



MCQ. In context of independent India's economy, which one of the following was the earlier event to take place? (Asked in UPSC Prelims-2009)

- A) Nationalization of insurance companies B) Nationalization of state bank of India
C) Enactment of Banking regulation Act D) Introduction of first Five year plan

Table 1: RBI Central Board Composition

(Non-Official Directors)	(Official Directors)
<ul style="list-style-type: none">- 2 Government officials- 10 directors nominated by Government.- 4 directors from RBI's local boards @West, East, North, South	<ul style="list-style-type: none">- RBI Governor- 4 Dy. Governors

5.1.1 RBI Governor & Dy Governor

- 25th Governor: Shaktikanta Das (Retd. IAS, Former finance secretary, G20 Sherpa, Member of 15th Finance Commission). He replaced Urjit Patel (2018-Dec).
- RBI Act (Section 8) provides for "NOT MORE than 4" Dy. Governors viz.
 1. B.P. Kanungo: from RBI officer cadre.
 2. N. S. Vishwanathan: from RBI officer cadre.
 3. Mahesh Kumar Jain: Appointed by appointment committee
 4. Dr. Viral V. Acharya: Appointed by appointment committee. also, Ex-officio Member of Monetary Policy Committee.

Their tenure usually 3 years. Re-appointment Possible. They're selected by Financial sector regulatory appointment search committee (FSRASC) headed by the Cabinet Secretary (IAS).

Related Topic: RBI Autonomy, Dividend Controversy, Section 7, PCA/BASEL : all with next NPA Handout.

5.1.2 RBI Offices & Departments

- RBI 4 regions: Northern: Delhi, Eastern: Kolkata, Southern: Chennai, Western: Mumbai
- RBI has various departments looking after Banks, NBFCs, Payment Systems, Foreign Exchange Management etc.
- Previously individual departments directly acted against violators. WEF 1/4/2017: A New **Enforcement Dept** was setup in RBI for centralized action against violators.
- This is different from FinMin's **Enforcement Directorate** (प्रवर्तन निदेशालय) that looks after Foreign Exchange Management Act, 1999 (FEMA) and Prevention of Money Laundering Act, 2002 (PMLA)- विदेशी मुद्रा प्रबंधन अधिनियम, और धनशोधन निवारण अधिनियम.

5.1.3 RBI: Functions of

- 1) **Controller** of Money Supply: Issues M0 under RBI Act, Makes Monetary Policy.
- 2) **Controller** of Foreign Exchange: through FEMA Act. (more in Pillar#3)
- 3) **Banker** to Governments & Public Debt Manager.
- 4) **Banker's** _____ : Lender of Last resort, Advises in monetary matters.
- 5) **Regulator** of all "BANKS": through BR Act'49, Payment Systems'07
- 6) **Regulator** of AIFI, NBFC-D & others.
- 7) **Promotional Roles:** Customer protection through Ombudsman, Financial Inclusion through PSL norms, 25% rural branch requirements.
- 8) Data Publication & International Coop. @BASEL, IMF, G20's Financial Stability Board etc.