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## RESEARCH ARTICLE

### Role of Reserve Bank of India

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#### Abstract

Reserve Bank of India is an apex bank in India. It is Central Bank of India. Every country has a central bank which control and monitor of financial and banking system of the country. Reserve bank of India also control and monitor of banking and financial system of the India. Reserve bank of India established in 1935. It was nationalized in 1949. Reserve bank of India's affairs governed by a central board of directors. There is a full time governor and not more than four deputy governor. Dr Raghuram rajan is the current governor of the Reserve Bank of India since 4 September 2013. Headquarter of central bank in Mumbai (shahid bhagat singh marg, Mumbai, Maharashtra). It has 19 regional offices, most of them in state capital and 9 sub offices. The preamble of the Reserve Bank of India describe the basic functions of the Reserve Bank if India. Reserve bank of India has many objectives: controlling money supply in the system, monitoring different key indicators like GDP and inflation , maintaining people's confidence in the banking and financial system , providing different tools for customers help , such as acting as the " Banking Ombudsman ". In recently Reserve Bank of India permits four non bank entities to set up white label ATMs.

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## INTRODUCTION

The Reserve Bank of India was established in April 1, 1935 with the provision of the Reserve Bank of India act1934. The concept of RBI was presented by Dr. B.R Ambedkar on his book "The problem of the rupee – its original and its solution" in the front of Hilton Young Commission. At the time of establishment central office of the bank in Calcutta but in 1937 moved to Mumbai permanently. Nationalized of the central bank in 1949.

#### Structure of Reserve Bank of India:

Main committee of the Central Bank is Central Board of Directors, appoints by Government of India for five year term. One Governor and four Deputy Governor. Dr Raghuram Rajan is the current Governor of RBI and HR Khan, Dr. Urjit Patel,R.Gandhi and S.S Mundra are four Governors. Central Bank of India has four regional representations: North in New Delhi, South in Chennai, East in Kolkata and West in Mumbai. It has 22 regional offices most of them state of capital and 9 sub offices. Training college of Central Bank of India are Reserve Bank Staff College at Chennai, and College of Agricultural Banking at Pune. The Central Bank now wants to create a post of chief operating officer (Coo) and re- allocate work between the five of them (four Deputy Governor and Coo).

No.	Name	Term of office		
		Began	Ended	Length

No.	Name	Term of office		
		Began	Ended	Length
1	<a href="#">Osborne Smith</a>	1 April 1935	30 June 1937	2 years, 90 days
2	<a href="#">James Braid Taylor</a>	1 July 1937	17 February 1943	5 years, 231 days
3	<a href="#">C. D. Deshmukh</a>	11 August 1943	30 June 1949	5 years, 323 days
4	<a href="#">Benegal Rama Rau</a>	1 July 1949	14 January 1957	7 years, 197 days
5	<a href="#">K. G. Ambegaonkar</a>	14 January 1957	28 February 1957	45 days
6	<a href="#">H. V. R. Iyengar</a>	1 March 1957	28 February 1962	4 years, 364 days
7	<a href="#">P. C. Bhattacharya</a>	1 March 1962	30 June 1967	5 years, 121 days
8	<a href="#">L. K. Jha</a>	1 July 1967	3 May 1970	2 years, 306 days
9	<a href="#">B. N. Adarkar</a>	4 May 1970	15 June 1970	42 days

No.	Name	Term of office		
		Began	Ended	Length
10	<a href="#">S. Jagannathan</a>	16 June 1970	19 May 1975	4 years, 337 days
11	<a href="#">N. C. Sen Gupta</a>	19 May 1975	19 August 1975	92 days
12	<a href="#">K. R. Puri</a>	20 August 1975	2 May 1977	1 year, 255 days
13	<a href="#">M. Narasimham</a>	3 May 1977	30 November 1977	211 days
14	<a href="#">I. G. Patel</a>	1 December 1977	15 September 1982	4 years, 288 days
15	<a href="#">Manmohan Singh</a>	16 September 1982	14 January 1985	2 years, 120 days
16	<a href="#">Amitav Ghosh</a>	15 January 1985	4 February 1985	20 days
17	<a href="#">R. N. Malhotra</a>	4 February 1985	22 December 1990	5 years, 321 days
18	<a href="#">S. Venkitaramanan</a>	22 December 1990	21 December 1992	1 year, 365 days

No.	Name	Term of office		
		Began	Ended	Length
19	<a href="#">C. Rangarajan</a>	22 December 1992	21 November 1997	4 years, 334 days
20	<a href="#">Bimal Jalan</a>	22 November 1997	6 September 2003	5 years, 288 days
21	<a href="#">Y. V. Reddy</a>	6 September 2003	5 September 2008	4 years, 365 days
22	<a href="#">D. Subbarao</a>	5 September 2008	4 September 2013	4 years, 364 days
23	<a href="#">Raghuram G. Rajan</a>	4 September 2013	<i>Incumbent</i>	2 years.... days

### 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 reserve with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage”.**

### Financial Supervision:

Board of financial Supervision (BSF) was established 1994 and this function under the guidance of this board. Financial Supervision undertakes the supervision of the financial sector comprising commercial banks, financial institution and non banking finance companies.

### Monetary Policy:

Price stability is the primary objective of monetary policy. Dr. Urjit Patel committee Report, the Reserve Bank has formally announced a “glide path” for disinflation that sets an objective of below 8 percent CPI inflation by Jan. 2015 and below 6 percent CPI inflation by Jan 2016.

### Issuer of Currency:

Reserve Bank of India issue bank notes to maintain the currency and credit system of the country to utilize it in its best advantage and to maintain the reserve. There are four printing presses at Nasik Maharashtra, Dewas Madhya Pradesh, Mysuru in Karnataka and Salboni West Bengal and also four mints at Mumbai, Noida, Kolkata and Hyderabad for coin production. RBI was issued first note of 10 rupees (1938).

### Managerial of exchange control:

In managerial of exchange control to facilitate external trade and payment and promote orderly development and maintenance of foreign Exchange Market in India also manage to reach different goals of the Foreign Exchange Management act 1999.

#### **Financial Inclusion and Development:**

In financial Inclusion and Development flow of credit for priority sectors and small and medium enterprises sector, rehabilitation of sick units through timely credit support. Prime Minister's Jan Dhan Yojana to become a sustainable financial inclusion initiative.

#### **Consumer Education:**

Reserve Bank of India setting up of a Customer Redresses Cell, creation of a customer service Department 2006. In 1995 RBI introduced the BO scheme for resolving disputes between a bank and its customers.

#### **Banker's Bank:**

Reserve Bank of India controls the credit through the CRR, Bank rate and Open Market Operations. Nagpur branch holds most of Indian's gold deposits. RBI maintains banking accounts of all scheduled banks.

#### **Detection of fake currency:**

RBI has launched a website to raise awareness among masses about fake notes in the market [www.paisaboltahai.rbi.org.in](http://www.paisaboltahai.rbi.org.in) provide information about identifying fake currency. As the new currency notes have added security features, they would help in curbing the menace of fake currency.

#### **Research and Data:**

Reserve Bank of India provide, reliable, data driven information for policy and decision making, to conduct forward- looking surveys for monetary policy. The Reserve Bank also has an enterprise wide data warehouse called database. Indian economy through which data is made available in download able and revisable formats. RBI publishes two reports every year – the annual report and the report on trend and progress of banking in India.

#### **Others functions:**

- RBI permits NBFCs to work as business correspondents of banks.
- Provide information to SIT on black money.
- RBI simplifies KYC norms for opening bank account. Customers need to submit only one documentary proof of address.
- Australia and New Zealand banking group has received in principle approval from the Reserve Bank to open two new branches ( Gurugaon, outer Bangalore).
- The Reserve Bank of India said banks should make all new ATMs installed from July 2014 as “talking ATMs” with Braille Keypads.
- RBI issued the guideline to allow the minor of age above 10 years to independently open and operate saving bank account and use other facilities like ATM and cheque books.

#### Policy rates and reserve ratios

<b>Policy Rates, Reserve Ratios, Lending and Deposit Rates as 2015</b>	
<b>Bank Rate</b>	8.25%
<b>Repo Rate</b>	7.25%
<b>Reverse Repo Rate</b>	6.25%

<b>Cash Reserve Ratio (CRR)</b>	4%
<b>Statutory Liquidity Ratio (SLR)</b>	21.50%
<b>Base Rate</b>	10.00%–10.25%
<b>Savings Deposit Rate</b>	4%

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