

ALL ABOUT RESERVE BANK OF INDIA



NABARD GRADE A | RBI GRADE B | OTHERS





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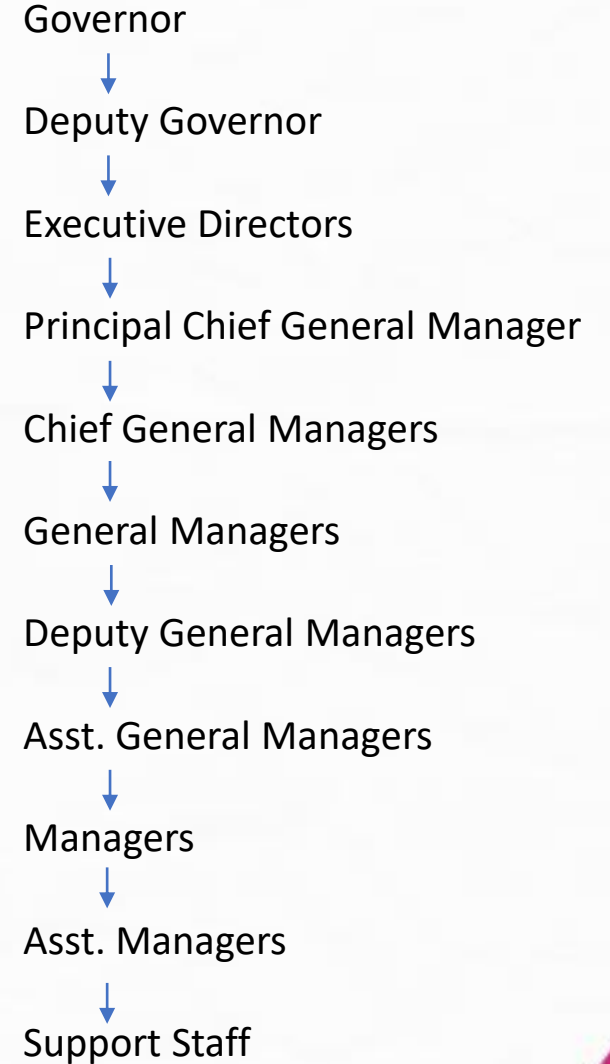
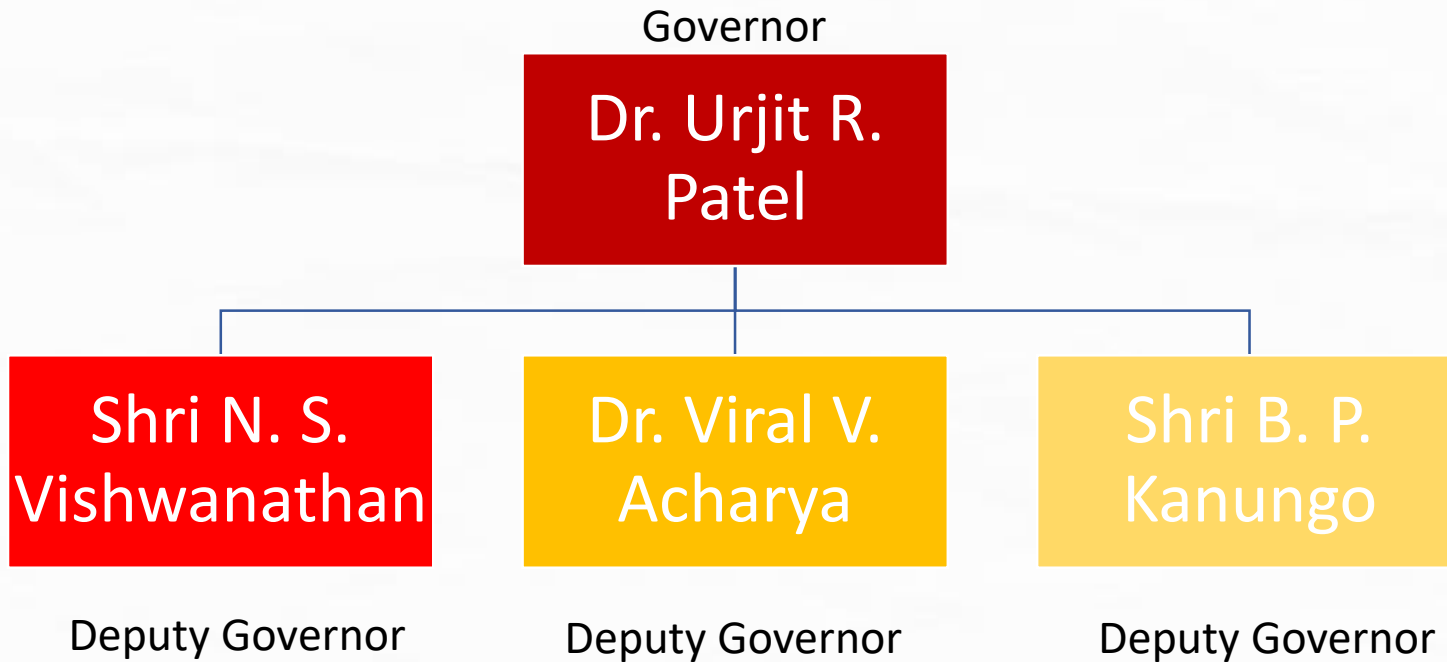
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A brief on RBI

- The Reserve Bank of India; it is India's central banking institution and is responsible for controlling the countries monetary policies
- Formed on April 1st, 1935, to respond to economic troubles after World War I
- It was nationalised on January 1st, 1949
- Plays an important part in the development strategy of the Government of India



Hierarchy of RBI



Functions of RBI

Monetary
Policy

Research &
Data

Issuer of
Currency

Regulation

Financial
Markets

Financial
Inclusion &
Development

Consumer
Education &
Protection

Banker & Debt
Manager of the
Government

Banker to
Banks

Foreign
Exchange
Management

Payment &
Settlement
Systems



Monetary Policy

- Regulate Interest Rates, Money Supply and Availability of Credit
- Goal to maintain price stability by keeping objective of growth
- Instruments used - Repo Rate, Reverse Repo Rate, Bank Rate, Cash Reserve Ratio, Statutory Liquidity Ratio, Open Market Operations, etc.
- MPC meets 4 times a year and releases Monetary Policy Report every 6 months



Research & Data

- RBI is known for its policy oriented economic research, data compilation and knowledge sharing
- Provides reliable data for policy formulation and decision making, academic research and support to research institutions
- Research on economic environment – National & International
- Release periodic publications containing details about its operations and trends and development of Indian Economy
- Maintain a database on Indian Economy



Issuer of Currency

- Responsible for the design, production and overall management of the nations currency
- Distribution agent for Government of India for circulation of coins
- Has 4 printing presses to supply banknotes;

Dewas,
Madhya
Pradesh

Nasik,
Maharashtra

Mysore,
Karnataka

Salboni, West
Bengal

- Focus on ensuring availability of clean notes and on strengthening security features of bank notes



Regulation

- Responsible for regulation of Commercial Banking, Co-operative Banking and Non-Banking
- Protect depositors' money and interest
- Ensure flow of credit to Agricultural Sector
- Regulate NBFC activities like Investment Business, Merchant Banking, Stock Broking, Insurance, etc.



Financial Markets

- Responsible for maintaining well-functioning financial markets to help financial growth in India
- Regulates – Money Markets, Govt. Securities Markets, Interest Rate Markets, Forex Markets and maintains derivatives on interest rates, Repo rates and Forex rates
- Develop safe and stable markets with appropriate products for trading and risk management



Financial Inclusion & Development

- Responsible for credit flow to priority sectors
- Financial Inclusion and Financial literacy
- Responsible for Credit flow to MSME
- Strengthening Institutional Agreements



Consumer Education & Protection

- Responsible for protection of customers' rights, enhancing quality of customer service, spreading awareness and strengthening grievance redressal mechanism in banks
- Formulated Charter of Customer Rights →
- Monitor implementation of Charter of Customer Rights, bring continuous systematic improvement, enforce ethical behaviour by financial service providers

Right to Fair Treatment

Right to Transparency

Right to Suitability

Right to Privacy

Right to Grievance Redressal & Compensation



Banker & Debt Manager of Govt.

- Since inception, RBI has been managing government banking transactions
- Manages all state government transactions (except Sikkim)
- Manages public debt on behalf of Central and State Governments



Banker to Banks

- Banks are required to maintain accounts with RBI
- Helps with Inter-bank transactions
- Provides facilities like opening accounts for banks
- It can come to the rescue of banks if their position of liquidity is in danger



Foreign Exchange Management

- Issues licenses to banks to act as authorised dealers in Forex Markets
- Permitted Foreign exchange is almost all sectors
- Allows companies to raise external commercial borrowings
- Formulates the exchange rate policy
- Custodian of countries foreign exchange reserves and manages the countries investments



Payment and Settlement Systems

- Manages and creates payment systems like money-currency, paper instruments like cheques and other various electronic channels
- Has regulated payment systems like Paper system, Electronic system and other systems(ATM, Mobile banking, etc)
- Responsible to look at ways to improve the Payment System in India



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