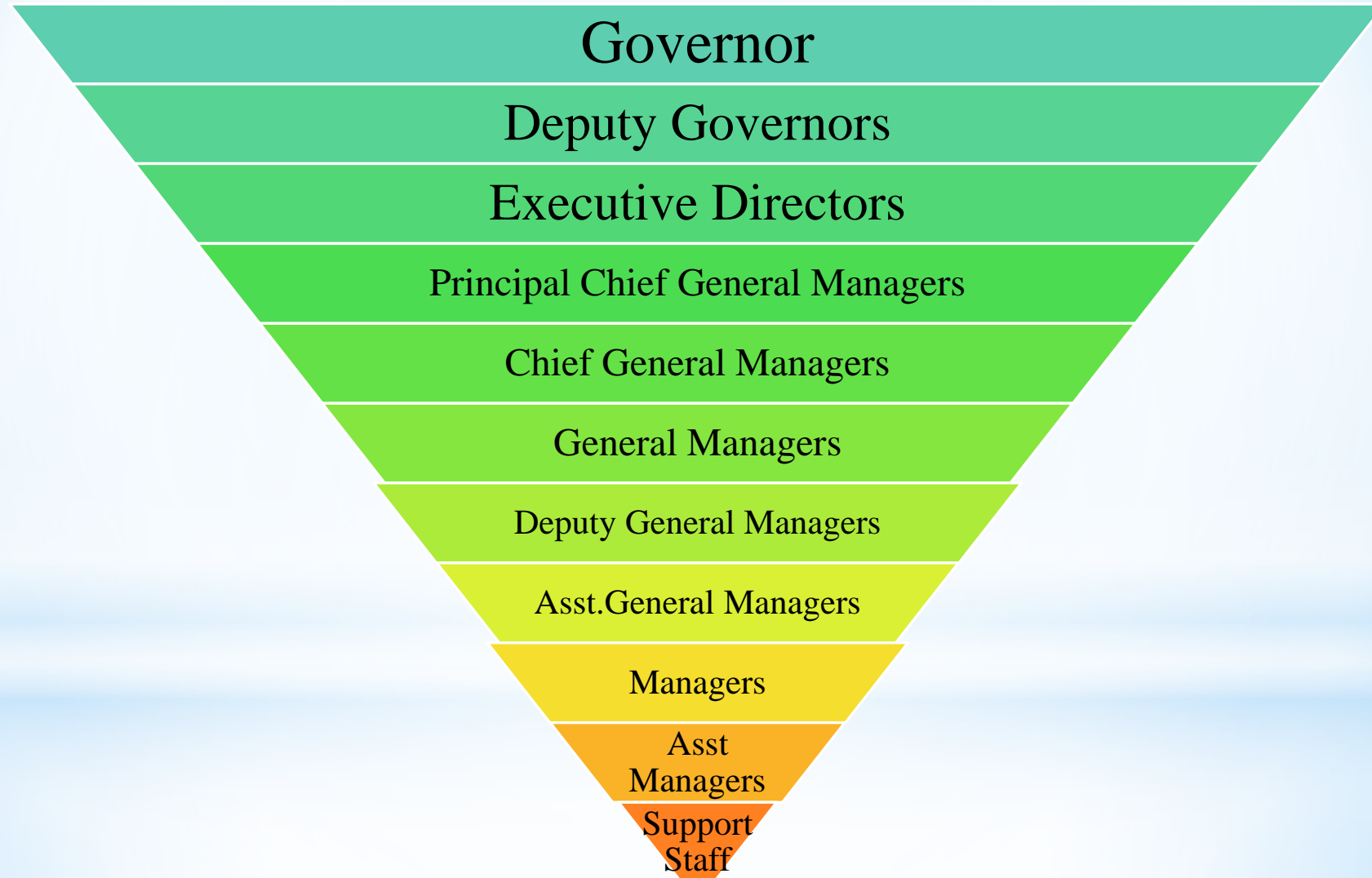
# Local Boards

There are four regional Local Boards namely Mumbai, Kolkata, Chennai and New Delhi with five members each appointed by the Central Government to represent territorial and economic interest and the interests of co-operative and indigenous banks.

The tenure of local board members is four years and also eligible for re-appointment.

- The main function of local boards is to advise the Central Board on local matters and to perform other functions as delegated by Central Board from time to time.
- The advice of the Local Boards is sought on various matters of local importance, opening new branches of commercial banks, opening of offices in India by foreign banks, directions to be given to the banks on basis of inspection, granting of license to commercial banks etc.,
- From 1976 onwards, local bodies are given some financial powers to acquire land and buildings within their territories.

# Organizational Structure



# Management

- The Governor is the Reserve Bank's chief executive. The Governor supervises and directs all the affairs and business of the Reserve Bank. The management team also includes Deputy Governors and Executive Directors.
- **The RBI is made up of**
  - ✓ 29 Departments: These focus on policy issues in the Reserve Bank's functional areas and internal operations.
  - ✓ Has 28 regional offices, most of them in state capitals and 04 Sub-offices.



**Consumer Education and Protection Department**

**Corporate Strategy and Budget Department**

**Department of Regulation**

**Department of Supervision**

**Department of Communication**

**Department of Currency Management**

**Department of Economic and Policy Research**

**Department of External Investments and Operations**

**Department of Government and Bank Accounts**

**Department of Information Technology**

**Department of Payment and Settlement Systems**

**Department of Statistics and Information Management**

**Enforcement Department**

**Financial Inclusion and Development Department**

**Financial Markets Operation Department**

**Financial Markets Regulation Department**

**Financial Stability Unit**

**Foreign Exchange Department**

**Human Resource Management Department**

**Inspection Department**

**Internal Debt Management Department**

**International Department**

**Legal Department**

**Monetary Policy Department**

**Premises Department**

**Rajbhasha Department**

**Risk Monitoring Department**

**Secretary's Department**

**Central Vigilance Cell**

## Training centres

- The Reserve Bank Staff College at Chennai addresses the training needs of RBI officers.
- The College of Agricultural Banking at Pune trains staff of co-operative and commercial banks, including regional rural banks.
- The Zonal Training Centres, located at regional offices, to train non-executive staff.

## Research Institutes

- National Institute of Bank Management (NIBM) at Pune.
- Indira Gandhi Institute of Development Research (IGIDR) at Mumbai.
- Institute for Development and Research in Banking Technology (IDRBT) at Hyderabad.

# Subsidiaries

- ❖ Fully-owned subsidiaries include National Housing Bank (NHB)
- ❖ Deposit Insurance and Credit Guarantee Corporation (DICGC)
- ❖ Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL).
- ❖ The Reserve Bank also has a majority stake in the National Bank for Agriculture and Rural Development (NABARD).