A PROJECT REPORT ON

"The study of perception of people towards functions of Reserve Bank of India"

A Project Submitted to

University of Mumbai for Partial Completion of the Degree

of Bachelor in Commerce (Accounting and finance)

Under the Faculty of Commerce

By

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PRN NO: 2021016401615542

Under the Guidance of

'ASST. PROF. DR. KISHOR CHAUHAN'

JNAN VIKAS MANDAL'S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

FEBRUARY, 2024.

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CERTIFICATE

This is to certify that **MS. Chinmayi Arvind More** has worked and duly completed his Project work for the degree os Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of **Management control** and his project is entitled, **"Thestudy of perception of people towards functions of Reserve Bank of India"**. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION

I the undersigned **MS. Chinmayi Arvind More** here by, declare that the work embodied in this project work titled **“”**, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained andpresented in accordance with academic rules and ethical conduct.

(**Chinmayi Arvind More**)

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

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भ◌ारत◌ा य ररजर् ब◌ा ◌ाक

RESERVE BANK OF INDIA

EXECUTIVE SUMMARY

"The study of perception of people towards the function of Reserve Bank of India (RBI)" project was a great experience. The origin of the reserve bank can be traced to 1926, when the royal commission on indian currency and finance also known as the hilton-young commission recommended the creation of central bank to separate the control of currency and credit from the government and to augment banking facilities throughout the country.

The RBI's role and functions have undergone numerous changes as the nature of the Indian economy has changed. The central office of RBI was initially established in Calcutta but was permanently moved to mumbai in 1937. The central office is where the governors sits and where all the policies are formulated. Though originally privately owned, since nationalization in 1949, the RBI is fully owned by the government of India Todays RBI bears some resemblance to the original instigation although our mission has expanded along with our depend, broadened and increasingly globalized economy.

The RBI has 4 regional representations: North in New Delhi South in Chennai, East In Kolkata, West in Mumbai. It has 2 training colleges for its officers viz, Reserve bank staff college Chennai and college of agricultural banking, Pune. There are 3 autonomous institutions run by RBI namely National institute of bank management(NBM),Indira Gandhi Institute of Development Research(IGIDR) Institute for development and research in banking technology(IDRBT). The board of financial supervision(BFS) formed in November 1994, serves as a CCBD committee to control the financial institutions. It has 4 members appointed for 2 years, and takes measures to strength the role of statutory auditors in the financial sectors, external monitoring and internal controlling systems

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भारतीय रिजर्व बैंक

RESERVE BANK 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.”

CHAPTER : 1

INTRODUCTION

CHAPTER-01

INTRODUCTION:

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 as 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 nationalization in 1949, the reserve bank is fully owned by the government of India. It also manages the country's main payment systems and works to promote its economic development Bharatiya reserve bank note mudran is one of the specialized divisions of RBI through which it mints indian bank notes and coins.

The main purpose of the RBI Is to conduct consolidated supervision of the financial sector in india, which is made up of commercial banks, financial institutions, and non banking finance firms Initiatives adopted by the RBI include restructuring bank inspections, introducing offsite surveillance of banks and financial institutions and strengthening the role of auditors.

The RBI acts as a regulator and supervisor of the overall financial system. This injects public confidence into the national financial system protects interest rates and provides positive banking alternatives to the public. Finally the RBI acts as the issuer of national currency For India, this means that currency is either issued or destroyed depending on its fit for current circulation. This provides the indian public with a supply of currency in the form of dependable notes and coins a lingering issue in India. In 2018 the RBI banned the use of virtual currency by the financial agencies and banks that it regulates.

CENTRAL BOARD

The reserve banks 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

1. OFFICIAL DIRECTORS:

- Full-time governor and not more than four deputy Governors

2. NON-OFFICIAL DIRECTORS:

- Nominated by the government ten directors from various fields and two government officials.
- Others: Four Directors-one each from four local boards.

SEAL OF THE RBI

LOGO OF THE RESERVE BANK OF INDIA

HEADQUARTER	:	Mumbai, Maharashtra, India.
ESTABLISHED	:	1st April, 1935, 87 years ago
GOVERNOR	:	Shri. Shaktikanta Das, IAS
CENTRAL BANK OF	:	INDIA
CURRENCY	:	Indian Rupee (₹)
RESERVES	:	$566.94 Billion
BANK RATE	:	6.5%
INTEREST ON RESERVES	:	3.35% (Market Determined)
WEBSITE	:	Rbi.org.in

Until the monetary policy committee was established in 2016,it also had full control over monetary policy in the country. It commenced its operations on 1 April 1935 in accordance with the reserve bank of india act, 1934. The original share capital was divided into shares of 100 each fully paid Following India's independence on 15th august 1947,the RBI was nationalized on 1st January 1949.

The overall direction of the RBI lies with the 21 members central board of directors, composed of the governor four deputy governors two finance ministry representatives ten government nominated directors and four directors who represents local boards for mumbai, Kolkata, Chennai and Delhi. Each of these local boards consists of five members whorepresents regional interest and the interest of co-operative and indigenous bank.

On 12th November 2021, the prime minister of india, Narendra Modi launched two new schemes which aim at expanding investments and ensuring more security for investors. The two new schemes include the RBI retail direct scheme and the reserve bank integrated ombudsman scheme. The RBI retail direct scheme is targeted at retail investors to invest easily in government securities. According to RBI, the scheme will allow retail investors to open and maintain their government securities account free of cost. The RBI integrated ombudsman scheme aims to further improve the grievance redress mechanism for resolving customer complaints against entities regulated by the central bank.

Basics of Indian Currency:

For a common person, money simply means currency and coins. This is so because in india, the payment system which includes credit cards and electronic cash, still revolves mainly around currency and coins, especially for retail transactions

Coins: Coins in india are presently being issued in denominations of one rupee, two rupee, five rupees and ten rupees, coins in the denomination of 1 paise,2 paise,3 paise,5 paise, 10 paise,,20 paise and 25 paise have been withdrawn from circulation with effect from June 30,2011 and are therefore, no more legal tender.

Currency: Banknotes in india are currently being issued in the denominations of rs 10.rs 20,rs 50,rs 100,rs 200 rs 500,and rs 2000. These notes are called banknotes as they are issued by the reserve bank of india. The printing of notes in the denominations of rs 2 and rs 5 has been discontinued as these denominations have been coinised Government of india vide their notification no.2652 dated November 8.2016 have withdrawn the legal tender status of rs 500 and rs 1000 denominations of banknotes of the Mahatma Gandhi series issued by the reserve bank of india till November 8,2016.currency paper is composed of cotton and cotton rag. The highest denominations note ever printed by the reserve bank of india was the rs 10000 note in 1938 and again in 1954 these notes were demonetized in 1946 and again in 1978.

The Indian currency is called the Indian rupee(INR) and the coins are called Paisa. One rupee consists of 100 paise. The symbol of the indian rupee is(₹). The design resembles both the Devanagari letter(₹) and the Latin capital letter ®with a double horizontal line at the top. The reserve bank derives its role in currency management from the reserve bank of india act, 1934. The reserve bank manages currency in india. The government, on the advice of the reserve bank, decides on various denominations of banknotes to be issued. The reserve bank also coordinated with the government in the designing of bank notes, including the security features. The reserve bank estimates the quantity of banknotes that are likely to be needed denomination wise and accordingly, places indent with the various printing presses. The aim of the reserve bank is to provide good quality notes to members of public. Towards this aim, the banknotes received back from circulation are examined and those fir for circulation are reissued and the others are destroyed so as to maintain the quality of banknotes in circulation.

The reserve bank can also issue banknotes in the denominations of five thousand rupees and ten thousand rupees, or any other denomination that the central government may specify However, there cannot be banknote in denominations higher than ten thousand rupees in terms of the current provision of the reserve bank of india act, 1934.Coins can be issued up to the denomination of rs 1000 in terms of the coinage act.2011..

The reserve bank presently manages the currency operations through its 19 issue offices located at Ahmedabad, Bangalore, Belapur Bhopal Bhubaneswar, Chandigarh, Chennai, Guwahati Hyderabad Jaipur, Jammu, Kanpur Kolkata, Lucknow Mumbai Nagpur, New Delhi, Patna, Thiruvananthapuram, a currency chest at Kochi and a wide network of currency chest. These offices receive fresh banknotes from the bank note printing presses. Theissue offices of RBI send fresh banknote remittances to the designated branches of commercialbanks.

The reserve bank offices located at Hyderabad Kolkata, Mumbai, and new Delhi(Mint linked offices initially receive the coins from the mints. These offices then send them to the other offices of the reserve bank who in turn send the same to currency chests and small coin

depots. The bank notes and rupee coins are stocked at the currency chests and small coins at the small coin depots. The bank branches receive the banknotes and coins from the currency chest and small coin depots for further distribution among the public.

Banknotes returned from circulation are deposited at the issue offices of the reserve bank. The reserve bank subjects these to processing, authenticates banknotes for their genuineness, segregates them into notes fir for reissue and those which are unfit, for cancellation. The banknotes which are fit for reissue are sent back for circulation and those which are unfit for reissue are destroyed by the way of shredding, after completion of examination process. Coins do not come back from circulation except those which are withdrawn.

MEANING

In India, the reserve bank of india is the central bank it was established in 1935.Some of the prominent central banks include bank of England, federal reserve bank(USA),people's bank of china and so on. Central bank is the apex institution of a country's monetary system that regulates and controls the activities of all the commercial banks and other financial institution of the country. It plays an important role in the organization and development of a sound monetary and financial system in an economy. In almost all countries of the world, there is a central bank today. It differs from the ordinary commercial banks on account of its distinctive functions. It is the supreme monetary and banking authority. Central banks were started as privately owned and privately managed joint stock banks. But on account of their influence on economic activities and their power to control credit, governments show more willingness to participate in the affairs of the central banks. At present, central banks in most of the countries are either completely nationalized or government owns 50 per cent or more interest in shares, only in a few countries like USA, the governments do not have any interest in the ownership of central banks.

DEFINITIONS

According to De Kock. "A Central bank is one which constitutes the apex of the monetary and banking structure of its country, and which performs as best as it can in the national interest, certain functions such as note issue, banker to the government, banker to the banks and custodian of countries foreign exchange reserves."

According to D.C.Rowan, "The central bank is an institution, often but not always owned by the state, which has the overriding duty of conducting the monetary policy of the government."

ISSUER OF CURRENCY:

The reserve bank is the nation's sole note issuing authority. Along with the government of India, we are responsible for the design, production and overall management of the nation's currency, with the goal of ensuring an adequate supply of clean and genuine notes. The government of india is the issuing authority of coins and supplies coins to the reserve bank on demand. The reserve bank puts the coins into circulation on behalf of the central government.

In consultation with the government of india, we work towards maintaining confidence in the currency by constantly endeavouring to enhance integrity of banknotes through new design and security features.

- The department of currency management at the central office, Mumbai in cooperation with the issue departments of the reserve bank's regional offices across India oversees currency management. The function includes supplying and distributing adequate quantities of currency throughout the country and ensuring the quantity of banknotes in circulation by continuous supply of clean notes and timely withdrawal of solid notes.
- This is achieved through a wide network of more than 4000 currency chest of commercial banks. Currency chest are extended arms of the reserve bank issue departments and are responsible for meeting the currency requirements of their respective regions.
- Four printing presses print and supply banknotes. These are at Dewas in Madhya Pradesh, Nasik in Mumbai, Mysore in Karnataka, and Salboni in west Bengal.
- The presses in Madhya Pradesh and Maharashtra are owned by the Security Printing and Minting Corporation of India Limited (SPMCIL),a wholly owned company of the government of india. The presses in Karnataka and west Bengal are owned by the Bharatiya Reserve Bank Note Mudran Private Limited(BRBNMPL),a wholly owned subsidiary of the reserve bank.
- Coins are minted by the government of india. The reserve bank is the agent of the government for distribution, issue and handling of coins Four mints are in operations Mumbai In Maharashtra, Noida in Uttar Pradesh, Kolkata and Hyderabad.
- Continual upgrades of banknote security features.
- Public awareness campaigns to educate citizens to help prevent circulation of forged or counterfeit notes.
- Installation of note sorting machine.
- A Coin of any denomination not lower than one rupee, for any sum not exceeding one thousand rupees.
- A half rupee coin, for any sum not exceeding ten rupees. Any other coin, for any sum not exceeding one rupee.

Looking Ahead:

Focus continues on ensuring availability of clean notes and on strengthening the security features of bank notes. Given the volume involved and costs incurred in printing transport, storage and removal of unfit/solid notes, the reserve bank is evaluating ways to extend the life of bank notes-particularly in lower denominations. We are, for instance, considering issue of rs10 banknotes in plastic.

Legal Framework:

- **Reserve bank of india act, 1934.**
- **Indian coinage act,2011.16**

BANKER TO BANKS:

Like individual consumers, businesses and organizations of all kinds, banks need their own mechanism to transfer funds and settle inter-bank transactions such as borrowing from and lending to other banks and customer transaction. As the banker to banks, the reserve bank fulfils this role.

Banks are required to maintain a potion of their demand and time liabilities as cash reserves with the reserve bank. For this purpose, they need to maintain current account with the reserve bank. The current account of the banks is opened by the banking departments of the reserve bank's regional offices the department of government and bank accounts(DGBA) issues general guidelines for opening the current accounts.

RESERVE BANK AS BANKER TO BANKS:

The current accounts of individual banks are being opened in e-Kuber(CBS of RBI)by banking departments of the regional offices. These current accounts are also maintained for participation in centralized and decentralized payment systems and are used for settling inter bank obligations, such as clearing transactions or clearing money market transactions between two banks, buying and selling securities and foreign currencies. Thus reserve bank acts as a common banker known as 'banker to banks' function, the operational instructions for which are issued by concerned central office departments of the reserve bank. Among other provision, the reserve bank stipulates minimum balances to be maintained by banks in these accounts. It is the responsibility of each bank maintaining current account with the reserve bank to ensure that sufficient balance is available in the account to avoid defaults in payments and settlements.

As banker to banks, the reserve bank provides short term loans and advances to select banks, when necessary to facilitate lending to specific sectors & for specific purposes.

LENDER OF LAST RESORT: As a banker to banks, the reserve bank also acts as the "lender of last resort. It can come to the rescue of a bank that is solvent but faces temporary liquidity problems by supplying it with much needed liquidity when no one else is willing to extend credit to that bank.

FOREIGN EXCHANGE RESERVES OF INDIA:

India has large foreign-exchange reserves; holdings of cash, bank deposits, bonds, and other financial assets denominated in currencies other than India's national currency, the indian rupee. The reserves are managed by the reserve bank of india for the indian government and the main component is foreign currency assets Foreign-exchange reserves acts as the first line of defence for india in case of economic slowdown, but acquisition of reserves has its own costs. Foreign exchange reserves facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in india.

India's foreign exchange reserves are mainly composed of US dollar in the form of US government bonds and institutional bonds with nearly 7.34% of forex reserves in gold. The FCAs also include investments in US treasury bonds, bonds of other selected governments and deposits with foreign central and commercial banks. As of September 2021,India holds fourth largest foreign-exchange reserves in the world following Switzerland.

Reserve bank of india act and foreign exchange management act, 1999 set the legal provisions for governing the foreign exchange reserves. Reserve bank of india accumulates foreign currency reserves by purchasing from authorized dealers in open market operations. Foreign exchange reserves of india act as a cushion against rupee volatility once global interest rates start rising. India's total foreign exchange (Forex) reserves stand at around US$573.72 billion on 20 Jan 2023, with the Foreign Currency Assets (FCA) component at around US$506.35 billion, Gold Reserves at around US$43.712 billion, SDRs (Special Drawing Rights with the IMF) of around US$18.43 billion and around US$5.226 billion Reserve Position in the IMF, as per Reserve Bank of India's (RBI) weekly statistical supplement published on 27 Jan 2023. The Economic survey of India 2014-15 said India could target foreign exchange reserves of US$750 billionUS$1 Trillion.

The foreign exchange reserves of india consists of below four categories:

1)Foreign Currency Assets :Total FCA till march 2021 was $536.69 billion out of which $359.87 billion is invested in overseas securities,$153.39 billion is deposited with other central banks and $23.42(4.36 percent of total FCA)billion is deposited with overseas commercial banks.

2) Gold :As of march 2021 RBI held 695.31 metric tonnes of gold 403.01 metric tonnes of which is in custody of Bank of England and bank for international settlements 292.30 tonnes of gold is held domestically.

3) **Special drawing rights (SDRs, code XDR):** SDRs and XDR are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). SDRs are units of account for the IMF, and not a currency per se.They represent a claim to currency held by IMF member countries for which they may be exchanged. SDRs were created in 1969 to supplement a shortfall of preferred foreign exchange reserve assets, namely gold and U.S. dollars. The ISO 4217 currency code for special drawing rights is XDR and the numeric code is 960.

4) **Reserve Tranche Position (RTP):** A country's Reserve Tranche Position (RTP) is the difference between the International Monetary Fund's (IMF) holdings of that country's currency and the country's IMF-designated quota.

STATISTICS:

- In 1960, forex reserves covered just 8.6 weeks of imports.
- In 1980, India had foreign exchange reserves of over U$7 billion, more than double the level (U$2.55 billion) of what China had at that time.
- In 1990, forex reserves covered just 4.8 weeks of imports.
- Foreign exchange reserves of India reached milestone of $100 billion mark only in 2004.
- India was forced to sell dollars to the extent of close to US$35 billion in the spot markets in Financial Year 2009 due to 22% depreciation in rupee (against the dollar) in the same fiscal year 2009.
- In 2009, India purchased 200 tonnes of gold from the International Monetary Fund, worth US$6.7bn (€4.57bn, £4.10bn).
- In June 2020, India’s foreign exchange reserves crossed the US$500 billion mark for the first time.
- In June 2021, India’s foreign exchange reserves crossed the US$600 billion mark for the first time.
- India’s total forex reserves touched an all time high of US$642.453 billion on 8 September 2021. The reserves declined to $575.3 billion by 3 February 2023.

GOVERNORS

The governor of the Reserve Bank of India is the chief executive officer of India's central bank and the ex-officio chair of its Central Board of Directors. Indian Rupee currency notes, issued by the Reserve Bank of India, bear the governor's signature. Since its establishment in 1935 by the government of India, the RBI has been headed by twenty-five governors. The governor of the Reserve Bank of India is a member of the Strategic Policy Group headed by National Security Advisor Ajit Doval. It is a crucial wing of the National Security Council. The term of office typically runs for three years and can, in some cases,[vague] be extended for another two years.

Governor of the Reserve Bank of India

Seal of the Reserve Bank of India

Appointer : Government of India

Term length : 3 years (extendable)

Constituting instrument : Reserve Bank of India Act, 1934

Inaugural holder : Sir Osborne Smith

Formation : 1 April 1935; 87 years ago

Deputy : Deputy Governor

Salary : ₹ 2,50,000

Website : rbi.org.in

LIST OF GOVERNORS:

SR NO	GOVERNOR NAME	PERIOD	TENURE	BACKGROUND
1	Sir Osborne Smith	1 April 1935 – 30 June 1937	2 years, 90 days	Banker
2.	Sir James Braid Taylor	1 July 1937- 17 Feb 1943	5 years,231 days	ICS Officer
3.	Sir. D. Deshmukh	11 August 1943 – 30 June 1949	5 years, 323 days	ICS Officer
4.	Sir Benegal Rama Rau	1 July 1949 – 14 Jan 1957	7 years, 197 days	ICS Officer
5	K. G. Ambegaonkar	14 Jan 1957 – 28 Feb 1957	45 Days	ICS Officer
6	H. V. R. Iyengar	1 March 1957 – 28 Feb 1962	4 years, 364 days	ICS Officer
7	P. C. Bhattacharya	1 March 1962- 30 June 1967	5 years, 121 days	Indian Audit And Accounts Officer
8	Lakshmi Kant Jha	1 July 1967 – 3 May 1970	2 years, 306 days	ICS Officer
9	B. N. Adarkar	4 May 1970 – 15 June 1970	42 days	Economists
10	Sarukkai Jagannathan	16 June 1970 – 19 May 1975	4 years, 337 days	ICS Officer
11	N. C. Sen Gupta	19 May 1975- 19 Aug 1975	92 days	ICS Officer
12	K. R. Puri	20 August 1975- 2 May 1977	1 year, 255 days	

13	M. Narasimham	3 May 1977 – 30 Nov 1977	211 day	Career RBI Officer
14	I.G. Patel	1 Dec 1977- 15 Sept 1982	4 years, 288 days	Economists
15	Manmohan Singh	16 Sept 1982 – 14 January 1985	2 years, 120 day	Economists
16	Amitav Ghosh	15 Jan 1985 – 4 Feb 1985	20 day	Banker
17	R.N. Malhotra	4 Feb 1985 – 22 Dec 1990	5 years, 321 days	ICS Officer
18	S. Venkatraman	22 Dec 1990 – 21 Dec 1992	1 year, 365 days	IAS Officer
19	C. Rangarajan	22 Dec 1992 – 21 Nov 1997	4 years, 334 days	Economists
20	Bimal Jalan	22 Nov 1997 – 6 Sept 2003	5 years, 288 days	Economists
21	Y. V. Reddy	6 Sept 2003 – 5 Sept 2008	4 years, 365 days	IAS Officer
22	D. Subbarao	5 Sept 2008 – 4 Sept 2013	4 years, 364 days	IAS Officer
23	Raghuram Rajan	4 Sept 2013 – 4 Sept 2016	3 years	Economists
24	Utjit Patel	4 Sept 2016 – 11 Dec 2018	2 years, 98 days	Economists
25	Shaktikanta Das	From 12 Dec 2018		IAS Officer

GOVERNOR OF RBI

Shri Shaktikanta Das **12-12-2018 to Today**

Shri Shakti anta Das, IAS Retired, former Secretary, Department of Revenue and Department of Economic Affairs, Ministry of Finance, Government of India assumed charge as the 25th Governor of the Reserve Bank of India effective December 12, 2018. Immediately prior to his current assignment, he was acting as Member. 15th Finance Commission and G20 Sherpa of India.

Shri Shaktikanta Das has vast experience in various areas of governance in the last 38 years, Shri Das has held important positions in the Central and State Governments in the areas of Finance, Taxation, Industries, Infrastructure, etc.

During his long tenure in the Ministry of Finance, Government of India, he was directly associated with the preparation of as many as 8 Union Budgets Shri Das has also served as India's Alternate Governor in the World Bank, Asian Development Bank (ADB), New Development Bank (NDB) and Asian Infrastructure Investment Bank (AllB). He has represented India in international fora like the IMF. G20, BRICS, SAARC, etc.

Shri Shaktikanta Das is a postgraduate from St. Stephen's College. Delhi University.

DEPUTY GOVERNOR OF RBI

SHRI MAHESH KUMAR JAIN

The Reserve bank on Wednesday said the government has extended the tenure of deputy governor Mahesh Kumar Jain for two years. “The central government has reappointed Shri Mahesh Kumar Jain as deputy governor of RBI for a period of two years with effect from June 22.2021 or until further orders, whichever is earlier, upon completion of his existing term on June 21, 2021,”the central bank said in a statement.

The re-appointment was approved by the appointment committee of the cabinet on June 8. Jain handles portfolios including coordination central security cell, consumer education, and Protection department, supervision, financial inclusion, human resource and rajbhasha.

Jain with over 30 years of banking experience was the MD of IDBI bunk since march 2017.Prior to this, he was appointed as the managing director of Chennai based indian bank in November 2015. He also served in several banking sector panels including secretary and coordinator to busant seth committee on review and revamp of internal and concurrent audit systems in public sector banks.

The financial sector regulatory appointment search committee(FSRASC) is responsible for selecting the candidates. The central bank has four deputy governors of which two are appointed from outside-one a commercial banker and the other an economist. The remaining two are promoted from within the RBI.

HISTORY OF RBI

The Reserve Bank of India was established following the Reserve Bank of India Act of 1934 Though privately owned initially, it was nationalized in 1949 and since then fully owned by the ministry of finance, government of india (GoI)

A 2010 stamp dedicated

to the 75th anniversary of the

Reserve Bank of India

1935-1949

The Reserve Bank of India was founded on 1 April 1935 to respond to economic troubles after the First world war. The bank was set up based on the recommendations of the 1926 Royal Commission on Indian Currency and Finance, also known as the Hilton Young

Commission Eventually, the Central Legislative Assembly passed these guidelines as the RBI Act 1934. The original choice for the seal of RBI was the East India Company Double mohur, with the sketch of the Lion and Palm Tree. However, it was decided to replace the lion with the tiger, the national animal of India. The Preamble of the RBI describes its basic functions to a regulate the issue of banknotes, keep reserves to secure monetary stability in India, and generally to operate the currency and credit system in the best interests of the country. The Central Office of the RBI was established in Calcutta (now Kolkata) but was moved to Bombay (now Mumbai)) in 1937, The RBI also acted as Burma's (now Myanmar) central bank until April 1947 (except during the years of Japanese occupation (1942-45)), even though Burma seceded from the Indian Union in 1937. After the Partition of India in August 1947, the bank served as the central bank for Pakistan until June 1948 when the State bank of the Pakistan commenced operations. Though set up as a shareholders' bank, the RBI has been fully owned by the Government of India since its nationalization in 1949. RBI has a monopoly on note issue.

1950-1960

In the 1950s, the Indian government, under its first Prime Minister Jawaharlal Nehru, developed a centrally planned economic policy that focused on the agricultural sector. The administration nationalized commercial banks and established, based on the banking companies act 1949 (later Called the Banking Regulation Act), a central bank regulation as part of the RBI. Furthermore, the central bank was ordered to support the economic plan with loans.

1961-1968

As a result of bank crashes, the RBI was requested to establish and monitor a deposit insurance system. Meant to restore the trust in the national bank system, it was initialized on 7 December 1961. The Indian government founded funds to promote the economy, and used the slogan "Developing Banking". The government of India restructured the national bank market and nationalized a lot of institutes. As a result, the RBI had to play the central part in controlling and supporting this public banking sector.

1969-1984

In 1969, the Indira Gandhi-headed government nationalized 14 major commercial banks. Upon Indira Gandhi's return to power in 1980, a further six banks were nationalized. The regulation of the economy and especially the financial sector was reinforced by the Government of India in the 1970s and 1980s. The central bank became the central player and increased its policies a lot for various tasks like interests, reserve ratio and visible deposits. These measures aimed at better economic development and had a huge effect on the company policy of the institutes. The banks lend money in selected sectors, like agricultural business and small trade companies. The Banking Commission was established on Wednesday, 29 January 1969, to analyse banking costs. Effects of legislations and banking procedures, including non-banking financial intermediaries and indigenous banking on Government of India economy; with R.G. Saraiya as the chairman. The branch was forced to establish two new offices in the country for every newly established office in a town. The oil crises in 1973 resulted in increasing inflation, and the RBI restricted monetary policy to reduce the effects.

1985-1990

A lot of committees analyzed the Indian economy between 1985 and 1989. Their results had an effect on the RBI. The board for industrial and financial reconstruction, the Indira Gandhi institute of development research and the Security & exchange board of India investigated the national economy as a whole, and the security and exchange board proposed better methods for more effective markets and the protection of investor interests. The Indian financial marketwas a leading example for so-called "financial repression" (McKinnon and Shaw). The Discount and Finance house of India began its operations in the monetary market in April 1988;the National Housing bank, founded in July 1988, was forced to invest in the property market and a new financial law improved the versatility of direct deposit by more security measures and liberalization.

1991-1999

The national economy contracted in July 1991 as the Indian rupee was devalued. The currency lost 18% of its value relative to the US Dollar, and the Narasimham Committee advised restructuring the financial sector by a temporal reduced reserve ratio as well as the statutory liquidity ratio. New guidelines were published in 1993 to establish a private banking sector. This turning point was meant to reinforce the market and was often called neo-liberal. The central bank deregulated bank interests and some sectors of the financial market like the trust and property markets. This first phase was a success and the central government forced a diversity liberalization to diversify owner structures in 1998. The National stock exchange of India took the trade on in June 1994 and the RBI allowed nationalized banks in July to interact with the capital market to reinforce their capital hase. The central bank founded a subsidiary company the Bharatiya Reserve bank note mudran private limited on 3 February 1995 to produce banknotes.

Since 2000

The Foreign exchange management act, 1999 came into force in June 2000. It should improve the item in 2004-2005 (National Electronic fund transfer). The security printing & minting corporation of india ltd, a merger of nine institutions, was founded in 2006 and produces banknotes and coins. The national economy's growth rate came down to 5.8% in the last quarter of 2008-2009 and the central bank promotes the economic development. In 2016, the Government of India amended the RBI Act to establish the Monetary policy Committee(MPC) to set. This limited the role of the RBI in setting interest rates, as the MPC membership is evenly divided between members of the RBI (including the RBI governor) and independent members appointed by the government. However, in the event of a tie, the vote of the RBI governor is decisive.

In April 2018, the RBI announced that “entities regulated by RBI shall not deal with or provide services to any individual or business entities dealing with or settling Virtual currencies,” including Bitcoin. While the RBI later clarified that it “has not prohibited” virtual currencies, a three-judge panel of the Supreme court of India issued a ruling on 4 March 2020 that the RBI had failed to show “at least some semblance of any damage suffered by its regulated entities” through the handling of virtual currencies to justify its decision. The court challenge was filed by the Internet and mobile association of india, whose members include some cryptocurrency exchanges whose businesses suffered following the RBI’s 2018 order.

FUNCTIONS OF RBI

The Reserve Bank of India (RBI) is India's central bank, also known as the banker's bank. The RBI controls monetary and other banking policies of the Indian government. The Reserve Bank of India (RBI) was established on April 1, 1935, in accordance with the Reserve Bank of India Act, 1934. The Reserve Bank has been permanently situated in Mumbai since 1937.

Functions of RBI can be classified into following categories:

The following are some of the major functions normally performed by the Reserve Bank of India:

1. **Note Issue**:

Being the Central Bank of the country, the RBI is entrusted with the sole authority to issue currency notes after keeping a certain minimum reserve consisting of gold reserves worth Rs. 115 crore and foreign exchange worth Rs 85 crore. This provision was later amended and simplified.

2. **Banker to the Government:**

The RBI is working as a banker of the government and therefore all funds of both Central and State Governments are kept with it. It acts as an agent of the government and manages its public debt. RBI also offers "ways and means advance" to the government for short periods.

3. **Banker's Bank:**

The RBI is also working as the banker of other banks working in the country. It regulates the whole banking system of the country, keeps a certain percentage of their deposits as minimum reserve, works as the lender of the last resort to its scheduled banks and operates clearinghouses for all other banks.

4. **Credit Control:**

The RBI is entrusted with the sole authority to control credit created by the commercial banks by applying both quantitative and qualitative credit control measures like variation in bank rite, open market operation, selective credit controls etc.

5. **Custodian of Foreign Exchange Reserves:**

The RBI is entrusted with sole authority to determine the exchange rate between rupee and other foreign currencies and also to maintain the reserve of foreign exchange earned by the Government. The RBI also maintains its relation with the International Monetary Fund (IMF).

Regulatory and Promotional Roles of Reserve Bank of India:

The Reserve Bank of India (RBI) has been playing an important role in the economy of the country both in its regulatory and promotional aspects. Since the inception of planning in 1951, the developmental activities are gaining momentum in the country. Accordingly, more and more responsibilities have been entrusted with the RBI both in the regulatory and promotional area. Now-a-days, the RBI has been performing a wide range of regulatory and promotional functions in the country.

The following are some of the regulatory and promotional functions performed by the RBI:

1. **Regulating the Volume of Currency:**

The RBI is performing the regulatory role in issuing and controlling the entire volume of currency in the country through its Issue Department. While regulating the volume of currency the RBI is giving priority on the demand for currency and the stability of the economy equally.

2. **Regulating Credit:**

The RBI is also performing the role to control the credit money created by the commercial banks through its qualitative and quantitative methods of credit control and thereby maintains a balance in the money supply of the country.

3. **Control over Commercial Banks:**

Another regulatory role performed by the RBI is to have control over the functioning of the Commercial banks. It also enforces certain prudential norms and rational banking principles to be followed owed by the commercial bank.

4. **Determining the Monetary and Credit Policy:**

The RBI has been formulating the monetary and credit policy of the country every year and thereby it controls the Statutory Liquidity Ratio (SLR), Cash Reserve Ratio (CRR), bank rate, interest rate, credit to priority sectors etc.

5. **Mobilizing Savings:**

The RBI is playing a vital promotional role to mobilize savings through its member commercial banks and other financial institutions. RBI is also guiding the commercial banks to extend their banking network in the unbanked rural and semi-urban areas and also to develop banking habits among the people. All these have led to the attainment of greater degree of monetization of the economy and has been able to reduce the activities of indigenous bankers and private money lenders.

6. **Institutional Credit to Agriculture:**

The RBI has been trying to increase the flow of institutional credit to agriculture from the very beginning. Keeping this objective in mind, the RBI set up ARDC in 1963 for meeting the long term credit requirement of rural areas. Later on in July 1982, the RBI set up NABARD and merged ARDC with it to look after its agricultural credit functions.

7. **Specialized Financial Institutions:**

The RBI has also been playing an important promotional role for setting specialized financial institutions for meeting the long term credit needs of large and small scale industries and other sectors. Accordingly, the RBI has promoted the development of various financial institutions like, WCI, IDBI, ICICI, SIDBI, SFC's, Exim Bank etc. which are making a significant contribution to industry and trade of the country.

8. **Security to Depositors:**

In order to remove the major hindrance to the deposit mobilization arising out of frequent bank failures, the RBI took major initiative to set up the Deposit Insurance Corporation of India in 1962. The most important objective of this corporation is to provide security to the depositors against such failures.

9. Advisory Functions:

The RBI is also providing advisory functions to both the Central and State Governments on Both financial matters and also on general economic problems.

10. Policy Support:

The RBI is also providing active policy support to the government through its investigation research on serious economic problems and issues of the country and thereby helps the Government to formulate its economic policies in a most rational manner. Thus, it is observed that the RBI has been playing a dynamic role in economic development.

11 **Promotion of Banking Habits:**

RBI always takes necessary steps to promote the banking habits among people for the economic development of the country. RBI has set up many institutions such as Deposit Insurance Corporation 1962, UTI 1964, IDBI 1964, NABARD 1982, NHB 1988 etc. These organizations develop and promote banking habits among the people.

11. Export Promotion:

RBI always tries to encourage the facilities for providing finance for foreign trade especially exports from India. The Export-Import Bank of India (EXIM), and the Export Credit Guarantee Corporation of India (ECGC) are supported by refinancing their lending for export purposes.

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SUPERVISORY FUNCTION:

RBI supervises the banking system in India. RBI has power to issue licenses for setting up new banks, to open new branches, to decide minimum reserves. RBI inspects functioning of commercial banks in India and abroad. RBI also guides and directs the commercial banks in India. RBI can conduct audits of any of the banks.

The supervisory functions of RBI are discussed as under:

1. **Granting License to Banks:**

RBI grants licenses to banks for carrying its business. RBI also provides licenses for opening extension counters, new branches even to close down existing branches.

2. **Bank Inspection**:

RBI has power to ask for periodical information from banks on various components of assets and liabilities.

3. **Control Over NBFIS:**

The non-bank financial institutions are not influenced by the working of a monetary policy. RBI has a right to issue directives to the NBFIs from time to time regarding their functioning. Through periodic inspection, it can control the NBFIs.

OBJECTIVES OF RESERVE BANK OF INDIA (RBI)

The Reserve Bank of India was established with the main motto of regulating all the banks in India. The objective was to keep in check the reserves as well as the issue of bank notes.

So, it was done to secure the monetary stability and thereby to operate the credit system and currency of the country to its own advantage.

Prior to the RBI, the government of India and the Imperial Bank of India were unable to control the Indian financial system by keeping it in check.

Therefore, a committee led by the Hilton and young commission in 1935, shifted the entire financial system to the RBI.

So, the primary target for RBI was to control and regulate the various financial policies and help in the development of the banking facilities throughout India.

The primary objective for the RBI would be to regulate the various banking functions for India in the money market. Thus, they focus mainly on issuing new notes.

The RBI was established with the aim of being a banker's bank and also the bank for the government. Its task was to promote the economic growth of the country through various frameworks and economic policies of the government.

OBJECTIVES

- To manage the monetary and credit system of the country.
- To stabilize the internal and external value of the rupee.
- For balanced and systematic development of banking in the country.
- For the development of an organized money market In the country.
- For proper arrangement of agriculture finance.
- For proper management of public debts.
- For proper arrangement of industrial finance.

- To establish monetary relations with other countries of the world and international financial institutions.
- For centralization of cash reserves of commercial banks.
- To maintain balance between demand and supply of currency.

Important aspects relating to objectives of the Reserve Bank of India (RBI) are as follows:

1) **Primary objects**: Preamble to the RBI Act, 1934 spells out the objectives of the RBI as:

   - To regulate the issue of bank notes.
   - To keep reserves with a view to securing monetary stability in India.
   - To operate currency and credit system of the country to its advantage.

Prior to the establishment of the RBI, the Indian financial system was totally inadequate on account of the inherent weakness of the dual control of currency by the Central Government and of credit by the Imperial Bank of India. The Hilton-Young Commission, therefore, recommended division of functions and responsibility for control of currency and credit and the divergent policies by setting-up of a central bank called the RBI – which would regulate the financial policy and develop banking facilities throughout the country. Hence, the RBI was established with this primary object in view.

2) **Remain free from political influence:** Another objective of the RBI has been to remain free from political influence and be in successful operation for maintaining financial stability and credit.

3) **Fundamental objects**: Fundamental object of the RBI is to discharge purely central banking functions in the Indian money market i.e. to act as –

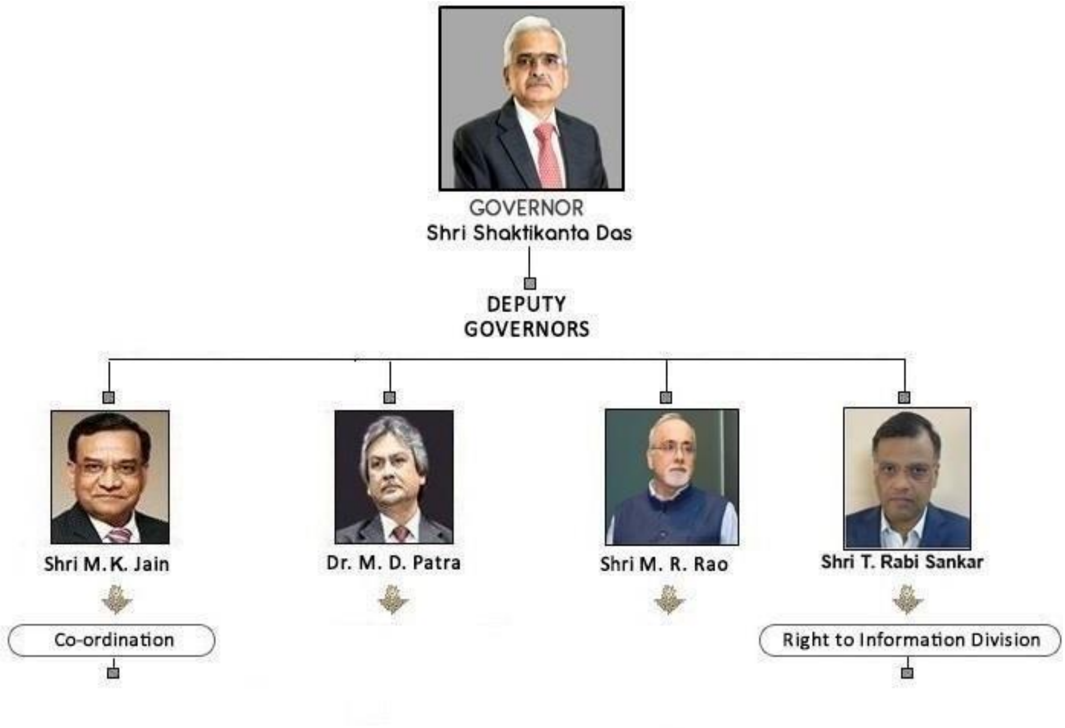
   - Note-issuing authority
   - Bankers' bank
   - Banker to government

4) **Promote the growth of the economy:** RBI aims to promote the growth of the economy within the framework of the general economic policy of the Government, consistent with the need of maintenance of price stability.

5) **Development of Indian Economy:** A significant object of the RBI has also been to assist the planned process of development of the Indian economy. Besides the traditional central banking functions, with the launching of the 5 year plans in the country, the RBI has

been moving ahead in performing a host of developmental and promotional functions, which are normally beyond the purview of a traditional Central Bank.

ORGANIZATIONAL STRUCTURE OF BANK



The central board of directors is the main committee of the central bank. The Government of India appoints the directors for a four-year term. The board consists of a governor, and not more than four deputy governors; four directors to represent the regional boards; two- usually the economic affairs secretary and the Financial service secretary-from the ministry of finance and ten other directors from various fields. The Reserve Bank - under Raghuram Rajan's governorship-wanted to create a post of a chief operating officer (COO), in the rank of deputy governor and wanted to re-allocate work between the five of them (four deputy governors and COO).

The bank is headed by the governor, currently Shaktikanta das. There are currently four deputy governors Mahesh Kumar Jain, M. Rajeshwar Rao, Michael Patra and T. Rabi Shankar.

Two of the four deputy governors are traditionally from RBI ranks and are selected from the bank's executive directors. One is nominated from among the chairpersons of public sector banks and the other is an economist. An Indian administrative service officer can also be appointed as deputy governor of RBI and later as the governor of RBI as with the case of

Y.Venugopal Reddy and duvvuri Subbarao. Sudha Balakrishnan, a former vice-president at National securities depository limited, assumed charge as the first chief financial officer (CFO) of the Reserve Bank on 15 May 2018: she was given the rank of an executive director.

The main managing authority of the bank Is the central board of directors, which consists of the following 21 members.

1. The Governor
2. Four Deputy Governors
3. Fourteen Directors
4. Two Government Officials

TYPES OF BANKS :-

SCHEDULE BANKS:

Banking sector in india can be broadly, divided into two major groups i.e. scheduled banks & non scheduled banks. Banks which have been included in the second schedule of the RBI act,1934 are called the scheduled bank while non scheduled banks are not included in the second schedule of the RBI act, 1934.

Reserve bank of india is the highest monetary authority in the country. It makes rules and regulations for the scheduled commercial banks in india. In this article we are publishing the key difference between the scheduled banks & non scheduled banks

DEFINITION OF SCHEDULED BANKS:

As per the Second Schedule of the Banking Regulation Act of 1965 a bank must satisfy the following conditions, to get fully authorized to run banking business in India. The required two conditions are

- The bank should have paid a reserve capital of 5 lakh rupees to the Reserve Bank of India and this capital most be maintained throughout their operational period

- The RBI must be satisfied that the banks affairs are not conducted in a manner that is harmful to the interest of its depositors
  Those banks that abide by this regulation are called as Scheduled Banks

Examples of scheduled banks are: Scheduled commercial banks in India are categorized in 3 different groups according to their ownership/nature of operation. These bank groups are:

1. State Bank of India
2. Nationalized Banks
3. Regional Rural Banks
4. Foreign Banks
5. Other Indian scheduled commercial banks (in the private sector)

Every schedule banks enjoys following facilities:

- Scheduled banks are eligible for obtaining debts/loans on bank rate from the RBI.
- Scheduled banks automatically acquire the membership of the clearing house.

- Scheduled banks get the facility of the rediscount of first class exchange bills from RBI.This facility is provided by the RBI only if the scheduled bank deposits average daily cash with the RBI which is decided by the RBI itself and presents the recurring statements under the provision of RBI act, 1934 & Banking regulation act, 1949.

Scheduled banks are classified into two parts:

I. Commercial Banks
II. Co-operative Banks

<u>COMMERCIAL BANKS :</u>

Meaning of commercial banks

A commercial bank is a financial institution which performs the function of accepting deposits from the general public and giving loans for investment with the aim of earning profit. In fact,commercial banks as their names suggest axe-profit seeking institutions i.e., they do bank business to earn profit they generally finance trade and commerce with short term loans. They charge high rate of interest from the borrowers but pay much less rate of Interest to their depositors with the result that the difference between the two rates of interest becomes the main source of profit of the banks. Most of the Indian joint stock
Banks are Commercial Banks such as Punjab National Bank, Allahabad Bank, Canara Bank, Andhra Bank, Bank of Baroda,

A. Primary Function Of Bank:

The primary function of a bank are also known as banking functions they are the main functions of a bank. These primary functions are further classified into-

1. Accepting Deposits:

These bank collects deposits from the public. These deposits can be collected in different forms such as;

A) Saving Deposit:

This type of deposit encourages saving habits among the public. The rate of interest is low. At present it is about 4% pa. Withdrawals of deposits are allowed subject to certain restrictions. This account is suitable for salary and wage earners. This account can be opened in single names or in joint names.

B) Fixed Deposits:

Lump sum amount is deposited at one time for a specific period. Higher rate of interest is paid, which varies with the period of deposit. Withdrawals are not allowed before the expiry of the period. Those who have surplus funds go for fixed deposits

C) Current Deposits:

Current bank accounts are opened by businessmen who have a higher number of regular transactions with the bank. It includes deposits, withdrawals, and contra transactions. It is also known as Demand Deposit Account. In the current account, an amount can be deposited and withdrawn at any time without giving any notice. The customers are allowed to withdraw the amount with cheques, and they usually do not get any interest Current account holders get one important advantage of overdraft facility.

D) Recurring Deposits:

This type of account is operated by salaried persons and petty traders. A certain sum of money is periodically deposited into the bank. Withdrawals are permitted only after the expiry of a certain period. A higher rate of interest is paid

2. Granting Loans & Advances :

The second important function of a commercial bank is to grant loans and advances. Such loans and advances are given to members of the public and to the business community at a higher rate of interest than allowed by banks on various deposit accounts. The rate of interest charged on loans and advances varies depending upon the purpose, period and the mode of repayment. The difference between the rate of interest allowed on deposits and the rate charged on Loans is the main source of a bank's income.

The types of bank loans and advances are as follows:

(a) Overdraft:

This type of advances is given to current account holders. No separate account is maintained. All entries are made in the current account. A certain amount is sanctioned as overdraft which can be withdrawn within a certain period of time say three months or so. Interest is charged on the actual amount withdrawn. An overdraft facility is granted against collateral security.

(b) Cash Credit:

The client is allowed cash credit up to a specific limit fixed in advance. It can be given to current account holders as well as to others who do not have an account with the bank. Separate cash credit account is maintained. Interest is charged on the amount withdrawn in excess of the limit. The cash credit is given against the security of tangible assets and/or guarantees. The advance is given for a longer period and a larger amount of loan is sanctioned than that of overdraft.

(c) Loans:

It is normally for short term say a period of one year or medium term say a period of five years. Now-a-days, banks lend money for the long term. Repayment of money can be in the form of installments spread over a period of time or in a lump sum amount. Interest is charged on the actual amount sanctioned, whether withdrawn or not. The rate of interest may be slightly lower than what is charged on overdrafts and cash credits. Loans are normally secured against tangible assets of the company.

(d) Discounting Of Bill Of Exchange:

The bank can advance money by discounting or by purchasing bills of exchange for both domestic and foreign bills. The bank pays the bill amount to the drawer or the beneficiary of the bill by deducting usual discount charges. On maturity, the bill is presented to the drawee or acceptor of the bill and the amount is collected.

B. Secondary Functions Of Commercial Bank:

The bank performs a number of secondary functions, also called as non banking function. These secondary functions are further classified into-

1. **Agency function:**

The bank acts as an agent of its customers the bank performs a number of agency function which includes:

- **Transfer of Funds:**

The bank transfers funds from one branch to another or from one place to another.

- **Collection of Cheques:**

The bank collects the money from the cheques through the clearing section of its customers. The bank also collects money from the bill of exchange.

- **Periodic Payment:**

On standing instructions of the client, the bank makes periodic payments in respect of electricity bills, rent, etc..

- **Portfolio Management:**

The bank also undertakes to purchase and sell the shares and debentures on behalf of the clients and accordingly debits or credits the account. This facility is called portfolio management.

2. **General Utility Function**:

The General Utility Functions are also called Social development functions. In some areas, the banks will help you with all the transactions that you will have to do during a course of time. For example, you will be able to pay your phone, electricity and other utility bills from a center that is run by the banks. The bank also performs functions such as-

- **Issue Of Drafts & Letter Of Credits:**

The payee of the draft needs to be first registered through Payee maintenance. The user then initiates a request to issue a demand draft by asking the bank to debit the account provided by him. Payee to whom demand draft needs to be issued. A Letter of Credit (LC) is a document that guarantees the buyer's payment to the sellers. It is issued by a bank and ensures timely and full payment to the seller. If the buyer is unable to make such a payment, the bank covers the full or the remaining amount on behalf of the buyer.

- **Locker Facility:**

The bank provides the locker facility for the safe custody of valuable documents, gold ornaments and other valuable things. The Reserve Bank of India on Wednesday came out with revised guidelines for locker facility provided by banks, under which the banks liability will be 100 times that of the annual rent of the safe deposit locker in case of loss of contents of locker due to fire, theft, burglary, dacoity, among others.

- **Underwriting of Shares:**

The bank underwrites shares and debentures through its merchant banking division in the securities market, underwriting involves determining the risk and price of a particular security. It is a process seen most commonly during initial public offerings, wherein investment banks first buy or underwrite the securities of the issuing entity and then sell them in the market.

- **Dealing in Foreign Exchange:**

Commercial and investment banks are a fundamental part of the foreign exchange market as they not only trade on their own behalf and for their customers, but also provide the channel through which all other participants must trade Foreign Exchange is the trading of one currency for another. For example, one can swap the U.S. dollar for the euro. Foreign exchange transactions can take place on the foreign exchange market, also known as the forex market.

Commercial Banks can be divided into 4 parts:

1. Public Sector Banks
2. Private Sector Banks
3. Foreign Banks
4. Regional Rural Banks (RRB's)

1) Public Sector Banks :

Banks are the most important financial institutions in the world. Thanks to the banking system, all financial transactions are possible without much hassle. People can save their money in banks, take loans, and transfer funds easily through bank accounts. However, all banks are not the same. According to their stakeholders, banks can be classified into two types. These are Public sector banks and private sector banks. Even though both types of banks offer similar services to the public, there are some major differences in-between them.

Public sector banks are those banks where the government holds more than 50% ownership. With these banks, the government regulates the financial guidelines. Because of government ownership, most depositors believe that their money is more secure in Public sector banks. As a result, most public sector banks have a large customer base. For example, The State50 Bank of India (SBI) is the largest public sector bank in India. In this bank, the Indian government holds more than 63% share. A large part of the remaining share is also traded in the Indian stock market. Public sector banks are classified into two categories further-

1. Nationalized Banks
2. State Banks and it's Associates

Nationalization banks in India:

Nationalization refers to the transfer of public sector assets to be operated or owned by the state or central government, In India, the banks which were previously functioning under the private sector were transferred to the public sector by the act of nationalization and thus the nationalized banks came into existence. SBI(state bank of india) became the first nationalized bank in india under the SBI act,1955. RBI regulates the banking sector. The merger will help in increasing productivity, efficiency and boosting the six-year low economy along with reducing the number of bad loans and Nasrin the past year 10 Public Sector Banks were merged into 4 banks. As of now the country has 12 public Sector:-

Sr No	Public Sector Banks	Established	Headquarters	Government Shareholdings	Total Assets
1	Punjab National Bank	1894	New Delhi	73.15%	₹949.9 billion
2	Indian Bank	1907	Chennai	79.90%	₹457.71 billion
3	State Bank of India	1955	Mumbai	57.62%	₹3,840 billion
4	Canara Bank	1906	Bangalore	62.93%	₹936.59 billion
5	Union Bank of India	1919	Chennai	83.49%	₹832.1 billion

6	Indian Overseas Bank	1937	Chennai	96.38%	₹225.24 billion
7	UCO Bank	1943	Kolkata	95.39%	₹181.66 billion
8	Bank of Maharashtra	1935	Pune, Maharashtra	90.97%	₹144.95 billion
9	Punjab and Sind Bank	1908	Rajendra Place, New Delhi	97.07%	₹78.76 billion
10	Bank of India	1906	Mumbai, Maharashtra	81.41%	₹484.8 billion
11	Central Bank of India	1911	Mumbai, Maharashtra	93.08%	₹259.91 billion
12	Bank of Baroda	1908	Vadodara, Gujarat	63.97%	₹890.01 billion

The mergers of the public sector banks

Anchor Bank	Banks to be Merged with Anchor Bank	Combined Domestic Branches
Punjab National Bank	Oriental Bank of Commerce + United Bank of India	11,437
Canara Bank	Syndicate Bank	10,342
Union Bank	Andhra Bank + Corporation Bank	9,609
Indian Bank	Allahabad Bank	-
Bank Of Baroda	Dena Bank + Vijaya Bank	9,490
State Bank of India (SBI)	State Bank of Bikaner and Jaipur (SBBJ) + State Bank of Hyderabad (SBH) + State Bank of Mysore (SBM) + State Bank of Patiala (SBP) + State Bank of Travancore (SBT) + Bharatiya Mahila Bank	2400 (Approx)

2.Private sector banks:

Private Sector Banks are those banks in which the majority of the stake is held by shareholders of the bank and not by the government. RBL bank, HDFC Bank, ICICI Bank, Ye Bank, etc. are the private sector banks in India. They provide all the banking products and services to the customers. These products include Fixed Deposit, Savings Deposit, RD, Home Loan, Personal Loan, etc. Private banks are known for introducing information technology in the banking system. Of the total banking industry in India, Pablic sector banks constitute 72.9% share while the rest is covered by private players. In terms of the number of banks, there are 27 public sector banks whereas 22 private sector banks. As part of its differentiated banking regime, RBI, the apex banking body, has given licenses to Payments Bank and Small Finance Banks or SFBs. Private banks are managed and controlled by private promoters. There are 2 different categories in which these private banks have been divided:

1.Pre-liberalisation

2.Post-liberalisation

Private Sector Banks offer innovative products and better services as compared to public sector banks but they charge some extra amount for providing such additional services. It has been seen that the financial performance of private banks has remained better than that of public banks as they have managed their net interest margin (NIM) and non-performing assets (NPA) very well.

List of private sector banks:

BANK NAME	Established	Headquarters	Branches	Total Assets	Total Revenue
Axis Bank	2008	Mumbai, Maharashtra	4,594	₹1,010,325 crore	₹80,847 crore
Bandhan Bank	2015	Kolkata, West Bengal	1,147	₹114,993 crore	₹14,633 crore
CSB Bank	1920	Thrissur, Kerala	512	₹23,337 crore	₹2,273 crore
DCB Bank	1930	Mumbai, Maharashtra	352	₹39,602 crore	₹3,916 crore
City Union	1904	Kumbakonam, Tamil Nadu	702	₹53,311 crore	₹4,839 crore
Dhanlaxmi Bank	1927	Thrissur, Kerala	245	₹13,096 crore	₹1,072 crore
Federal Bank	1931	Kochi, Kerala	1,272	₹204,966 crore	₹15,702 crore
HDFC Bank	1994	Mumbai, Maharashtra	5,608	₹1,799,506 crore	₹155,855 crore
ICICI Bank	1994	Mumbai, Maharashtra	5,266	₹1,573,812 crore	₹161,336 crore
IDBI Bank	1964	Mumbai, Maharashtra	1,884	₹298,652 crore	₹24,803 crore
IDFC First Bank	2015	Mumbai, Maharashtra	707	₹163,071 crore	₹18,221 crore

IndusInd Bank	1994	Mumbai, Maharashtra	2,015	₹362,903 crore	₹28,999 crore
Jammu & Kashmir Bank	1938	Srinagar, Jammu and Kashmir	957	₹82,018 crore	₹7,166 crore
Karnataka Bank	1924	Mangaluru, Karnataka	903	₹85,580 crore	₹6,232 crore
Karur Vysya Bank	1916	Karur, Tamil Nadu	811	₹74,623 crore	₹5,470 crore
Kotak Mahindra Bank	2003	Mumbai, Maharashtra	1,604	₹478,872 crore	₹32,819 crore
Nainital Bank	1922	Nainital, Uttarakhand	160	₹8,438 crore	₹0,727 crore
RBL Bank	1943	Mumbai, Maharashtra	435	₹100,618 crore	₹8,561 crore
South Indian Bank	1929	Thrissur, Kerala	935	₹94,149 crore	₹7,305 crore
Tamilnad Mercantile Bank	1921	Thoothukkudi, Tamil Nadu	509	₹42,758 crore	₹3,992 crore
Yes Bank	2004	Mumbai, Maharashtra	1,070	₹273,593 crore	₹20,039 crore

3. Foreign Banks:

Foreign bunks are defined as banks from a foreign country working in india through branches The term “foreign bank” generally refers to any United States operation of a banking organization headquartered outside of the US. The first foreign banks established their presence in the United States in the mid-1800s, with New York being the first state to license or regulate these institutions. Today foreign banks are a significant presence in the American financial system, providing many important benefits to individuals, businesses and the general economy. In fact, foreign banks make almost 40% of all loans to American businesses.

Foreign banking organizations can acquire or establish freestanding banks or hank holding companies in the United States; these banks are regulated and supervised as domestic institutions. Generally, it is more cost-effective and productive for foreign banking organizations to operate as another of several available structures: branches, agencies, loan production offices. representative offices, Edge Act or agreement corporations. Each of these business structures has a different set of powers and regulatory requirements.

List of foreign banks:

- Citi Bank
- HSBC Bank
- Royal bank of Scotland(Natwest Markets PLC)

- DBS Bank
- Barclays Bank
- Bank Of America
- Bank of Bahrain & Kuwai
- Doha Bank

4. **Regional Rural Banks:**

Regional Rural Banks were established under the provisions of an ordinance passed on 26 September 1975 and the RRB Act 1976 to provide sufficient banking and credit facilities for agriculture and other rural sectors. As a result, five RRBs were set up on 2 October 1975 on the recommendations of the Narasimham Committee on Rural Credit, during the tenure of Indira Gandhi's Government. The purpose was to include rural areas into the economic mainstream since around 70% of the Indian population was rural.

Prathama Bank, with head office in Moradabad, Uttar Pradesh was the first RRB It was sponsored by Syndicate Bank, and had an authorized capital of Rs. 5 crore. The other four RRI were Gaur Gramin Bank (sponsored by UCO Bank), Gorakhpur Kshetriya Gramin Bank (sponsored by State Bank Of India), Haryana Kshetriya Gramin Bank (sponsored by Punjab National Bank), and Jaipur-Nagaur Aanchalik Gramin Bank (sponsored by UCO Bank).

The RRBs were owned by the central government, state government, and the sponsoring bank with 50%, 15%, and 35% shareholding respectively.

Regional Rural Banks (RRBs) are government owned scheduled commercial banks of India that operate at regional level in different states of India. These banks are under the ownership of the Ministry of Finance, Government of India. They were created to serve rural areas with basic banking and financial services. However, RRBs also have urban branches.

The area of operation is limited to the area notified by the government of India covering, and it covers one or more districts in the State RRBs Perform various functions in the following heads:

1. Providing Banking Facilities to rural and semi-urban areas.

2. Carrying out government operations like disbursement of wages of MGNREGA workers, distribution of pensions.

3. Providing para-banking facilities like locker facilities, debit and credit cards, mobile banking, internet banking etc…

List of regional Rural Banks are as follows:-

The main aim of introducing RRBs in India was to comfort the people living in rural areas and provide them with all the necessary banking information and facilities.

Given below is the list of regional rural banks in india along with their sponsor banks and their head office:

State	Bank Name	Established	Headquarters	Branches	Sponsor Bank
Telengana	Andhra Pradesh Grameena Vikas Bank	2006	Warangal, Telangana	755	State Bank of India
Andhra Pradesh	Andhra Pragathi Grameena Bank	2006	Kadapa, Andhra Pradesh	552	Canara Bank
Andhra Pradesh	Chaitanya Godavari Gramin Bank	2006	Guntur, Andhra Pradesh	219	Union Bank of India
Andhra Pradesh	Saptagiri Gramin Bank[	2006	Chittoor, Andhra Pradesh	220	Indian Bank
Arunachal Pradesh	Arunachal Pradesh Rural Bank	1983	Itanagar, Arunachal Pradesh	30	State Bank of India
Assam	Assam Gramin Vikash Bank	2006	Guwahati, Assam	474	Punjab National Bank
Bihar	Dakshin Bihar Gramin Bank	2019	Patna, India	1078	Punjab National Bank
Bihar	Uttar Bihar Gramin Bank	2008	Muzaffarpur, India	1032	Central Bank of India
Chhattisgarh	Chhattisgarh Rajya Gramin Bank	2013	Raipur, Chhattisgarh	625	State Bank of India
Gujarat	Baroda Gujarat Gramin Bank	2019	Vadodara, Gujarat	489	Bank Of Baroda
Maharashtra	Maharashtra Gramin Bank	2008	Aurangabad, Maharashtra	391	Bank of Maharashtra
Haryana	Sarva Haryana Gramin Bank	2013	Rohtak, Haryana	542	Punjab National Bank
Punjab	Punjab Gramin Bank	2019	Kapurthala, Punjab	419	Punjab National Bank

Telangana	Telangana Grameena Bank	2014	Hyderabad, Telangana	421	State Bank of India
Uttarakhand	Uttarakhand Gramin Bank	2012	Dehradun, Uttarakhand	286	State Bank of India
West Bengal	Uttarbanga Kshetriya Gramin Bank	1977	Coochbehar, West Bengal	142	Central Bank of India

(2)Cooperative Bank:

The co-operative banking system came into being with the aim to promote saving and investment habits among people, especially in rural parts of the country.

In India, co-operative banks play a crucial role in rural financing, with funding of areas under agriculture, livestock, milk, personal finance, self-employment, setting up of small-scale units among the few focus points for both urban and rural cooperative banks.

Co-operative banks are financial entities established on a co-operative basis and belonging to their members. This means that the customers of a co-operative bank are also its owners. These banks provide a wide range of regular banking and financial services. However, there are some points where they differ from other banks.

In India, co-operative banks are registered under the States Cooperative Societies Act. They also come under the regulatory ambit of the Reserve Bank of India (RBI) under two laws. Namely, the Banking Regulations Act, 1949, and the Banking Laws (Co-operative Societies) Act, 1955.

They were brought under the RBI's watch in 1966, a move which brought the problem of dual regulation along with it. The problem of rural credit was the key reason behind the advent of the co-operative movement in India, which began with the passage of the Cooperative Societies Act in 1904.

Co-operative bank can be further divided into three parts:

(1) State Cooperative Bank

(2) District cooperative Bank

(3) Other Cooperative Bank

(1) State Cooperative Bank:

The state cooperative bank is a federation of the central cooperative bank and acts as custodian of the cooperative banking structure in the State. Its funds are obtained from the social capital, deposits, loans and overdrafts of the Reserve Bank of India. State-owned cooperative hanks lend money to cooperative central banks and to primary companies and not directly to farmers.

The banks for the development of the territory are organized in 3 levels, that is to say: State, central and primary level and meet the long-term credit requirements of farmers for development purposes. They oversee state development banks, the main land development banks located in the districts and areas of Tehsil in the state. They are governed by the state government and the Reserve Bank of India. Recently, the supervision of banks for land development has been taken over by the National Bank of Agriculture and Rural Development (NABARD). The sources of financing of these banks are the obligations underwritten by central and state governments. These banks do not accept deposits from the general public.

(2) District Co-operative Bank:

A District Co-operative Central Bank (DCCB) is a cooperative bank operating at the district level in various parts of India. It was established to provide banking to the rural hinterland for the agricultural sector with the branches primarily established in rural and semi-urban areas.

OVERVIEW OF PAYMENT SYSTEM IN INDIA

The central bank of any country is usually the driving force in the development of national payment systems. The Reserve Bank of India as the central bank of India has been playing this developmental role and has taken several initiatives for Safe, Secure, Sound, Efficient, Accessible and Authorized payment systems in the country. The Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), a sub-committee of the Central Board of the Reserve Bank of India is the highest policy making body on payment systems in the country. The BPSS is empowered for authorizing, prescribing policies and setting standards for regulating and supervising all the payment and settlement systems in the country. The Department of Payment and Settlement Systems of the Reserve Bank of India serves as the Secretariat to the Board and executes its directions. In India, the payment and settlement systems are regulated by the Payment and Settlement Systems Act, 2007 (PSS Act) which was legislated in December 2007. The PSS Act as well as the Payment and Settlement System Regulations, 2008 framed thereunder came into effect from August 12, 2008. In terms of Section 4 of the PSS Act, no po person other than the Reserve Bank of India (RBI) can commence or operate a payment system in India unless authorized by RBI.

1) Digital Payments:

The initiatives taken by the Reserve Bank focused on technology-based solutions for the improvement of the payment and settlement system infrastructure, coupled with the introduction of new payment products by taking advantage of the technological advancements in banks. The continued increase in the volume of cheques added pressure on the existing set-up, thus necessitating a cost-effective alternative system. Electronic Clearing Service (Credit) and Electronic Clearing Service (Debit), run by Reserve Bank, have been replaced with National Automated Clearing House run by NPCL. The Reserve Bank replaced its old Electronic Funds Transfer with National Electronic Funds Transfer59

- **National Electronic Funds Transfer (NEFT) System:**

In November 2005, a more secure system was introduced for facilitating one-to-one funds transfer requirements of individuals/corporations. Available across a longer time window, the NEFT system provides for batch settlements at half-hourly intervals, thus enabling near real time transfer of funds. Certain other unique features viz. accepting cash for originating transactions, initiating transfer requests without any minimum or maximum amount limitations, facilitating one-way transfers to Nepal, receiving confirmation of the date/time of credit to the account of the beneficiaries, etc., are available in the system. From December 2019, it is available 24x7 throughout the year with half-hourly settlements.

- **Point of Sale (POS) Terminals/Online Transactions using credit/debit/prepaid cards issued by Card Payment Networks:**

Five Card Payment Networks, including India’s own Rupay run by NPCI, have been authorized by the Reserve Bank. There are over fifty lakh POS terminals in the country, which enable customers to make payments for purchases of goods and services by means of credit/debit cards. To facilitate customer convenience the Bank has also permitted cash withdrawal using debit cards issued by the banks at PoS terminals. The PoS for accepting card payments also include online payment gateways. This facility is used for enabling online payments for goods and services. The online payments are enabled through Payment Aggregators or Payment Gateways. For more details, please see the section on them under Other Payment Systems/Services.

- **Real Time Gross Settlement (RTGS) System:**

RTGS is a funds transfer system where transfer of money takes place from one bank to another on a “real time” and on “gross” basis. Settlement in “real time” means payment transactions are not subjected to any waiting period. “Gross settlement” means the transaction is settled on one to one basis without bunching or netting with any other transaction. Once processed, payments are final and irrevocable. This was introduced in 2004 and settles all inter-bank payments and customer transactions above 2 lakh.

(2) Paper Based/Cash Payments:

Since paper-based payments occupy an important place in the country, the Reserve Bank had introduced Magnetic Ink Character Recognition (MICR) technology for speeding up and bringing in efficiency in processing of cheques. Later, a separate High Value Clearing was introduced for clearing cheques of value Rupees one lakh and above. This clearing was available at select large centres in the country (since discontinued). Following implementation of CBS in hanks, Speed Clearing was launched (for local clearance of outstation cheques drawn on core-banking enabled branches of banks).

- **Cheque Truncation System:**

Cheque truncation (CTS) system was introduced to restrict physical movement of cheques and enable use of images for payment processing. All sixty-six MICR centres were subsumed in CTS grid systems and MICR clearing was discontinued w.ef July 2014. Initially, the threshold limit for CTS migration at 50000 instruments per month was set. Subsequently in February 2017 all ROs were instructed to attempt migration of centres having a cheque volume of 30,000 and above to CTS. In July 2018 the threshold limit was revised to 10,000, subject to putting in place the Paper-to-follow (P2F) arrangement. As of September 2020, all ECCS centres have been migrated to CTS. Positive Pay system for Cheque Truncation shall be implemented from January 1, 2021.

- **Cash Payments - Automated Teller Machines:**

As of August 2020, there are over 2,09,000 banks-owned ATMs and around 24,000 white label ATMs in India. Savings Bank customers can withdraw cash from any bank ATM up to 5 times in a month without being charged for the same. To address the customer service issues arising out of failed ATM transactions where the customer's account gets debited without actual disbursal of cash, the Reserve Bank has mandated re-crediting of such failed transactions within five working days and mandated compensation for delays beyond the stipulated period. Furthermore, a standardized template has been prescribed for displaying at all ATM locations to facilitate lodging of complaints by customers. Apart from National Financial Switch run by NPCI, some banks and a private enterprise have been authorized to operate ATM Networks.

(3) <u>Other Payment System/Services:</u>

- **Clearing Corporation of India Limited (CCIL):**

CCIL was set up in April 2001 by banks, financial institutions and primary dealers, to function as an industry service organization for clearing and settlement of trades in money market, government securities and foreign exchange markets. The Clearing Corporation plays the crucial role of a Central CounterParty (CCP) in the government securities, USD-INR forex exchange (both spot and forward segments) and Tri Party Repo markets. CCIL plays the role of a central counterparty whereby the contract between buyer and seller gets replaced by two new contracts – between CCIL, and each of the two parties. This process is known as "Novation". Through novation, the counterparty credit risk between the buyer and seller is eliminated with CCIL subsuming all counterparty and credit risks. In order to minimize the risks that it exposes itself to, CCIL follows specific risk management practices which are as per international best practices. In addition to the guaranteed settlement, CCIL also provides non guaranteed settlement services for rupee derivatives such as Interest Rate Swaps CCIL is also providing a reporting platform and acts as a trade repository (CCIL-TR) for Over the Counter (OTC) products

- **Mobile Banking Services:**

Mobile phones, as a medium for extending banking services, have attained greater significance because of their ubiquitous nature. Banks which are licensed, supervised and having physical presence in India, are permitted to offer mobile banking services (through SMS, USSD or mobile banking application) after obtaining necessary permission from Reserve Bank of India and are to be made available to bank customers irrespective of the mobile network. "Mobile Banking transaction' means undertaking banking transactions using mobile phones by bank customers that involve accessing/credit/debit to their accounts and/or, debit/credit cards issued as per the extant RBI guidelines.

- **Bharat Bill Payment System**:

Bharat Bill Payment System (BBPS) is an integrated bill payment system that offers interoperable and accessible bill payment services with a single brand image, providing convenience of anytime anywhere' bill payment to customers. BBPS facilitates collection of repetitive (monthly, bi-monthly, quarterly etc.) payments for everyday utility services provided by utility service providers in categories like electricity, telecom, DTH, gas, water bills, etc, and also other repetitive payments like insurance premium, mutual funds, school fees, institution fees, credit cards, fastag recharge, local taxes, housing society payments, etc., at one single window. BBPS transactions can be initiated through multiple payment channels like, internet banking, mobile banking, PoS (Point of Sale terminal), mobile wallets, kiosk, ATM, bank branch, agents and business correspondents, BBPS facilitates various payment modes viz, cards (credit, debit and prepaid), NEFT, UPI, wallets, Aadhaar based payments and cash. The participants in the BBPS include authorized entities, such as, the Bharat Bill Payment Central Unit (BBPCU), the Bharat Bill Payment Operating Units (BBPOUs) as well as their agents, payment gateways, banks, billers and service providers, and other entities, including authorized prepaid payment instrument issuers, as required under the BBPS. National Payments Corporation of India (NPCI) is the only entity authorized by RBI as BBPCU and it sets necessary operational. technical and business standards for the entire system and its participants, and also undertakes clearing and settlement activities. BBPOUs are RBI authorized operational units working in adherence to the standards set by the BBPCU.

- **Trade Receivables Discounting System:**

Trade Receivables Discounting System (TReDS) is a scheme for setting up and operating institutional mechanism for facilitating the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs), through multiple financiers. TReDS facilitate the discounting of both invoices as well as bill of exchange. Further, as the underlying entities are the same (MSMEs and corporate and other buyers, including Government Departments and PSUs), the TREDS deals with both, receivables factoring as well as reverse factoring, so that higher transaction volumes can come into the system and facilitate better pricing. The transactions processed under TREDS are without recourse to the MSMEs.

- **Payment Aggregators/Gateways**:

Payment Aggregators (PAs) are entities that facilitate e-commerce sites and merchants to accept various payment instruments from the customers for completion of their payment obligations without the need for merchants to create a separate payment integration system of their own. PAS facilitate merchants to connect with acquirers. In the process, they receive payments from customers, pool and transfer them on to the merchants after a time period. Non-bank entities which want to offer services as Payment Aggregators need to apply for authorisation from the RBI under the PSS Act. Existing non-bank entities offering services have to apply for authorisation on or before June 30, 2021.

CHAPTER:02

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

INTRODUCTION:

Research is a systematic investigation to search for new facts in any branch of knowledge. Research helps to arrive at new conclusions. It enables us to find solutions to certain problems. Research is often referred to as scientific inquiry into a specific problem or situation. This is because; the search for facts needs to be undertaken systematically and not arbitrarily. The systematic approach to research enables the researcher to search for facts in a rational manner and to arrive at logical conclusions, whereas the arbitrary approach attempts to find solutions to problems based on one's belief and imagination. After identifying and determining specific information required to solve the problem the researcher will look for the type and sources of data which may yield the desired results, while deciding about the method of data collection to be used for the study, there are two types of data.

OBJECTIVE OF STUDY:

- **To study functions of RBI.**
- **To study legal framework of RBI.**
- **To study perception of people towards functions of RBI .**

SOURCES OF DATA:-

SECONDARY DATA:

Secondary data means the data that are already available i.e., they refer to the data which have been collected and analysed by someone and save both time and money of the researcher. Secondary data may be available in the form of a particular records, trade publications, libraries, articles, etc…secondary data sources from which the data can collected through researcher are as follows:

- Bank reports and articles
- Magazines related to banking
- Various websites
- Books of various authors
- Standard textbooks
- Daily newspaper

PRIMARY DATA:

Primary data are those which are collected for the first time. Primary data is being collected by framing questionnaires. The questionnaire contains questions, which can be both open ended and closed ended open ended questions are the questions which requires answers in the responder's own words. Closed-ended questions are those wherein the respondent has to merely check the appropriate answer from a list of options available.

SAMPLE SIZE:

Out of total 100 respondents 45 responses have been collected through a research survey on RBI in the close ended type of questionnaire prepared on Google Form.

LIMITATIONS OF STUDY:

- This research is limited to an individual bank i.e., RBI.
- Due to limitations of time and sources data was collected only from 45 respondents.
- In some primary data collection method time as a disadvantage of primary research. Refers not just to the time involved in gathering the data, but also to the need for a clear and focused research,plan,development of survey instruments such as questionnaires or interviews, or experimental conditions. All of these take time and resources that may not be viable within the scope of study of research project.
- Also there is no control over the data collection through primary sources of research.
- Incomplete questionnaires always give a negative impact on research.
- Some respondents do not give timely responses. Sometimes the respondents may give fake, socially acceptable and sweet answers and try to cover up the realities.

HYPOTHESIS :

According to the research hypothesis,

H1: Reserve bank of india is a suitable agency for government business.

H2: Reserve bank of india is able to control inflation to the economy.

H3: The Reserve Bank of India (RBI) is India's central bank. It controls the monetary policy concerning the national currency, the Indian rupee. No other central bank control monetary policy or issue Indian rupees.

CHAPTER:03

LITERATURE REVIEW

CHAPTER:03 LITERATURE REVIEW

Literature review of RBI:

The Reserve Bank of India today released the November 2021 issue of its monthly Bulletin. The Bulletin includes five speeches, four articles and current statistics.

The four articles are:

I. State of the Economy
II. Is the Phillips Curve in India Dead, Inert and Stirring to Life or Alive and Well?
III. Uncertainty and Disagreement among Professional Macroeconomic Forecasters and
IV. Changing Tides in the Indian Money Market.

I. State of the Economy:

The global economic outlook remains shrouded in uncertainty with headwinds from multiple fronts. In India, the recovery gained strength though the speed and pace of improvement remains uneven across different sectors of the economy. Indicators of aggregate demand posit a brighter near-term outlook than before. On the supply side, the Rabi season has set in early on a positive note on the back of a record Kharif harvest and manufacturing is showing improvement in overall operating conditions, while services are in strong expansion mode. Overall monetary and credit conditions stay conducive for a durable economic recovery to take root.

II. Is the Phillips Curve in India Dead, Inert and Stirring to Life or Alive and Well?:

The post-Global Financial Crisis period has seen a plethora of literature on the "health" of the most cited macroeconomic relationship-the Phillips Curve. Adding more essence to this heated global debate, this article examines the existence of the Phillips Curve in India by examining its time-variation and convexity. The findings from this paper confirm the existence of a convex Phillips Curve relationship in India, though alive but stirring to life and convalescing from a period of flattening, which lasted for more than six years.

III. Uncertainty and Disagreement among Professional Macrossenomis Forecasters:

This article analyses the responses received in the Reserve Bank's bimonthly survey of professional forecasters (SPF) on major macroeconomic variables. The forecasts of output growth and inflation, particularly for 2020-21, were characterized by high uncertainty in the wake of the Covid-19 pandemic. The article dives into the fluctuations in short-term forecasts during the pandemic.

Highlights:

- The pandemic led to massive disruption in the global as well as domestic economy causing uncertainty as reflected in large swings in forecasts of growth and inflation for2020-21
- The pandemic induced lockdowns led to significant downward revision in the growth forecast for 2020-21 and subsequent gradual opening up of the economy led to improvement in the growth outlook
- Disagreement among the forecasters was high at the onset of the pandemic and generally moderated subsequently. Uncertainty of forecasts exhibited a similar pattern as disagreement and declined with a shorter forecast horizon.
- The analysis portrays the existence of a significant association between uncertainty and disagreement; however, disagreement may not be a good proxy for uncertainty.

V. Changing Tides in the Indian Money Market:

Money market provides short-term capital to a wide class of financial entities and plays a key role in the transmission of monetary policy. This article reviews the important segments of the Indian money market in terms of volume, rate, microstructure, and dispersion of rates for the period from January-2016 to March-2021.

Highlights:

- The overnight money market volatility, in terms of volume-weighted rates, increased after the declaration of Covid-19 pandemic, and peaked in March-2020. The volatility declined subsequently, A shift away from the unsecured segment to secured segments was also witnessed after the declaration of the Covid-19 pandemic.
- A study of the intraday market activity and network structure of the call money segment suggests increased portfolio diversification after the onset of the pandemic.

- The constructed dispersion index (covering six segments of the money market), that serves as an empirical gauge of pass-through efficiency, suggests a frictionless market with efficient pass-through for the period from January-2020 to February2020.

DEMONETIZATION:

OLD NOTES:

NEW NOTES:

Post demonetization, notes in circulation on rise; so are digital payments

Five years after the demonetization, currency notes in circulation continue to rise albeit at a slower pace even as digital payments surge with more and more people embracing cashless payment modes Primarily, banknotes in circulation went up in the last financial year as may people opted for the precautionary holding of cash amid the COVID-19 pandemic disrupting normal lives and economic activities in varying degrees. Official data points out a jump in digital payments through different modes, including plastic cards, net banking and Unified Payments Interface. UPI of the National Payments Corporation of India (NPCI) is fast emerging as a major medium of payment in the country

On November 8, five years ago, Prime Minister Narendra Modi had announced the demonetization of old Rs 1,000 and Rs 500 banknotes and one of the key objectives of the unprecedented decision was to promote digital payments and curb black money flows. Thanks to the increasing popularity of digital payment ways, cash usage is not growing at a fast clip but still is on the rise. According to the latest Reserve Bank data, the notes in circulation in value terms soared from Rs 17.74 lakh crore on November 4, 2016, to Rs 29.17 lakh crore on October 29, 2021. The notes in circulation (NIC) increased by Rs 2,28,963 crore on October 29, 2021, from Rs 26.88 lakh crore as on October 30, 2020. The year-on-year increase on October 30, 2020, was Rs 4.57,059 crore. The value and volume of banknotes in circulation had increased by 16.8 percent and 7.2 percent, respectively, during 2020-21 as against an increase of 14.7 per cent and 6.6 per cent, respectively, witnessed during 201920.The banknotes in circulation had increased during 2020-21, primarily on account of precautionary holding of cash by people due to the pandemic.66

Barring the COVID-19-hit 2020-21 financial year, the Indian economy has recorded a positive growth rate. The UPI was launched in 2016, and the transactions have been growing month-on-month barring a few blips. In October 2021, the transaction in value terms stood at over Rs 7.71 lakh crore or aver USD 100 billion. A total of 421 crore transactions were done through UPI in October. The sudden decision of the government to withdraw the two high denomination currencies five years ago led to long queues outside banks to exchange/deposit the demonetized notes. Several sectors of the economy, especially the unorganized segment, were affected by the government's decision.

A pilot survey was conducted by the Reserve Bank on retail payment habits of individuals in six cities between December 2018 and January 2019, results of which were published in April 2021. The RBI Bulletin indicates that cash remains the preferred mode of payment and for receiving money for regular expenses. For small value transactions up to Rs 500, cash is used predominantly. Following the withdrawal of the then prevailing Rs 500 and Rs 1,000 notes as part of demonetization, the government had introduced a new Rs 2,000 currency notesas part of re-monetisation.

It also introduced a new series of Rs 500 notes. Later, a new denomination of Rs 200 was also added. In value terms, the share of Rs 500 and Rs 2,000 banknotes together accounted for 85.7 percent of the total value of banknotes in circulation as on March 31, 2021, as against 83.4 per cent as on March 31, 2020.

However, no indent for Rs 2,000 note was placed with Bharatiya Reserve Bank Note Mudran Private Ltd (BRBNMPL) and Security Printing and Minting Corporation of India Ltd (SPMCIL) during 2019-20 and 2020-21. The Reserve Bank of India issues notes in denominations of Rs.2, Rs 5, Rs 10, Rs 20, Rs 50, Rs 100, Rs 200, Rs 500 and Rs2000.

MACRO ECONOMIC POLICY

Macroeconomic policy is concerned with the operation of the economy as a whole. In broad terms, the goal of macroeconomic policy is to provide a stable economic environment that is conducive to fostering strong and sustainable economic growth, on which the creation of jobs, wealth and improved living standards depend. The key pillars of macroeconomic policy are fiscal policy, monetary policy and exchange rate policy. This brief outlines the nature of each of these policy instruments and the different ways they can help promote stable and sustainable growth.

Macroeconomic policy guides the governments in attaining economic stability. The two important instruments of macroeconomic policy are:

- Monetary Policy
- Fiscal policy

MONETARY POLICY:

The monetary policy is a policy formulated by the central bank, Le., RBI (Reserve Bank of India) and relates to the monetary matters of the country. The policy involves measures taken to regulate the supply of money, availability, and cost of credit in the economy. The policy also oversees distribution of credit among users as well as the borrowing and lending rates of interest. In a developing country like India, monetary policy is significant in the promotion of economic growth.

The various instruments of monetary policy include variations in bank rates, other interest rates, selective credit controls, supply of currency, variations in reserve requirements and open market operations.

KEY INDICATOR

Indicator	Rates
CRR	4.50%
SLR	18%
Repo Rate	6.50%
Reserve Repo Rate	3.35%
Marginal Standing Facility Rate	6.75%
Bank Rate	6.75%

Objectives of Monetary Policy :

While the main objective of the monetary policy is economic growth as well as price and exchange rate stability, there are other aspects that it can help with as well.

1. **Promotion of saving and investment:** Since the monetary policy controls the rate of interest and inflation within the country, it can impact the savings and investment of the people. A higher rate of interest translates to a greater chance of investment and savings, thereby, maintaining a healthy cash flow within the economy.

2. **Controlling the imports and exports:** By helping industries secure a loan at a reduced rate of interest, monetary policy helps export-oriented units to substitute imports and increase exports. This, in turn, helps improve the condition of the balance of payment.

3. **Managing business cycles:** The two main stages of a business cycle are boom and depression. Monetary policy is the greatest tool using which the boom and depression of business cycles can be controlled by managing the credit to control the supply of money. The inflation in the market can be controlled by reducing the supply of money. On the other hand, when the money supply increases, the demand in the economy will also witness a rise.

4. **Regulation of aggregate demand:** Since monetary policy can control the demand in an economy, it can be used by monetary authorities to maintain a balance between demand and

supply of goods and services. When credit is expanded and the rate of interest is reduced, it allows more people to secure loans for the purchase of goods and services. This leads to the rise in demand. On the other hand, when the authorities wish to reduce demand, they can reduce credit and raise the interest rates.

5. **Generation of employment:** As the monetary policy can reduce the interest rate, small and medium enterprises (SMEs) can easily secure a loan for business expansion. This can lead to greater employment opportunities.

6. **Allocating more credit for the priority segments:** Under the monetary policy, additional funds are allocated at lower rates of interest for the development of the priority sectors such as small-scale industries, agriculture, underdeveloped sections of the society, etc.

7. **Managing and developing the banking sector:** The entire banking industry is managed by the Reserve Bank of India (RBI). While RBI aims to make banking facilities available far and wide across the nation, it also instructs other banks using the monetary policy to establish rural branches wherever necessary for agricultural development. Additionally, the government has also set up regional rural banks and cooperative banks to help farmers receive the financial aid they require in no time.70

Monetary Policy Tools:

To control inflation, the Reserve Bank of India needs to decrease the supply of money or increase the cost of funds in order to keep the demand of goods and services in control.

Quantitative tools-

The tools applied by the policy that impact money supply in the entire economy, including sectors such as manufacturing, agriculture, automobile, housing, etc.

1) Reserve Ratio:

Banks are required to keep aside a set percentage of cash reserves or RBI approved assets. Reserve ratio is of two types:

1. **Cash Reserve Ratio (CRR)**-Banks are required to set aside this portion in cash with the RBI. The bank can neither lend it to anyone nor can it earn any interest rate or profit on CRR.
2. **Statutory Liquidity Ratio (SLR)** – Banks are required to set aside this portion in liquid assets such as gold or RBI approved securities such as government securities. Banks are allowed to earn interest on these securities, however it is very low.

2lOpen Market Operations (OMO):

In order to control money supply, the RBI buys and sells government securities in the open market. These operations conducted by the Central Bank in the open market are referred to as Open Market Operations. When the RBI sells government securities, the liquidity is sucked from the market, and the exact opposite happens when RBI buys securities. The latter is done to control inflation. The objective of OMOs is to keep a check on temporary liquidity mismatches in the market, owing to foreign capital flow.

Qualitative tools-

Unlike quantitative tools which have a direct effect on the entire economy's money supply. Qualitative tools are selective tools that have an effect on the money supply of a specific sector of the economy

1. Margin requirements – The RBI prescribes a certain margin against collateral, which in turn impacts the borrowing habit of customers. When the margin requirements are raised by the RBI, customers will be able to borrow less.
2. Moral suasion By way of persuasion, the RBI convinces banks to keep money in government securities, rather than certain sectors.
3. Selective credit control – Controlling credit by not lending to selective industries or speculative businesses.

Market Stabilization Scheme (MSS)-

Policy Rates:-

1. Bank rate-The interest rate at which RBI lends long term funds to bunks is referred to as the bank rate. However, presently RBI does not entirely control money supply via the bank rate. It uses Liquidity Adjustment Facility (LAF)-repo rate as one of the significant tools to establish control over money supply. Bank rate is used to prescribe a penalty to the bank if it does not maintain the prescribed SLR or CRR.

Liquidity Adjustment Facility (LAF)- RBI uses LAF as an instrument to adjust liquidity and money supply. The following types of LAF are,

(1) Repo rate: Repo rate is the rate at which banks borrow from RBI on a short-term basis against a repurchase agreement. Under this policy, banks are required to provide government securities as collateral and later buy them back after a predefined time.

(2) Reverse Repo rate: It is the reverse of repo rate, ie, this is the rate RBI pays to banks in order to keep additional funds in RBI. It is linked to repo rate in the following way. Reverse Repo Rate = Repo Rate – 1

(3) Marginal Standing Facility (MSF) Rate- MSF Rate is the penal rate at which the Central Bank lends money to banks, over the rate available under the rep policy. Banks availing MSF Rate can use a maximum of 1% of SLR securities MSF Rate Repo Rate +1.

<u>Monetary Policy Transmission:</u>

Borrowers fail to fully benefit from RBI's repo rate cut due to the following reasons:

- Banks are not affected by RBI rate cuts as the Central Bank is not their primary money supplier.
- Deposits already made are fixed at the rates when taken and cannot be reduced; the rate
- Cuts will only reflect in the new deposit rates. • PPF, Post Office accounts and other small saving instruments are available at high
- Administered interest rates and in case of reduction of bank deposit rates, customers have the choice to move to those funds.
- Banks do not prefer to lower their rates as high lending rates keep their profit margins up.
- India does not have a well-developed corporate bond market, therefore corporate customers have little choice but to reach out to banks for borrowing

FISCAL POLICY:

Fiscal policy refers to the use of government spending and tax policies to influence economic conditions, especially macroeconomic conditions, including aggregate demand for goods and services, employment, inflation, and economic growth.

Fiscal policy is often contrasted with monetary policy, which is enacted by central bankers and not elected government officials Allocation of funds in this year's Budget started with the announcement of PM Atma Nirbhar Swastha Bharat Yojana for which Rs.64,180 crores will be spending in over 6 years overall, the budget estimate for health and wellbeing is pegged at Rs.223,846 crore. A huge chunk of money approximately Rs. 5.Slakh crore is also set aside for investment in the infrastructure sector.

Now looking at the key points on India's fiscal position we observe that our finance minister pegged the fiscal deficit at 6.8% of GDP from 9.5% of GDP in FY 21 due to the COVID-19 pandemic to ensure a spurt in economic growth. Budget estimates for expenditure in 2021-2022 are Rs. 34.83 lakh crores. This includes Rs. 5.54 lakh crores as capital expenditure, an increase of 34.5% over the previous Budget estimate figure. We all have seen this unexpected year of 2020, so we need contingency funds at the time of emergency to stabilize our economy. Therefore, the Contingency fund has also increased from 500 crores to 30000 crores. The government has discontinued the NSSF loan to FCI for food subsidy and defined food subsidy separately in the budget of about Rs.2.02lakh crore, which his enhanced the transparency in the gadget.

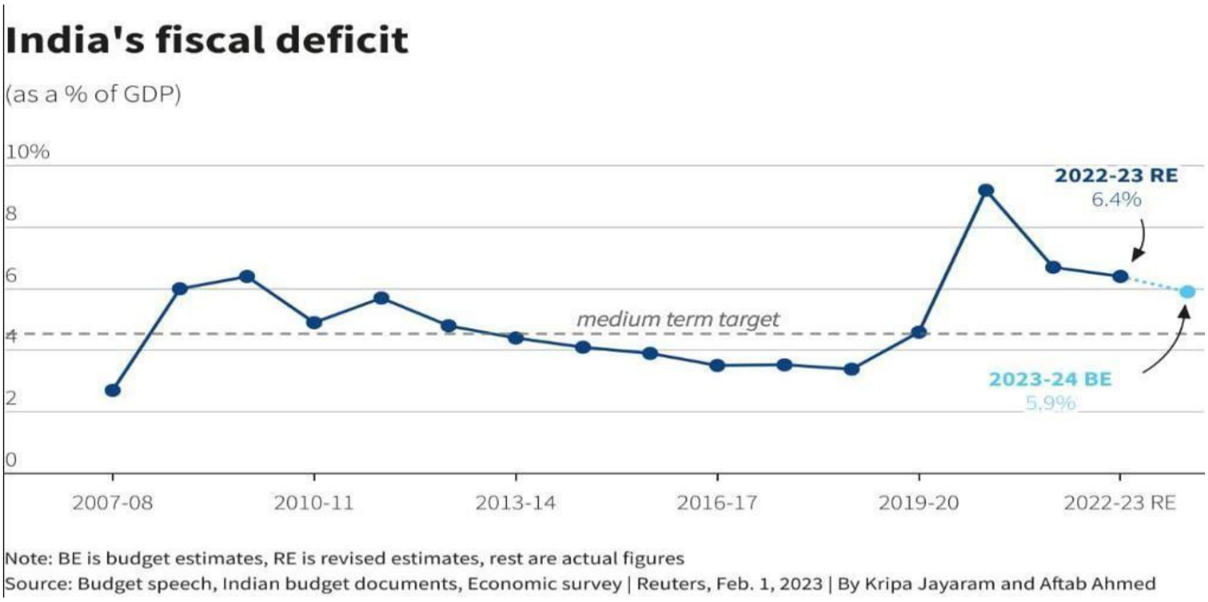
The government has allowed states for additional borrowing of up to 4% of GSDP with 0.5% under special conditions. If we critically analyze the changes in the Fiscal Responsibility and Budget Management (FRBM) Act, we observe that the government has allocated Rs. 34.83 lakh crore for expenditure, which is 15.6% of GDP and in the recent past, no union budget has exceeded the limit of 13.5% Since the Capital expenditure got a big boost i.e., from Rs. 4.12 lakh crore to Rs. 5.5 lakh crore so we are able to curtail the risk of inflation in the future by not increasing the revenue expenditure.69

Continuing the path of fiscal consolidation, the Government intends to bring the fiscal deficit below 4.5 per cent of GDP by 2025-26. This was stated by the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman while presenting the Union Budget 2023-24 in the Parliament today.

The Finance Minister further stated that the fiscal deficit is estimated to be 5.9 per cent of GDP in BE 2023-24. To finance the fiscal deficit in 2023-24, the net market borrowings from dated securities are estimated at Rs. 11.8 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at Rs. 15.4 lakh crore.

In Budget Estimates 2023-24, the Finance Minister stated that the total receipts other than borrowings and the total expenditure are estimated at Rs. 27.2 lakh crore and Rs. 45 lakh crore respectively. Moreover, the net tax receipts are estimated at Rs. 23.3 lakh crore.

In the Revised Estimate 2023-24, the Finance Minister stated that the total receipts other than borrowings is Rs. 24.3 lakh crore, of which the net tax receipts are Rs. 20.9 lakh crore. The Revised Estimate of the total expenditure is Rs. 41.9 lakh crore, of which the capital expenditure is about Rs. 7.3 lakh crore. The Revised Estimate of the fiscal deficit is 6.4 per cent of GDP in RE 2022-23, adhering to the Budget Estimate.



The Fiscal Deficit in 2022-23 is estimated at 6.4 per cent of GDP, which is consistent with the broad path of fiscal consolidation announced by me last year to reach a fiscal deficit level below 4.5 per cent by 2025-26" announced the Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman, while presenting the Union Budget 2022-23 in the Parliament here today. Further, the Revised Fiscal Deficit in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the Budget Estimates.

The Finance Minister stated that while setting the fiscal deficit level in 2022-23, she has been conscious of the need to nurture growth, through public investment, to become stronger and sustainable. The Fiscal Deficit of the Government for 2022-23 is estimated to be Rs. 16, 61,196 crore. The Revised Estimates for 2021-22 indicate a Fiscal Deficit of Rs. 15, 91,089 crore as against the Budget Estimates of Rs. 15, 06,812 crore.71

The Finance Minister stated that the outlay for capital expenditure In the Union Budget is once again being stepped up sharply by 35.4 per cent from Rs. 5.54 lakh crore in the current year to Rs. 7.50 lakh crore in 2022-23. This has increased to more than 2.2 times the expenditure of 2019-20. This outlay in 2022-23 will be 2.9 per cent of GDP.

OBJECTIVE OF FISCAL POLICY:

Fiscal policy in India is the guiding force that helps the government decide how much money it should spend to support the economic activity, and how much revenue it must car from the system, to keep the wheels of the economy running smoothly. In recent times, the importance of fiscal policy has been increasing to achieve economic growth swiftly, both in India and across the world. Attaining rapid economic growth is one of the key goals of fiscal policy formulated by the Government of India. Fiscal policy, along with monetary policy, plays a crucial role in managing a country's economy

The objective of fiscal policy is to maintain the condition of full employment, economic stability and to stabilize the rate of growth. For an under-developed economy, the main purpose of fiscal policy is to accelerate the rate of capital formation and investment. Therefore, fiscal policy in under-developed countries has a different objective to that of advanced countries.

Generally following are the objectives of a fiscal policy in a developing economy:

1. Full Employment:

The first and foremost objective of fiscal policy in a developing economy is to achieve and maintain full employment in an economy. In such countries, even if full employment is not achieved, the main motto is to avoid unemployment and to achieve a state of near full employment. Therefore, to reduce unemployment and under-employment, the state should spend sufficiently in social and economic overheads. These expenditures would help to create more employment opportunities and increase the productive efficiency of the economy. In this way, public expenditure and public sector investment have a special role to play in a modern state. A properly planned investment will not only expand income, output and employment but will also step up effective demand through a multiplier process an economy will march automatically towards full employment. Besides public investment, private investment can also be encouraged through tax holidays, concessions, cheap loans, subsidies etc.

2. Price Stability:

There is a general agreement that economic growth and stability are joint objectives for underdeveloped countries. In a developing country, economic instability is manifested in the form of inflation. Prof. Nurkse believed that "inflationary pressures are inherent in the process of investment but the way to stop them is not to stop investment. They can be controlled by various other ways of which the chief is the powerful method of fiscal policy" Therefore, in developing economies, inflation is a permanent phenomena where there is a tendency to the rise in prices due to the expanding trend of public expenditure. As a result of rise in income, aggregate demand exceeds aggregate supply. Capital goods and consumer goods fail to keep pace with rising income.

3. ccelerate the Rate of Economic Growth:

Primarily, fiscal policy in a developing economy should aim at achieving an accelerated rate of economic growth. But a high rate of economic growth cannot be achieved and maintained without stability in the economy. Therefore, fiscal measures such as taxation, public borrowing and deficit financing etc. should be used properly so that production, consumption and distribution may not adversely affect. It should promote the economy as a whole which in turn helps to raise national income and per capita income.

4. Optimum Allocation of Resources:

Fiscal measures like taxation and public expenditure programmers, can greatly affect the allocation of resources in various occupations and sectors. As it is true, the national income and per capita income of underdeveloped countries is very low. In order to gear the economy, the govemment can push the growth of social infrastructure through fiscal measures. Public73 expenditure, subsidies and incentives can favorably influence the allocation of resources in the desired channels.

Tax exemptions and tax concessions may help a lot in attracting resources towards the favored industries. On the contrary, high taxation may draw away resources in a specific sector. Above all, direct curtailment of consumption and socially unproductive investment may be helpful in mobilization of resources and the further check of the inflationary trends in the economy. Sometimes, the policy of protection is a useful tool for the growth of some socially desired industries in an under-developed country.

5. Equitable Distribution of Income and Wealth:

It is needless to emphasize the significance of equitable distribution of income and wealth in a growing economy: Generally, inequality in wealth persists in such countries as in the early stages of growth, it concentrates in a few hands. It is also because private ownership dominates the entire structure of the economy. Besides, extreme inequalities create political and social discontentment which further generate economic instability. For this, suitable fiscal policy of the government can be devised to bridge the gap between the incomes of the different sections of the society.

6. Economic Stability:

Fiscal measures, to a larger extent, promote economic stability in the face of short-run international cyclical fluctuations. These fluctuations cause variations in terms of trade, making the most favorable to the developed and unfavorable to the developing economies. So, for the purpose of bringing economic stability, fiscal methods should incorporate built-inflexibility in the budgetary system so that income and expenditure of the government may automatically provide a compensatory effect on the rise or fall of the nation's income.

CHAPTER:04

DATA ANALYSIS AND INTERPRETATION

QUESTIONNAIRE

Q.1 Main objective of 2016 Indian banknote demonetisations was …….

- Stable national growth
- Tax collection
- Curbing black money
- Increase Digital Payments

Q.2 Are you satisfied with the 6.75% Bank rate?

- Yes
- No
- Maybe

Q.3 Do you agree with 2016 banknotes demonetization?

- Agree
- Strongly agree
- Disagree
- Strongly Disagree

Q.4 Are you satisfied with RBI's fiscal policy?

- Yes
- No
- Maybe

Q.5 Do you agree with RBI should introduce new schemes for agriculture sector?

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree

Q.6 Do you agree with if bank decreases the Rate of Interest for any type of loans and advances .

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Q.7 Does RBI needs to motivate people for digital payments rather than physical payments ?

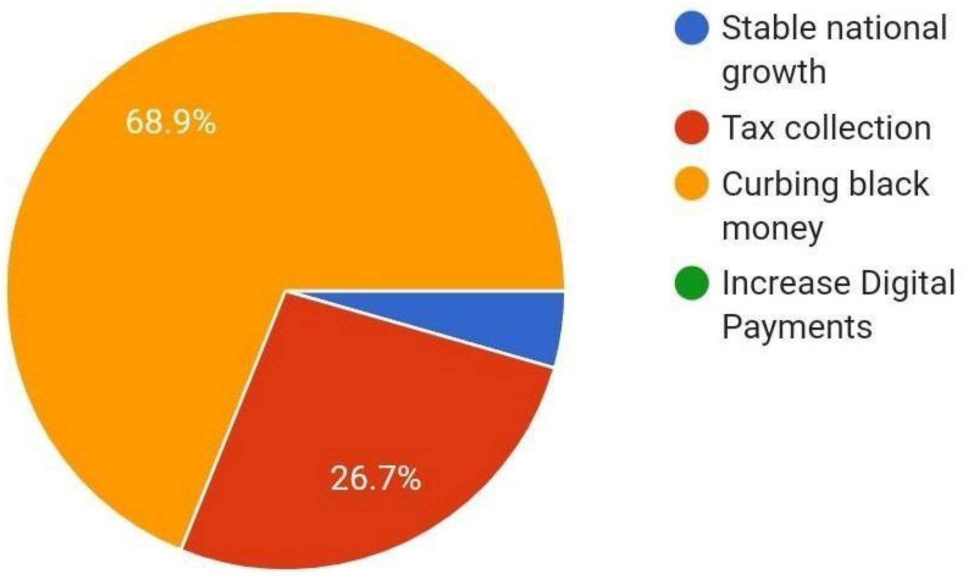
- Yes
- No
- Can't say

Q.8 Does increasing the interest rate of saving accounts encourages people for saving more?

- Yes
- No
- Maybe

DATA ANALYSIS AND INTERPRETATION

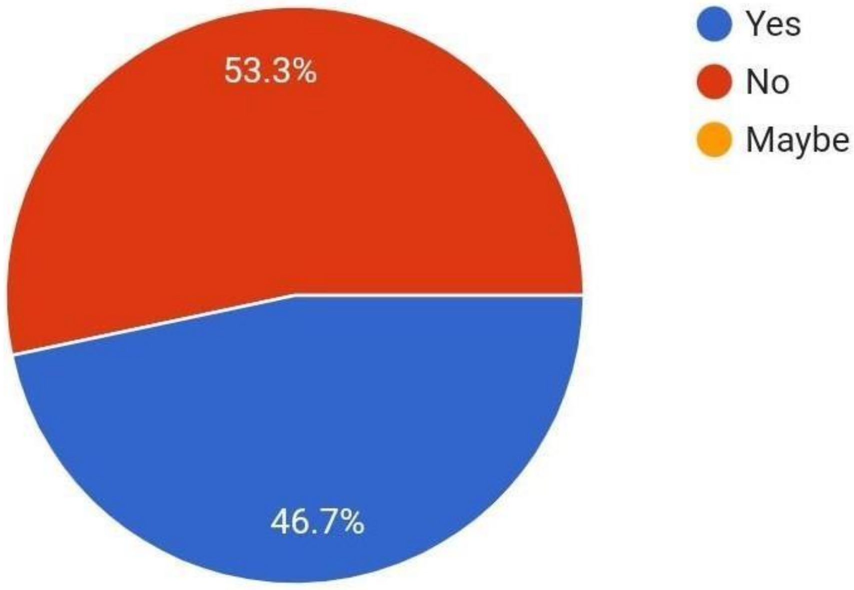
1) 2016 Indian banknote demonetisations motive was .....



Particulars	No. of Responses	Percentages
Stable National Growth	2	4.4%
Tax collection	-	-
Curbing Black Money	31	68.9%
Increase Digital Payments	12	26.7%

INTERPRETATION: The above pie chart interprets 31 responses for Curbing black money i.e. 68.9% and 12 responses for tax collection i.e. 26.7%, and for stable national growth 2 responses i.e. 4.4%.

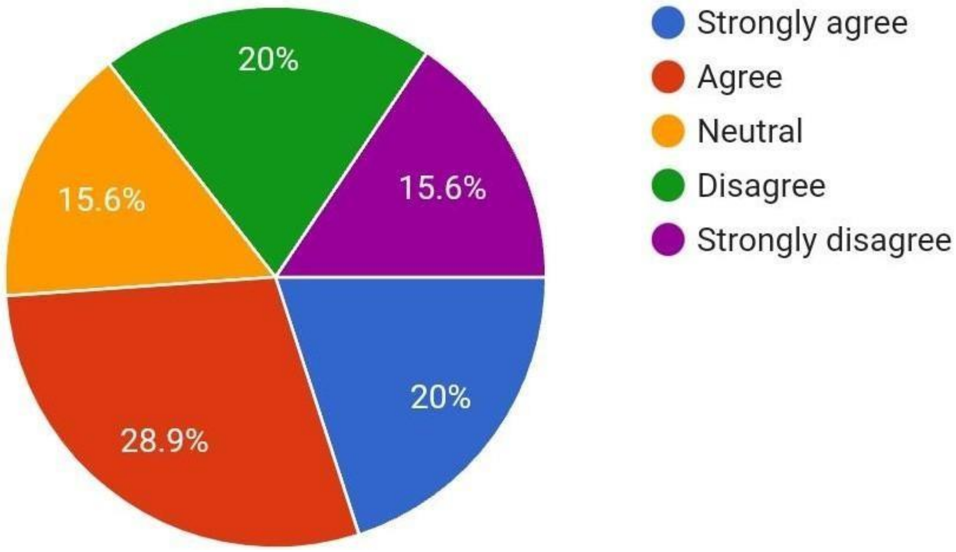
2) Are you satisfied with the 6.75% Bank rate?



Particulars	No. of Responses	Percentages
Yes	24	53.3%
No	21	46.7%
Maybe	-	-

INTERPRETATION: The above pie chart interprets 24 responses says that people are satisfied with the 6.75% Bank rate i.e. 53.3% and 21 responses for people are satisfied with the 6.75% Bank rate i.e. 46.7%

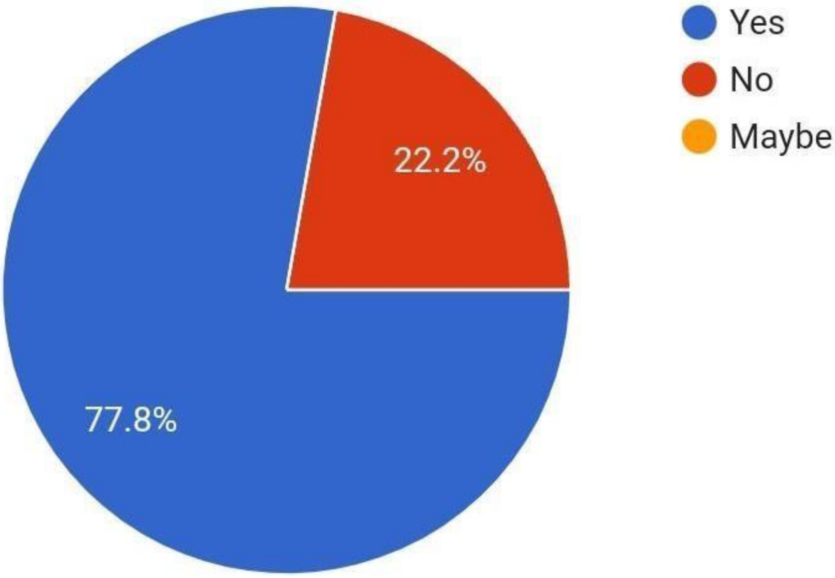
3) Do you agree with 2016 banknotes demonetization?



Particulars	No. of Responses	Percentages
Strongly Agree	9	20%
Agree	13	28.9%
Neutral	7	15.6%
Disagree	9	20%
Strongly Disagree	7	15.6%

INTERPRETATION: The above pie chart interprets 28.9% people agree with the above statement with 13 responses, 20% people are strongly agree and 20% are disagree for the above statement with 9 responses each remaining and 15.6% people neutral and strongly Disagree with 7 responses.

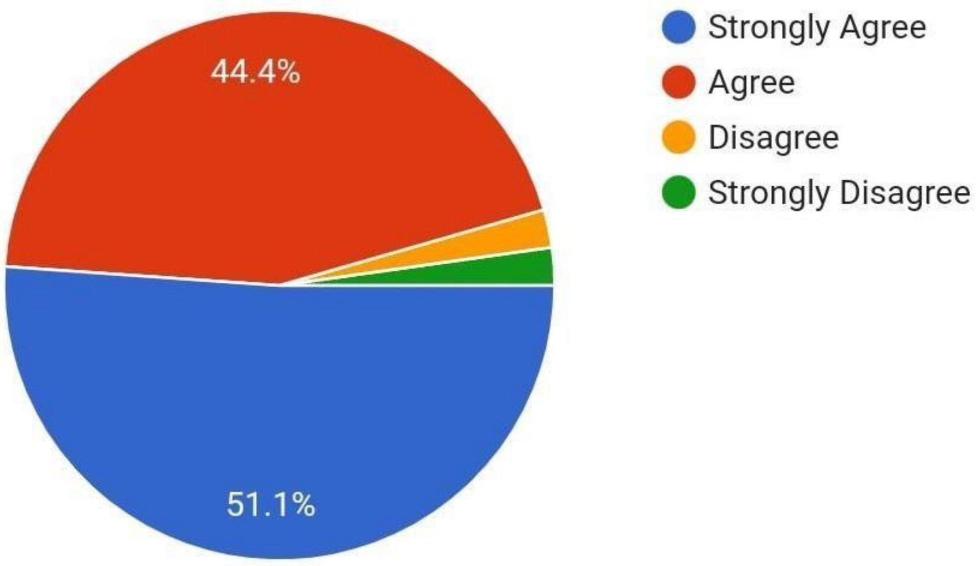
4) Are you satisfied with RBI's fiscal policy?



Particulars	**No. of Responses**	**Percentages**
Yes	35	77.8%
No	10	22.2%
Maybe	-	-

INTERPRETATION: The above pie chart interprets the highest no of responses with 35 people are satisfied with the above statement i.e. 77.8% and 22.2%% people are not satisfied with the above statement with 10 responses.

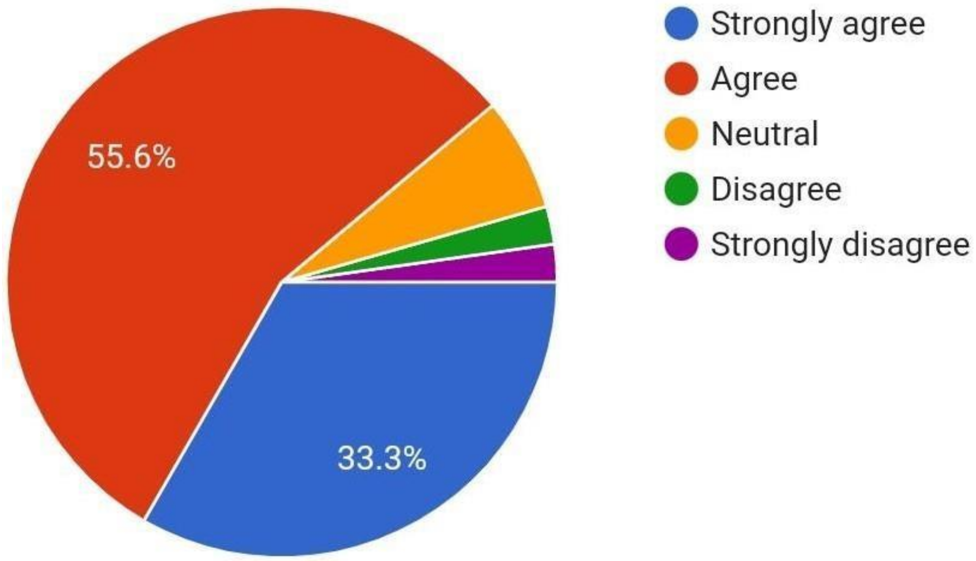
5) Do you agree with RBI should introduce new schemes for agriculture sector?



Particulars	No. of Responses	Percentages
Strongly Agree	23	51.1%
Agree	20	44.4%
Disagree	1	2.2%
Strongly Disagree	1	2.2%

INTERPRETATION: The above pie chart interprets the highest no of responses with 23 for strongly agree i.e.51.1% and the second largest response is 20% for agree 44.4% and 1 response for disagree and strongly disagreed i.e., 2.2% individually.

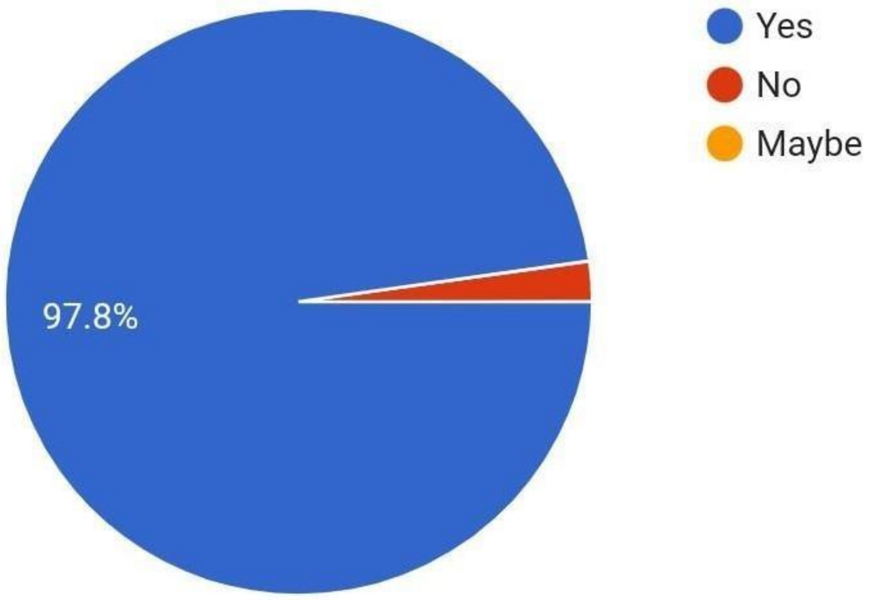
6) Do you agree with if bank decreases the Rate of Interest for any type of loans and advances .



Particulars	No. of Responses	Percentages
Strongly Agree	15	33.3%
Agree	25	55.6%
Neutral	3	6.7%
Disagree	1	2.2%
Strongly Disagree	1	2.2%

INTERPRETATION: The above pie chart interprets the highest no of responses with 25 for agree i.e. 55.6% and the second largest response is 15 for strongly agree i.e. 33.3% and 3 responses for Neutral i.e., 6.7% and the lowest response with 1 for disagree and strongly Disagree i.e. 2.2%.

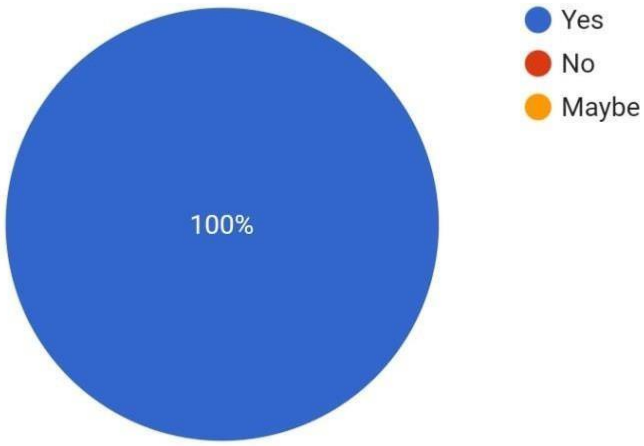
7) Does RBI needs to motivate people for digital payments rather than physical payments ?



Particulars	No. of Responses	Percentages
Yes	44	97.8%
No	1	2.2%
Maybe	-	-

INTERPRETATION: The above pie chart interprets the highest no of responses 44 says that maximum people are satisfied with the above statement i.e. 97.8% and 1 response not satisfied i.e. 2.2%

8) **Does increasing the interest rate of saving accounts encourages people for saving more?**



Particulars	No of Responses	Percentages
Yes	45	100%
No	-	-
Maybe	-	-

INTERPRETATION: The above pie chart interprets the highest no of responses 45 says that all people are satisfied with the above statement i.e. 100%

CHAPTER: 5

SUGGESTIONS AND RECOMMENDATIONS

CHAPTER: 5

SUGGESTIONS AND RECOMMENDATIONS

- As the pandemic ravages on, the economic impact is hard to measure. In such a situation RBI should step forward and so far announce various liquidity, monetary, regulatory and supervisory measures in the form of interest rate cuts, higher structural and durable liquidity, moratorium on debt servicing, asset classification and also a special resolution window within our prudential framework for resolution of stressed assets.

- This framework is a well thought out decision taken in consultation with stakeholders and is aimed at striking a balance between protecting the interest of depositors and maintaining financial stability on one hand, and preserving the economic value of viable business by providing durable relief to businesses as well as individuals affected by the covid19 pandemic.

- On the other hand, we expect efficient and diligent implementation of the resolution plans by the banks keeping the above objectives in mind. While the moratorium on loans was a temporary solution in the context of the lockdown. The resolution framework is expected to give durable relief to borrowers facing covid related stress.

- The main purpose of the RBI is to conduct consolidated supervision of the financial sector in India, which is made up of commercial banks, financial institutions, and non-banking finance firms. Initiatives adopted by the RBI include restructuring bank inspections, introducing off-site surveillance of banks and financial institutions, and strengthening the role of auditors.

- Banks are under obligation to maintain secrecy of customers account. The new RBI new Circular has given guidelines to minimize risk of hacking. However, it is the duty on the banker to adopt technology to discharge his duty in amore effective manner. Reserve Bank of India should also ensure that the banks are using new technology.

CHAPTER : 6

CONCLUSION

CHAPTER: 6

CONCLUSION

Every authority concerned with the Co-operative sector will have to play its part in ensuring that the aspirations of the Urban Co-operative Banking sector are nurtured in a manner that depositor interest and the public interest at large is protected. The role of RBI could, thus, be to frame a regulatory and supervisory regime that is multi-layered to capture the heterogeneity of the sector and implement policies that would provide adequate elbowroom for the sector to grow in a non-disruptive manner. The State and Central Governments could recognize that the UCBs are not just co-operative societies but they are essentially banking entities whose management structure is that of a co-operative. They should recognize the systemic impact that inefficient functioning of the entities in the sector could have. Consequently, it would be in the interest of the sector if they support, facilitate and empower the RBI to put in place mechanisms and systems that would enable these UCBs to perform their banking functions in a manner that is in the overall interest of the depositors and the public at large.

CHAPTER: 7

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CHAPTER:7

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