

# [Rbi – india’s central bank](https://assignbuster.com/rbi-indias-central-bank/)

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?????? ??????? ???? Reserve Bank Of India India’s Central Bank INSTITUTE OF BUSINESS MANAGEMENT Chhatrapati shahu ji maharaj University Kanpur TERM PAPER Financial Institution and Markets Submitted To: Submitted By: Dr. S. PandiyaReshma Singh Deepak Tiwari Alok Mishra Neha Mishra MBA(F&C) II nd- semester INTRODUCTION The Reserve Bank of India is the central bank of India and controls the monetary policy of the rupee as well as 171 billion US-Dollar (2006) currency reserves. ESTABLISHMENT

The Reserve Bank of India was established on April 1, 1935 during the British-Raj in accordance with the provisions of the Reserve Bank Of India Act, 1934 . The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937. The Central Office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India. Preamble- The Preamble of the Reserve Bank of India describes the basic functions of the Reserve Bank as: “… o 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. ” ORGANISATION OF RBI The Reserve Bank’s affairs are governed by a central board of directors. The board is appointed by the Government of India in keeping with the Reserve Bank of India Act. \* Appointed/nominated for a period of four years \* Constitution: \* Official Directors \* Full-time : Governor and not more than four Deputy Governors \* Non-Official Directors Nominated by Government: ten Directors from various fields and one government Official \* Others: four Directors – one each from four local boards Central Board The RBI is monitored by a central board of directors. The board is appointed by the Government of India in accordance with the RBI act. Local Boards \* Local Boards are present in the four metros of Mumbai, Calcutta, Chennai and New Delhi. \* Local Board consists of five members. \* Local Board is appointed by the Central Government. \* Local Board is for a period of four years. FUNCTION OF RBI | The RBI have to maintain: \* Monetary Authority. \* Regulator and supervisor of the financial system.. \* Manager of Foreign Exchange. \* Issuer of currency. \* Developmental role in financial infrastructure. Monetary Authority: \* Formulates , implements and monitors the monetary policy. \* Objective: maintaining price stability and ensuring adequate flow of credit to productive sectors. Regulator and supervisor of the financial system: \* Prescribes broad parameters of banking operations within which the country’s banking and financial system functions. Objective: maintain public confidence in the system, protect depositors’ interest and provide cost-effective banking services to the public. Manager of Foreign Exchange : \* Manages the Foreign Exchange Management Act, 1999. \* Objective: to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India. Issuer of currency: \* Issues and exchanges or destroys currency and coins not fit for circulation. \* Objective: to give the public adequate quantity of supplies of currency notes and coins and in good quality.

Developmental role : \* Performs a wide range of promotional functions to support national objectives. Roles Of RBI \* Note Issuing Authority \* Government Banker \* Bankers’ Bank \* Supervising Authority \* Exchange Control Authority \* Promoter Of the Financial System \* Regulator Of money and Credit Note issuing authority The RBI has, since its inception, the sole right or authority monopoly of issuing currency notes other than one rupee notes and coin , and coin of smaller denominations are issued by the RBI at present , the bank issue note in following denominations; Rs. , 5, 10, 20, 50, 100, 500, and 1000. Government banker The RBI is the banker to the central and state governments . It provide to the governments all banking services such as acceptance of deposits, withdrawal of cheques , receipts and collection of payments on behalf of the government , transfer of fund , making payment of the public debt . The bank receives government deposits free of interest . The deficit or surplus in the central government account with the RBI is managed by the creation and cancellation of Treasury bills .

Bankers Bank The RBI, like all central bank can be called a bankers bank because it has a very special relationship with commercial and cooperative bank . the bank control the volume of the reserve of commercial bank and there by determine the deposits /credit creating ability of the bank the bank hold a part of their reserve with the RBI similarly in the time of there need , the bank borrow fund from the RBI there fore called the bank of last resort or the lender of last resort Supervising authority ank with a view to developing and adequate and a sound banking system in the The RBI has waste power to supervise and control commercial and cooperative country it has the following power: (a) To issue license for the establishment of new bank (b) To issue license for the setting up the bank branches (c) To control the method of operation of bank (d) To control appointment , reappointment , termination of appointment of the chairman and chief executive officer of the private sector bank (e) To approve or force amalgamations.

Exchange control authority One of the essential function of the RBI is to maintain the stability of the external value of the rupees . it pursues this objective through its domestic policies and the regulation of the foreign exchange market as for as the external sector is concern, the task of the RBI has the following dimension : (a) To administer the foreign exchange control. (b) To choose the exchange rate system and fix of manage the exchange rate between the rupee and other currencies. c) To manage exchange reserve. (d) To interact or negotiate with the monetary authorities of the sterling area Regulator of money and credit The function of formulating and conducting monetary policy is of paramount importance for any central bank monetary policy before to the use of technique of monetary control and disposal of the central bank for achieving certain objectives. Offices \* Has 22 regional offices, most of them in state capitals. TRAINING ESTABLISHMENTS Has six training establishments Three, namely, College of Agricultural Banking, Bankers Training College and Reserve Bank of India Staff College are part of the Reserve Bank \* Others are autonomous, such as, National Institute for Bank Management, Indira Gandhi Institute for Development Research (IGIDR), Institute for Development and Research in Banking Technology (IDRBT) List of Governors of the Reserve Bank of India (RBI): 1. Sir Osborne Smith (1935 – 1937) 2. Sir James Taylor (1937 – 1943) 3. Sir C. D. Deshmukh (1943 – 1949) 4. Sir Benegal Rama Rau (1949 – 1957) 5. K. G. Ambegaonkar (1957) 6. H. V.

R. Iyengar (1957 – 1962) 7. P. C. Bhattacharya (1962 – 1967) 8. L. K. Jha (1967 – 1970) 9. B. N. Adarkar (1970 10. S. Jagannathan (1970 – 1975) 11. N. C. Sen Gupta (1975) 12. K. R. Puri (1975 – 1977) 13. M. Narasimham (1977) 14. Dr. I. G. Patel (1977 – 1982) 15. Dr. Manmohan Singh (1982 – 1985) 16. A. Ghosh (1985) 17. R. N. Malhotra (1985 – 1990) 18. S. Venkitaramanan (1990 – 1992) 19. Dr. C. Rangarajan (1992 – November 10th 1997) 20. Dr. Bimal Jalan (November 11th 1997 – September 5th 2003) 21. Dr. Y. Venugopal Reddy (September 6th 2003 – September 5th 2008) 22. Dr. D.

Subbarao (September 6th 2008 – Till Date) First Governor: Sir Osborne Arkell Smith, was the first Governor of the Reserve Bank of India. Sir Osborne, did not sign any Indian rupee notes during his tenure. (1935 – 1937) First Indian Governor: C. D. Deshmukh, was the first Indian to be appointed as the Governor of the Reserve Bank of India in 1943 by the British Raj authorities. He subsequently served as the Finance Minister in the Union Cabinet. (1943 – 1949) Present Governor: Dr. Duvvuri Subbarao is the 22nd Governor of Reserve Bank of India (RBI); his term will end in September 2011. September 6th 2008 – Till Date) Dr. D. Subbaraos’ Early life Subbarao’s hometown is Eluru, a city near Vijayawada, Andhra Pradesh. He did his schooling from the Sainik School in Korukonda, Andhra Pradesh. He graduated in Physics[B. Sc Hons. ] from Indian Institute of Technology Kharagpur (class of 1969) where he was the recipient of Director’s Gold Medal. He received a [M. Sc] degree also in Physics from Indian Institute of Technology Kanpur. Subbarao topped the IAS examination in 1972 and was assigned the Andhra Pradesh cadre. He later did a Masters degree (MS) in economics from Ohio State University, United States and was a Humphrey Fellow at Massachusetts Institute of Technology. The years involved in each case are not publicly available at present. He later received a Ph. D. in Economics from Andhra University. The subject of his doctoral thesis at Andhra University is not publicly available at present; nor is the year of award. Dr. DUVVARI SUBBARAO (Governor Of RBI) His Career Subbarao worked as the joint secretary in the Department of Economic Affairs, Ministry of Finance, Government of India between 1988 and 1993.

Subsequently he became the Finance Secretary to the Government of Andhra Pradesh between 1993 and 1998. On completion of his term, he was deputed as lead economist in the World Bank from 1994 to 2004. On completion of his term, he was appointed to the Prime Ministers’ Economic Advisory Council from 2005 to 2007 before he was elevated as the Finance Secretary in 2007. Subbarao is credited for fiscal reforms at state levels and also a study on decentralisation in countries of East Asia. PRESENT DEPUTY GOVERNORS OF RBI 1. Smt. Shyamala Gonipath 2. Smt. Usha Thorat 3. Dr. K. C. Chakrabarty . Dr. Subir Gokarn CREDIT CREATION ‘ Credit Creation’ begins with banks lending money out of primary deposits. credit creation by banks is one of the important ; only sources to generate income. And when the reserve requirement increased by the central bank it would directly affect on the credit creation by bank because then the lendable funds with the bank decreases and vice versa. In fact banks cannot lend the entire primary deposits as they are required to maintain a certain proportion of primary deposits in the form of reserves with the RBI under RBI ; Banking Regulation Act.

After maintaining the required reserves, the bank can lend the remaining portion of primary deposits. Here bank’s lend the money and the process of credit creation starts. CREDIT CONTROL Credit Control Policies aimed at serving the dual purpose of (1) Increasing sales revenue by extending credit to customers who are deemed a good credit risk, and (2) Minimizing risk of loss from bad debts by restricting or denying credit to customers who are not a good credit risk. A strategy employed by manufacturers and retailers to promote good credit among the creditworthy and deny it to delinquent borrowers.

This will both increase sales and decrease bad debts, thus improving a company’s cash flow. Credit control is an important component in the overall profitability of many firms. Also known as “ credit management”. MONETARY POLICY OF THE RBI Definition Monetary policy is that part of economic policy in which central bank controls the cost and supply of money and credit by applying differenttechniques. It is also main function of central bank. We all know, if supply and cost of money are not controlled. Then both are harmful for development of economy.

In India RBI is sole institute who is taking steps to regulate money and credit by controlling its supply. Monetary policy regulates both volume and value of currency and credit. MONETRY POLICY (Theoretical Basis) Monetary authorities in India do not appear to subscribe to anyone of the several known models of monetary policy; their approach in this regard has rightly been quite eclectic. Thus, “ it is no longer a question of either Keynesianism or Monetarism. Relevance of money supply A great deal of concern has been shown with change in the volume and the rate of growth of money supply .

Relevant official document always makes a reference to the trends in the growth of money supply and emphasis the necessity of its appropriate rate of growth. Monetary authorities in India, unlike monetarists, believe in discretionary monetary policy and have refrained from prescribing any rigid monetary rule or rate of growth of money supply as target in the course of monetary management. The monetary authorities have not only refrained from fixing any exact monetary rule but they also seen to regard any such rule as harmful, for monetary policy should be responsive to changing circumstances .

Money supply ‘ not’ being the control variable of monetary policy –Reasons The authority `realisation that it is not exogenous that is, not fully under their control must have led then to adopt the approach as indicate. Thus,” the problem of curbing monetary expansion is that, there are to measure elements which are virtually outside our control, namely (a) the increase in monetary supply corresponding to inward remittances of foreign exchange, and (b) the requirement of credit of financing purchase of food grains Major intermediate variables

The RBI regard money supply and the volume of bank credit as the two major intermediate variables. There is a belief that money supply does not change on its own, its changes because of certain underlying development with regard to bank credit and the expansion of money supply and bank credit are two sides of the same coin Shift in RBI’s Electric policy stance There is a feeling in certain quarters that the outlook of the monetary authorities has become monetarist since the chakravarty committee submitted its report on the Indian monetary system.

We have been using broad money as an intermediate and flexible target to achieve the ultimate objective of monetary policy. The appropriateness of monetary aggregate as a target in India arise from the fact that it is relatively well understood by the public and the demand for money function has been reasonably stable in India. Objective of Monetary Policy \*   To control the supply of money. \*   To control the cost of money and credit. \*   Exchange stability \*   Full employment Third Quarter Review of Monetary Policy 2009-2010 -Press Statement by Dr. D. Subbarao, Governor

Banks generally welcomed the Reserve Bank’s policy stance. They indicated that the monetary measures announced by the Reserve Bank may not put immediate pressure on lending rates. Apart from monetary policy, discussions centred around specific issues such as (i) credit growth and monetary transmission; (ii) government market borrowing programme; (iii) infrastructure financing; and (iv) financial inclusion. Banks felt that credit growth prospects remain favourable going forward. They emphasised the need to expand their capital to sustain their lending operations in future.

Banks indicated that they have reduced their lending rates responding to earlier monetary easing by the Reserve Bank. Global Economy The global economy is showing increasing signs of stabilisation with the Asian region experiencing a relatively stronger rebound. Global economic performance improved during the third and fourth quarters of 2009, prompting the IMF to reduce the projected rate of economic contraction in 2009 from 1. 1 per cent made in October 2009 to 0. 8 per cent in January 2010. Indian Economy Growth The Indian economy showed a degree of resilience as it recorded a better-than-expected growth of 7. per cent during the second quarter of 2009-10. Risk Factors While the baseline scenario is comforting, a number of downside risks to growth and upside risks to inflation need to be recognised. These include (i) uncertainty about the pace and shape of the global recovery; (ii) the surge in oil prices, if global recovery is stronger than expected; (iii) uncertainty about the performance of the south-west monsoon in 2010. In addition, a bigger risk to both short-term economic management and to medium-term economic prospects emanates from the large fiscal deficit. Monetary Policy Stance

The Reserve Bank announced the first phase of exit from the expansionary monetary policy by terminating some sector-specific facilities and restoring the statutory liquidity ratio (SLR) of scheduled commercial banks to a pre-crisis level in the Second Quarter Review of October 2009. Technique of monetary control There are the following technique which are used in monetary control 1. Bank Rate 2. Open Market Operation 3. Cash Reserve Ratio 4. Statutory Liquidity Ratio 5. Changes In Marginal Requirement Of Loans 6. Moral Persuasion / Inspiration 7. Rationing Of Credit 8. Regulation Of Consumer Credit . Bank Rate Bank rate is that rate which is charged by Central bank for issue loan to the member banks. By changing it, central bank can control the credit. > If Central bank increase this bank rate, all commercial banks will increase their interest rate by this loan become costly and flow of fund in the form of credit will decrease. > If central bank wants to expand credit, then Central bank will decrease bank rate, after this commercial bank can get advance and loan at cheap rate and by this way, they also decrease their interest rate. After this flow of cash in the form of loan will increases. 2.

Open Market Operation Open market operation is the all action which is done by central bank for purchase and sale of member banks’ security in open market. If RBI wants to contract the credit, then RBI will sell the security of member bank and member bank’s flow of cash will stop. If RBI wants to expand credit in recession, then RBI will start to buy the security of member banks and member banks get cash and they can now use it for providing more loans to customers. 3. Cash Reserve Ratio Cash reserve ratio is the minimum percentage of the deposit to be kept as reserve by the banks with central bank.

It can be used as the technique of monetary policy. By changing cash reserve ratio, RBI can contract or expand credit in Indian economy. > If RBI wants to contract credit, and then RBI will increase this ratio. After this all banks have to keep more fund as reserve with RBI. So, they will decrease the amount of loan due to decrease the total fund available for enterprises. > If RBI wants to expand credit, then RBI will decrease this ratio, after this all banks have to keep less fund as reserve with RBI. So, they will issue more credit to public. 4. Statutory Liquidity Ratio

The SLR is commonly used to contain inflation and fuel growth, by increasing or decreasing it respectively. The objectives of SLR are: a)To restrict the expansion of bank credit. b)To augment the investment of the banks in Government securities. c)To ensure solvency of banks. Formula SLR Rate = Total Demand x 100 Time Liabilities 5. Changes in Marginal Requirement of loan Marginal requirement is the difference between value of security and actual loan accepted by bank. Suppose a person wants to take loan of Rs. 80 , we has to give security of Rs. 100 then marginal requirement is Rs. 00 – Rs. 80  = Rs. 20 . 6. Moral Persuasion / Inspiration RBI as central bank of country can control credit with moral persuasion. Under this persuasion, RBI can call a meeting of all commercial bank and give advice in discussion that they should not give loan for speculative purposes. 7. Rationing of Credit RBI has right to create ration of credit under monetary policy. It can be done by following way:- a) To fix the amount of loan for a particular bank. b) To fix Quota for all banks. c) To fix Quota for different traders. 8. Regulation of consumer credit In case inflation, prices are increased. To control prices central bank contract credit to reduce the total amount of installment for payment. > In case of deflation, prices are decreased to control prices central bank expand credit to increase the amount of installment. CURRENT RATES OF RBI Policy Rates Bank Rate: 6. 0% Repo Rate: 5. 0% Reserve Repo Rate: 3. 5% Reserve Ratios CRR: 5. 75% SLR: 25. 0% Exchange Rate INR/ 1 USD : 45. 48 INR/ 1 Euro: 61. 89 INR/ 100 Jap. YEN: 50. 28 INR/ 1 Pound : 69. 09 Saving Bank Rate: 3. 5% Deposit Rate: 6. 0% – 7. 5% Call Rate: 2. 25% – 4. 10% Date : 27/08/2009

Summary of the Annual Report of RBI for the year ended June 2009 The Indian economy exhibited significant resilience in 2008-09 in the face of an intense global financial crisis and the subsequent severe global recession. The contagion from the global crisis, however, posed the challenge of responding to the evolving risks and `heightened uncertainties, which warranted swift and appropriate use of fiscal and monetary policy measures with a view to ensuring orderly functioning of the markets, preserving financial stability, and moderating the dampening effects on growth.

The Indian economy witnessed moderation in growth in 2008-09 in comparison with the robust growth performance in the preceding five years. The deceleration in growth was broad based across three major constituent segments of GDP, i. e. agriculture, industry and services. ASSESSMENT OF 2008-09 \* Economic Growth The deceleration in growth, which started with the cyclical slowdown in the first half of 2008-09, got magnified in the second half due to the contagion from the global crisis. Deceleration in growth to 5. per cent in two successive quarters in the second half of 2008-09 represented the weakest growth in recent period; more importantly, while industrial growth turned negative in the last quarter, the deceleration in services persisted in all successive quarters of the year. \* The Fiscal Stance The unprecedented magnitude and complexity of the challenge necessitated temporary deviation from the fiscal consolidation process embodied in the Fiscal Responsibility and Budget Management (FRBM) Act. The combined fiscal deficit (Centre and States), including the special securities issued to oil marketing and fertiliser companies, thus, reached 10. per cent of GDP in 2008-09. \* The Monetary Stance Part of the high growth in credit up to October 2008 reflected the shift in the pattern of resource mobilisation by the corporates in the face of emerging global credit squeeze. Moreover, there was a sharp increase in credit to oil marketing companies which reflected the rising international oil prices and high cost of imported crude. After October 2008, however, with sharp fall in international oil prices, the demand from oil companies came down at the same pace.

Moreover, decline in commodity prices, need for clearing the inventories accumulated at high cost in the face of falling demand and falling prices, as well as weakening business confidence contributed to the sharp drop in credit growth. Credit extended by private and foreign banks exhibited much sharper deceleration in growth in relation to the nationalised banks. The Reserve Bank ensured ample surplus liquidity in the system to ensure flow of credit to productive sectors, within the prudence necessary for preserving the asset quality of the banks. \* Liquidity Management

The Reserve Bank had to more than offset the contraction in reserve money by expanding its net domestic assets (NDA) so as to ensure necessary growth in money supply consistent with the needs of economic growth, besides the provision of ample liquidity to alleviate any fear of liquidity shortage in the Indian markets. The Reserve Bank ensured the necessary expansion in NDA through conventional open market operations (OMOs) involving outright purchase of government securities in the secondary market, as well as provision of liquidity through acquisition of securities by repos under the LAF. Inflation Divergence inflation, as measured by year-on-year variations in the WPI, declined sharply to 0. 84 per cent by end March 2009 from the peak of 12. 91 per cent on August 02, 2008. Excluding the volatile fuel and metals components in WPI, however, the WPI inflation was less volatile, in the range of 10. 2 per cent in August 2008 to 4. 8 per cent in March 2009. PROSPECTS FOR 2009-10 \* The Uncertain Global Outlook

The external economic environment is unlikely to remain congenial for supporting a faster recovery in India, because despite improved financial market conditions and thaw in the pace of contraction in global activity, the recession in advanced countries is widely perceived to persist in 2009. Moreover, rebalancing of the global growth to correct the accumulated global imbalances of the past years may also affect the growth prospects of many countries. \* Aggregate Demand The composition of aggregate demand had to tilt in favour of government demand, on account of the use of fiscal stimulus to contain the growth slowdown.

In view of the payments made under the Farmer Debt Waiver Scheme, Sixth Pay Commission and fiscal stimulus measures, the share of government final consumption increased to over 11. 1 per cent of GDP in 2008-09 from 9. 8 per cent of GDP in the previous year. \* Agricultural and Allied Activities The agricultural growth prospects in 2009-10 have to be assessed taking into account the output impact of deficient monsoon. With almost 60 per cent of the agricultural land being rain-fed, Indian agriculture is still dependent on the performance of the monsoon, particularly the South-West monsoon. Industrial Sector Despite positive growth and signs of recovery in the first quarter of 2009- 10, the growth outlook for the industrial sector remains mixed. In view of the prevailing uncertainties, the Reserve Bank has set up an Industry Monitoring Group drawing members from external agencies as well as from concerned departments of the Bank in April 2009 to periodically assess the developments in Industry in relation to changes taking place in the global economy and the financial sector. \* Subsidies

Management of subsidy has posed a persistent policy challenge. The high fertiliser prices prevailing in global commodity markets during the first half of 2008-09 and the enhanced minimum support price for wheat and rice led to sharp increases in fertiliser and food subsidies in 2008-09 by Rs. 44, 863 crore and Rs. 10, 960 crore, respectively, over the budget estimates. \* Employment I. 52 The employment effects of the global economic recession have been a key driving factor behind the use of large stimulus packages all over the world.

While no information is available at the macro-level in India on the unemployment scenario arising from the slowdown in growth, unemployment very much remains a concern, and there are evidences of some increase in unemployment in certain sectors. Fiscal Outlook for 2009-10 Central Government The Union Budget for 2009-10 was presented against the backdrop of continued uncertainties in the global economy and its attendant effects on Indian economy. It reiterated the objective of the Government to keep the economy on a high growth trajectory amidst global slowdown by creating demand through increased public expenditure in identified sectors.

The GFD for 2009-10 was budgeted at 6. 8 per cent of GDP as compared with 6. 5 per cent of GDP in 2008-09 (RE) and 6. 2 per cent in the provisional accounts for 2008-09. State Budgets 2009-10 The fiscal correction and consolidation at the State Government level during the past few years has suffered a setback in view of the moderation in economic activities. The consolidated revenue account of the State Governments is budgeted to turn into deficit of 0. 6 per cent of GDP after being in surplus in the previous three years. As a result, GFD is budgeted to be higher at 3. 4 per cent of GDP as compared with that in 2008-09 (RE).

The progress with respect to implementation of Fiscal Responsibility Legislation (FRL) at State level has, therefore, suffered a setback. Table : Movement in Key Policy Rates and Reserve Requirements | (Per cent) | Effective since| Bank Rate| Reverse Repo Rate| Repo Rate| Cash Reserve Ratio| Statutory Liquidity Ratio| 1 | 2 | 3 | 4 | 5 | 6 | March 31, 2004 | 6. 00 | 4. 50|  | 6. 00|  | 4. 50|  | 25|  | September 18, 2004 | 6. 00 | 4. 50|  | 6. 00|  | 4. 75| (+0. 25)| 25|  | October 2, 2004 | 6. 00 | 4. 50|  | 6. 00|  | 5. 00| (+0. 25)| 25|  | October 27, 2004 | 6. 00 | 4. 75| (+0. 25)| 6. 0|  | 5. 00|  | 25|  | April 29, 2005 | 6. 00 | 5. 00| (+0. 25)| 6. 00|  | 5. 00|  | 25|  | October 26, 2005 | 6. 00 | 5. 25| (+0. 25)| 6. 25| (+0. 25)| 5. 00|  | 25|  | January 24, 2006 | 6. 00 | 5. 50| (+0. 25)| 6. 50| (+0. 25)| 5. 00|  | 25|  | June 9, 2006 | 6. 00 | 5. 75| (+0. 25)| 6. 75| (+0. 25)| 5. 00|  | 25|  | July 25, 2006 | 6. 00 | 6. 00| (+0. 25)| 7. 00| (+0. 25)| 5. 00|  | 25|  | October 31, 2006 | 6. 00 | 6. 00|  | 7. 25| (+0. 25)| 5. 00|  | 25|  | December 23, 2006 | 6. 00 | 6. 00|  | 7. 25|  | 5. 25| (+0. 25)| 25|  | January 6, 2007 | 6. 00 | 6. 00|  | 7. 25|  | 5. 50| (+0. 5)| 25|  | January 31, 2007 | 6. 00 | 6. 00|  | 7. 50| (+0. 25)| 5. 50|  | 25|  | February 17, 2007 | 6. 00 | 6. 00|  | 7. 50|  | 5. 75| (+0. 25)| 25|  | March 3, 2007 | 6. 00 | 6. 00|  | 7. 50|  | 6. 00| (+0. 25)| 25|  | March 30, 2007 | 6. 00 | 6. 00|  | 7. 75| (+0. 25)| 6. 00|  | 25|  | April 14, 2007 | 6. 00 | 6. 00|  | 7. 75|  | 6. 25| (+0. 25)| 25|  | April 28, 2007 | 6. 00 | 6. 00|  | 7. 75|  | 6. 50| (+0. 25)| 25|  | August 4, 2007 | 6. 00 | 6. 00|  | 7. 75|  | 7. 00| (+0. 50)| 25|  | November 10, 2007 | 6. 00 | 6. 00|  | 7. 75|  | 7. 50| (+0. 50)| 25|  | April 26, 2008 | 6. 00 | 6. 0|  | 7. 75|  | 7. 75| (+0. 25)| 25|  | May 10, 2008 | 6. 00 | 6. 00|  | 7. 75|  | 8. 00| (+0. 25)| 25|  | May 24, 2008 | 6. 00 | 6. 00|  | 7. 75|  | 8. 25| (+0. 25)| 25|  | June 11, 2008 | 6. 00 | 6. 00|  | 8. 00| (+0. 25)| 8. 25|  | 25|  | June 25, 2008 | 6. 00 | 6. 00|  | 8. 50| (+0. 50)| 8. 25|  | 25|  | July 5, 2008 | 6. 00 | 6. 00|  | 8. 50|  | 8. 50| (+0. 25)| 25|  | July 19, 2008 | 6. 00 | 6. 00|  | 8. 50|  | 8. 75| (+0. 25)| 25|  | July 30, 2008 | 6. 00 | 6. 00|  | 9. 00| (+0. 50)| 8. 75|  | 25|  | August 30, 2008 | 6. 00 | 6. 00|  | 9. 00|  | 9. 00| (+0. 25)| 25|  | October 11, 2008 | 6. 0 | 6. 00|  | 9. 00|  | 6. 50| (-2. 50)| 25|  | October 20, 2008 | 6. 00 | 6. 00|  | 8. 00| (-1. 00)| 6. 50|  | 25|  | October 25, 2008 | 6. 00 | 6. 00|  | 8. 00|  | 6. 00| (-0. 50)| 25|  | November 03, 2008 | 6. 00 | 6. 00|  | 7. 50| (-0. 50)| 6. 00|  | 25|  | November 08, 2008 | 6. 00 | 6. 00|  | 7. 50|  | 5. 50| (-0. 50)| 24| (-1. 00)| December 08, 2008 | 6. 00 | 5. 00| (-1. 00)| 6. 50| (-1. 00)| 5. 50|  | 24|  | January 05, 2009 | 6. 00 | 4. 00| (-1. 00)| 5. 50| (-1. 00)| 5. 50|  | 24|  | January 17, 2009 | 6. 00 | 4. 00|  | 5. 50|  | 5. 00| (-0. 50)| 24|  | March 05, 2009 | 6. 0 | 3. 50| (-0. 50)| 5. 00| (-0. 50)| 5. 00|  | 24|  | April 21, 2009 | 6. 00 | 3. 25| (-0. 25)| 4. 75| (-0. 25)| 5. 00|  | 24|  | | RESERVE BANK OF INDIA Vs THE REST Central Bank | Appointment of Governor | Governor’s term of office | Financial freedom | Stated Objective | Monetary Policy | Bank Of England | Appointed by the crown on the advice of the Govt. | Five years | Dependent on the Govt. | Promoting the public good | Govt. decide the policy at the broad level | Deutsche Bundesbank | Appointed by the President of Germany | Upto eight years | Independent on the Govt. Safeguarding the currency through regulation of money supply | Full freedom to formulate policy | Federal Reserve | Chairman appointed by the President of the US | Four years | Independent of the Govt. | Maintaining long-term growth of the monetary | Full freedom to formulate policy | Reserve Bank of India | Appointed by the central Govt. | Not fixed, but not more than five yrs | Dependent on the Govt. | Multiple objectives | Governed by govt. consideration | BIBLIOGRAPHY The matter was collected from the book named “ Financial Institution and Markets” by Bhole, L. M. 4th edition

Chapter no. 6, Pages no. 6. 3 to 6. 8 ; 6. 11 to 6. 13 WEBLIOGRAPHY www. rbi. in/home. aspx www. rbi. org. in/scripts/AboutusDisplay. aspx http://en. wikipedia. org/wiki/Reserve\_Bank\_of\_India. www. IndianMBA. com http://www. tradechakra. com/reserve\_bank\_of\_india. html http://en. wikipedia. org/wiki/List\_of\_Governor\_of\_the\_Reserve\_Bank\_of\_India www. businessdictionary. com/definition/credit\_control. html http://www. banknetindia. com/banking/rbi75. html http://rbi. org. in/scripts/AnnualReportPublication. aspx? Id= 888 ARTICLE FIRST INTERNATIONAL RESEARCH CONFERENCE RESERVE BANK OF INDIA

The conference is being held at Hotel Trident, Nariman Point, On February- 12th ; 13th, 2010. About the Conference Context and Objective “ Our goal must be to make a difference to the life of every Indian, every day,” said Dr. D Subbarao, Governor, Reserve Bank of India in his message on April 2, 2009 on the occasion of the beginning of the Reserve Bank of India’s Platinum Jubilee Celebrations. The Reserve Bank of India which commenced its operations on April 1, 1935 has entered 75th year of establishment. In the Platinum Jubilee Year, the Reserve Bank is organising a series of knowledge-sharing events such as seminars, special memorial ectures, ‘ Down the Memory Lane’ meetings as well as various ‘ Outreach’ programmes. These initiatives are aimed at making the Reserve Bank a more responsive, relevant, professional and effective public institution. The Conference on “ Challenges to Central Banking in the Context of Financial Crisis” is the first in the series and is topical as the global economy braves an extraordinary challenge today. The current global recession, a fall-out of the unprecedented financial crisis, is the most serious economic crisis that the world has faced since the Great Depression of the 1930s.

The current scenario offers the central banks with both a challenge and an opportunity. A challenge because central banks were expected to address the onslaught of crisis; and an opportunity since there are lessons to be drawn from the new dimensions of the crisis and lead from the front. The Conference would provide a useful forum for the economists across the globe to exchange their views and research findings on issues relevant from a central bank’s perspective, which would provide valuable insights into the policy making. Five Challenges for Central Banks In the Context of the Crisis By the Governor (RBI), Dr. D.

Subbarao in the Conference : \* Managing monetary policy in a globalizing environment. \* Redefining the mandate of central banks. \* Responsibility Of central banks towards financial stability. \* Managing the costs and benefits of regulation. \* Managing the balance between autonomy and accountability of central banks. The RBI Governor also released a special logo on the occasion. The logo uses colours of the national flag indicating the strong linkage that the Reserve Bank has with the country’s economy. The logo also has Mahatma Gandhi in it taken from the currency note which is the link between the Reserve Bank and the common person.