



OXFORD ANALYTICA

INDIA

MONETARY TRANSPARENCY

Country Report 2006

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INDIA



COMPLIANCE RATINGS

<i>Monetary transparency</i>	2006	2005	2004	2003
Clarity of roles	●●●●	●●●	●●●	●●●
Open decision process	●●●	●●●	●●●	●●●
Availability of information	●●●●	●●●●	●●●●	●●●●
Accountability	●●●●	●●●●	●●●●	●●●●
Score	3.75	3.50	3.50	3.50

OUTLOOK & COMMENTARY

During 2006, the Reserve Bank of India (RBI) institutionalised a number of changes that were already under way in its operations and responsibilities. These steps have contributed to a more transparent institutional framework for monetary policy by clarifying the roles and responsibilities of the central bank. In addition, the Reserve Bank of India Act 1934, was amended in 2006 so as to increase monetary policy flexibility by freeing up liquidity, most notably by removing floor and ceiling rates for the Cash Reserve Ratio (CRR).

In July 2006, a committee appointed by the RBI released a roadmap towards fuller capital account convertibility, which recommended greater monetary policy transparency. Many of its recommendations would require greater operational independence for the central bank. The RBI is studying the report, but there are no proposals at present to provide it with greater statutory autonomy.

EXECUTIVE SUMMARY

3.75 Compliance in progress

During 2006, the Reserve Bank of India (RBI) institutionalised a number of changes that were already underway in its operations and responsibilities. These steps have contributed to a more transparent institutional framework for monetary policy by clarifying the roles and responsibilities of the central bank. As prescribed by the Fiscal Responsibility and Budget Management Act (FRMB), since April 2006 the RBI has not participated in the primary market for government securities. The central bank continues to provide ways and means to provide advances to the centre and states to meet any temporary mismatches in their cash flow. The arrangements for these advances were revised during 2006.

To enable operational efficiency and a clearer division of responsibilities within the RBI, policy departments have been separated from bank operations. A new Financial Markets Department (FMD) was set up within the Reserve Bank in July 2005, and from January 2006 all Reserve Bank operations in financial markets have been integrated in the FMD.

The Reserve Bank of India Act, 1934 was amended in 2006 to allow for increased monetary policy flexibility by freeing up liquidity, most notably by removing floor and ceiling rates for the Cash Reserve Ratio (CRR). The legislation also clarifies definitions of the repo and reverse repo interest rates and provides a legal basis for trading in derivatives.

In July 2006, a committee appointed by the RBI released a 'roadmap' towards fuller capital account convertibility. The report outlined a number of preconditions for further opening of India's capital account, and discussed prescriptions for monetary policy transparency including greater autonomy for monetary policy and instrument independence, inflation targets, the institution of a monetary policy committee and publication of its minutes. The central bank is in the process of studying these proposals. The report stops short of recommending greater statutory autonomy for the RBI.

A Technical Advisory Committee (TAC) for Monetary Policy, set up in 2005, has continued to discuss policy for the quarter ahead as a step towards a monetary policy committee. The RBI also now issues two quarterly publications in addition to its mid-year and annual reports. The RBI does not plan to introduce inflation targets in the near future.

India's overall score has increased to 3.75 from 3.50 in 2005.

1. CLARITY OF ROLES, RESPONSIBILITIES AND OBJECTIVES OF CENTRAL BANKS

●●●● Compliance in progress

The objectives and institutional framework of monetary policy

Central bank objectives and responsibilities

The Reserve Bank of India Act (RBI Act) of 1934 specifies that the bank's main objective is monetary stability. Implicitly, the bank achieves this objective via price stability and economic growth. In the absence of a legally enshrined mandate for the central bank, the Ministry of Finance (MoF) and the Reserve Bank of India (RBI) jointly set annual monetary policy objectives, which the RBI then implements. Although not based on a formal arrangement, this regime allows the central bank to set monetary policy objectives as it deems necessary, while the government also plays a part in setting monetary objectives and exchange rate policy.

The RBI Act entrusts the RBI with the core tasks of issuing bank notes, managing reserves to ensure monetary stability, and operating the currency and credit system. It also charges the RBI with responsibility for managing the accounts of the central government (and individual states under separate agreements), managing public debt, regulating and supervising commercial banks and non-banking financial intermediaries, managing foreign exchange and formulating and implementing monetary policy.¹ However, it is the government that sets the exchange rate.² The RBI Act implicitly gives the RBI the authority to use monetary policy instruments to attain its policy objectives.

There is some concern over possible conflicts of interest between ownership and regulation, which is leading to a clearer definition of the regulatory role of the RBI. Accordingly, the RBI recently decided to constitute a working group on avoidance of conflicts of interest, tasking it with identifying the sources and nature of potential conflicts of interest and the international and domestic practices used to mitigate this.³ More generally, the RBI aims to "increase the operational efficacy of monetary policy, redefine the regulatory role of the RBI, strengthen prudential norms and develop the technological and institutional infrastructure."⁴

Operational autonomy

The RBI is not formally independent, but enjoys substantive operational autonomy in the use of its instruments and in administrative matters. The central government has the power to appoint and remove members of the Central Board of Directors, the main executive organ of the RBI.

In order to provide the RBI with greater flexibility in the conduct of monetary policy, the RBI Act, 1934 has been amended by the Reserve Bank of India (Amendment) Act, 2006. Among other provisions, the Amendment Act removed the floor and ceiling of cash reserve ratio (CRR) for scheduled banks and clarified definitions of the repo and reverse repo rates.⁵

Institutional relationship between monetary and fiscal operations

Lending to government

The RBI is permitted to extend loans and advances to the central government and to state governments, provided that such advances are repaid within three months. In addition to lending to commercial and state cooperative banks, the RBI may also grant loans and advances to local authorities, state financial corporations, the Industrial Development Bank, the Reconstruction Bank, and a host of public financial institutions affiliated to the government, provided that such loans are repaid within six months.⁶ Consolidated data on such loans are included in the weekly summary financial statements, and the monthly, quarterly and annual balance sheets that the RBI publishes on its website.⁷

As a result of the Fiscal Responsibility and Budget Management (FRBM) Act, the government was no longer allowed to borrow from or maintain an overdraft with the RBI from 2005-06.⁸ The RBI is also working towards full disclosure of information concerning government guarantees. Contingent liabilities are already explicitly stated in the budget. There is fairly widespread confidence that the provisions of the FRBM Act provide a solid foundation for consolidation and achievement of existing monetary policy objectives.⁹

The FRBM prohibited the RBI from participating in the primary market for central government securities from April 2006. This development has completed the transition to a fully market based issuance of government securities, a process that had begun in the early 1990s. In its Annual Policy Statement for 2005-2006, the RBI permitted banks to participate in primary auctions.¹⁰ In 2006, it has taken a number of steps to smooth the transition to the new environment. It is enhancing liquidity in the market -- for instance, by consolidating central government securities to build up large volumes of liquid securities (only four or five issues are actually traded). Commentators noted that although it is early days since the exit of the RBI from the primary market for central government securities, practices have improved in the bond market.¹¹

To enable compliance with the FRBM Act, the ways and means advances (WMA) arrangements for 2006-07 were also revised in consultation with the government. The WMA provided by the RBI to the central government and states are governed by Section 17(5) of the RBI Act, 1934. This section authorises the RBI to extend WMA which are repayable not later than three months from the date of making the advances. They are intended to provide a cushion to carry out essential activities despite mismatches in fiscal transactions, and to avoid disruptions to normal and necessary financial operations. WMA limits will now be fixed on a quarterly basis instead of the existing half-yearly basis. The interest rates on WMA and overdrafts have been linked to the repo rate as against the Bank Rate, given that the repo rate is now the short-term reference rate.¹² A revised WMA scheme was also put in place for state governments for 2006-07.

In July 2005, a Financial Markets Department (FMD) was set up within the RBI to assign a clearer separation of functional responsibilities. As a result, policy departments are now separate from operational departments. By January 2006, operations were fully integrated, with FMD conducting all domestic market operations in foreign exchange, debt and financial markets.¹³

Central bank involvement in the rest of the economy

The RBI's involvement in the rest of the economy is clearly proscribed by the RBI Act. The RBI cannot engage in trade or otherwise have a direct interest in commercial enterprises, and is banned from acquiring shares in banks and corporations.¹⁴ Since 2002 the RBI has been reducing its financial stake in some of the financial institutions it regulates and it now has zero holding in the Securities Trading Corporation of India and less than a 60% stake in the State Bank of India.¹⁵

Central bank profit allocation

The RBI Act requires that the RBI pays its profits to the central government after making provisions for non-performing loans, the depreciation of assets, staff salaries and other obligations. Such obligations include an annual contribution of such amounts as the RBI considers necessary to the National Rural Credit Fund and the National Rural Credit Stabilisation Fund.¹⁶ In this capacity, the RBI undertakes quasi-fiscal development functions on behalf of the government. These contributions are listed as non-tax revenue in the budget.

Agency roles performed by the central bank on behalf of the government

The RBI manages the internal debt and accounts of the central and state governments, regulates foreign exchange transactions in India, performs quasi-fiscal development functions and regulates the securities market. As the government's debt manager, the RBI was previously allowed to participate in the primary market for government securities. The RBI may, however, buy or sell central government securities in the secondary market.¹⁷

2. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY POLICY DECISIONS



The framework, instruments and targets of monetary policy

Framework and monetary targets

From the mid-1980s until 1998, the RBI used a monetary-targeting framework focused on interest rates, while at the same time monitoring developments in the real sector. Since 1998, it has widened the framework and begun to pursue a multiple-indicator approach. In addition to monitoring interest rates, the RBI now considers indicators such as currency movements, the exchange rate, the inflation rate, capital flows, trade, the fiscal position, and movements in credit. This widening of the scope of variables monitored has encouraged the RBI to develop a more sophisticated econometric model that focuses on short-term movements in the components of reserve money.¹⁸

A report of the Committee on Fuller Capital Account Convertibility at the RBI emphasised the importance of inflation targets. The RBI is looking into its recommendations, but current thinking within the central bank is that the dual objectives of price stability and economic growth are more suited to India.¹⁹ The RBI emphasised that fiscal policy (such as customs and excise taxes) also plays a role in price stability. At present, the RBI uses the Wholesale Price Index (WPI) as its main inflation indicator, although the WPI does not include services, which make up more than 50% of GDP. A more comprehensive price index would have to be developed before inflation targeting could be introduced.

Commentators noted that for the RBI to introduce inflation targeting, it needs monetary policy independence as well as increased transparency overall. At present, given that the RBI is under the executive control of the Ministry of Finance, the situation is one where the Finance Minister makes comments about the appropriate level of interest rates. Without independence, the RBI may lose credibility if its attempts to target inflation do not succeed.²⁰

Monetary instruments

Two important revisions were made to the RBI's main monetary policy instruments in 2004. Firstly, the Liquidity Adjustment Facility (LAF) was revised in March 2004 on the basis of recommendations by the RBI's Internal Group on LAF. These revisions de-emphasise the sterilisation role played by the LAF in order to allow it to emerge as the exclusive policy-signalling rate.²¹ Secondly, following the recommendations of the RBI's Working Group on the Instruments of Sterilisation, the Market Stabilisation Scheme (MSS) was introduced in April 2004 to strengthen the RBI's ability to conduct monetary policy and manage the exchange rate. Under the scheme, Treasury Bills and dated securities are issued to conduct sterilisation operations.²² Essentially, the MSS now occupies much of the sterilisation role formerly played single-handedly by the LAF. Some commentators have suggested that the RBI should focus on a single interest rate, the repo rate, which would enable clarity in its communications with financial markets.²³

In line with the amendment to sub-Section 42(1) of the RBI Act, 1934 in June 2006, the RBI can prescribe the Credit Reserve Ratio (CRR) for scheduled banks without any floor rate or ceiling rate. Prior to this, it could prescribe CRR for scheduled banks between 3% and 20% of their liabilities. The amendments are expected to provide the RBI with greater flexibility in the conduct of monetary policy by freeing up liquidity. Commentators noted that the new amendment is best seen as an enabling legislation, which allows the RBI further leeway in its monetary policy.²⁴

With the removal of the sub-Section 42 (1B) of the Act, the Reserve Bank does not pay interest on CRR balances of banks. This came into effect from the fortnight beginning June 24, 2006.²⁵

The monetary policy-making body

Monetary board

The Central Board of Directors is the highest executive organ of the RBI. The board consists of the governor, four deputy governors, fourteen directors, and a government representative (usually from the MoF), all appointed by the government. Membership of the board is listed in the RBI's *Annual Report* and on the RBI's website. The board is required to meet at least six times a year, and at least once in each quarter. However, the committee of the Central Board (which includes the governor, deputy governors, and a number of directors) meets every week to review monetary, economic and financial conditions, and to advise the board on policy action. Many of the data used by this committee are released to the public within a week of the board's meeting.²⁶

Since mid-2005, a Technical Advisory Committee (TAC) on monetary policy (consisting of the governor, the deputy governor and four independent individuals) has been meeting more or less every quarter to discuss monetary policy for the next quarter. Their advice is then passed on to the Central Board on an advisory basis for consideration in its meetings. The meetings of the Technical Advisory Committee are only for internal consultation, and there is no proposal to make them public. Its members have no policy-setting capacity and meet only on an advisory basis.²⁷ Nevertheless, it constitutes a step towards a monetary policy committee, the establishment of which was recommended in the 2006 report of the Committee on Fuller Capital Account Convertibility.²⁸

Advance meeting schedule

The RBI does not publish an advance meeting schedule of the committee of the Central Board.

Public statements on monetary policy

The RBI maintains an informative daily press release service on its website and publishes notifications of new regulations on a regular basis. These documents shed some light on the considerations that prompted policy action.

The Central Board of Directors meets twice yearly, and the approximate timing of meetings is known to policy-makers and investors, even if the exact date is not published in advance. The conditions by which monetary policy is made are also made relatively transparent via a series of statements, documents and speeches.²⁹ However, in the absence of a monetary policy committee, no regular statements on monetary policy are made by the RBI.

Periodic publications

Since 2005, the RBI has supplemented its two major monetary policy statements each year -- the governor's annual *Statement on Monetary and Credit Policy*, issued in April, and a *Mid-term Review of Monetary and Credit Policy*, published in October -- with a *Quarterly Review*. Some commentators have suggested that the quarterly reports are too long and that what is required is a stand-alone monetary policy statement, with a separate report for financial sector developments.³⁰ The RBI also publishes a *Report on Trends and Progress in Banking*, which is submitted to the MoF in November each year.

The governor's annual *Statement on Monetary and Credit Policy* contains a detailed sectoral review of macroeconomic and monetary policy developments in the previous fiscal year and an assessment of the prospects for

monetary (and fiscal) policy in the upcoming year. The *Mid-term Review* presents a similar review for the first half and an outlook statement for the second half of the fiscal year. Both documents, as well as an advance calendar of the exact disclosure dates, are published on the RBI website. The *Annual Report* of the RBI summarises these two statements and explains the rationale for, and instruments used in, the RBI's monetary and credit operations during the reference year.³¹

Public hearings

Periodic consultations with the MoF are employed to coordinate the overall economic policy framework and to improve banking sector surveillance and regulation. The RBI also conducts frequent resource management discussions with commercial banks.

Regulations on data reporting by financial institutions to the central bank

Under the RBI Act, the RBI is obliged to publish a consolidated statement showing the aggregate liabilities and assets of all banks that fall under its supervision, based on the financial statements and credit information submitted to it. The Act also empowers the RBI to employ such measures as it deems necessary to collect the required information. Such information may include financial statements, and data on capital, reserves, liabilities, investments and the terms of loans provided. However, the RBI is prohibited from disclosing confidential information to the public, and it is unlikely that the RBI Act will be amended to allow for such disclosure.

In 2005, the RBI adopted a new prompt corrective action framework to deal with banks experiencing problems of capital adequacy, asset quality or profitability. Moreover, the RBI also called for the establishment of a new supervisory body to oversee India's troubled Urban Co-operative Banks (UCBs). A Standing Advisory Committee on UCBs has been formed, and a 'vision' document for the future, including issues of regulation and supervision, has been drafted. On the basis of feedback from this document, a medium-term framework for UCBs is being developed. They are subject to dual control by the RBI and state governments and the vision document envisages harmonisation of their approaches for facilitating the development of the sector. The RBI has signed Memorandum of Understanding (MoUs) with four state governments, with which it has constituted task forces to assist in the professionalisation of management of UCBs.³²

The RBI has set up a Prudential Supervisory Reporting System (PSRS) for Off-Site Surveillance (OSS) as part of its efforts to comply with Basel II.³³ The RBI is implementing prudential norms in a phased manner. The RBI has established a Central Database Management System (CDBMS), built around an integrated repository of current and historical data. RBI users have been able to access this database since December 2002.³⁴ Although all banks were originally required to start implementing Basel II with effect from March 31, 2007 the date has now been shifted to 2008.³⁵ Banks will be required to adopt the Standardised Approach for credit risk and Basic Indicator Approach for operational risk.

The RBI has also continued to improve reporting requirements of non-banking financial companies. Such companies now need to report important financial parameters on a monthly instead of quarterly basis. The reporting format has also been amended to incorporate additional information relating to capital market exposure.³⁶

3. PUBLIC AVAILABILITY OF INFORMATION ON MONETARY POLICY

●●●● Compliance in progress

Release of central bank data

As a subscriber to the IMF Special Data Dissemination Standard (SDDS) since 2001, India provides a range of macroeconomic, financial and monetary statistics. Within this framework, the RBI is responsible for the provision of financial data, such as the analytical accounts of the banking sector, the analytical accounts of the central bank, interest rates, the balance of payments, international reserves and foreign currency liquidity, and exchange rates. It also disseminates data on two stock market indices on behalf of the Bombay and National Stock Exchanges. The government meets the specifications for coverage, periodicity and timeliness in all data categories with two exceptions. The first is timeliness of data on general government operations, for which it takes a flexibility option, and the second is the periodicity and timeliness for the labour market, for which it takes 'as relevant' flexibility options.³⁷

There are two publications relating to reserve assets -- the *Gross Foreign Exchange Reserves* of the RBI, released weekly, and the *International Reserves and Foreign Currency Liquidity*, released monthly. The time lag in the publication of the two documents is one week and one month, respectively. Data on exchange rates cover spot exchange rates and different forward rates for the rupee against the US dollar. These rates are published daily, within two weeks of the reference date. The data are available on the RBI website and on CD-ROM, and an advance release calendar, giving one-quarter-ahead notice of the precise release dates, is posted on the RBI website. Data on external debt are now published quarterly in the *RBI Bulletin*, which contains all the requisite details including short-term, long-term, multilateral, bilateral, government and non-government debt. However, the IMF has commented that there is still a lag of two to three months for the publishing of some data such as that covering forward liabilities and interventions.³⁸

India has a National Summary Data Page, which is linked directly to the IMF's Dissemination Standards Bulletin Board website.

The central bank balance sheet

As part of its SDDS commitment, the RBI publishes a summary balance sheet in its weekly *RBI Bulletin*. The monthly *RBI Bulletin* disseminates detailed time series data on the RBI balance sheet, including weekly data for the reference month, monthly data for the four months preceding the reference month, and annual data for the three fiscal years preceding the current fiscal year. The RBI's *Annual Report* publishes data and commentary for the reference fiscal year on the annual balance sheet of the RBI and detailed data on reserve money on a financial year basis. The annual *Handbook of Statistics on the Indian Economy* publishes time series data on the components and sources of reserve money. Moreover, the RBI publishes daily information on money market operations, showing the volume of transactions by banks, primary dealers, and non-bank institutions, daily average interest rates, the status of the liquidity adjustment facility, and the net purchases and sales of the RBI made in connection with its open market operations.³⁹

Lender of last resort

The RBI Act empowers the RBI to extend emergency financial support to Indian commercial banks and financial institutions if “a special occasion has arisen making it necessary or expedient that action should be taken for the purpose of regulating credit.”⁴⁰ However, the Act does not specify the terms of emergency loans and advances granted to distressed banks, nor does it require the RBI to disclose details of emergency actions to the public. The RBI indicates that it has not used these powers since 1992.⁴¹

The RBI last acted as lender of last resort for the Global Trust Bank in July 2004, providing emergency liquidity that successfully prevented the bank from collapsing. Global Trust Bank’s balance sheet was restructured, and the bank merged with a public sector bank, the Oriental Bank of Commerce.

Public information services

The RBI maintains a high-quality public information service through its website. The site provides a comprehensive, user-friendly publications programme consisting of reports, statistics, primers, press releases, and working papers on a variety of macroeconomic, monetary and financial issues. Relative to other countries, the RBI releases a substantial amount of information.

Regular publications are classified by frequency of publication under weekly, monthly, quarterly, annual, and occasional headings. Reports of RBI committees as well as speeches and lectures by senior RBI officials are also available on the RBI website.⁴²

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY BY THE CENTRAL BANK

●●●● Compliance in progress

Accountability before a designated public authority

Under the constitution and the RBI Act, the RBI must submit its *Annual Report* to the MoF, which then submits it to parliament. RBI officials are generally summoned before parliamentary committees in cases that have a direct bearing on the operations of the RBI. Under the 1949 Banking Regulation Act, the RBI must also submit its *Report on Trends and Progress in Banking* to parliament and to the MoF each November. This report summarises the activities of the central bank as banking regulator and supervisor, and is publicly available.

Financial statement

Audited financial statement

The central bank is required by the RBI Act to submit to the government its audited final accounts and a report on its yearly activities within two months of the end of the fiscal year. This report is published on the central bank website as part of the *RBI Annual Report*. The RBI Act commits the government to publish the RBI's audited annual financial statement in the *Gazette of India*.⁴³

External and internal audit

The external auditors of the central bank are appointed by the government to examine and report on the RBI balance sheet and financial accounts. While other government agencies are audited by the Comptroller and Auditor General of India (CAG), the accounts of the RBI are audited by private accounting firms on a rotating basis. The accounts for fiscal year 2005-06, were audited by J. L. Sengupta & Co., Kolkata; S. N. Nanda & Co., New Delhi; Khimji Kunverji & Co., Mumbai; M.K. Dandekar & Co., Chennai; Ford Rhodes Parks & Co, Mumbai; and Rajendra K. Goel & Co., New Delhi.⁴⁴

The RBI also carries out a regular Management Audit and Systems Inspection, which focuses on internal compliance with prescribed systems and procedures and evaluates efficiency and economy in operations.⁴⁵

Conduct of officials

The RBI Act has clear provisions on potential conflicts of interest for employees. RBI staff cannot be simultaneously employed by the RBI and private banks, and they must renounce their directorial functions in private banks prior to joining the RBI. The RBI also publishes staff regulations stating that bank employees must not seek or accept outside employment without the RBI's permission, or accept gifts, engage in commercial business, or speculate in securities. Transactions in real estate also require the consent of the RBI. Officials must report the employment of their children by any financial institution the RBI regulates, to ensure the integrity of appointments.

The RBI Act also provides protection for the acts of RBI officials carried out in good faith. No suit or legal proceeding can be brought against bank staff who act in good faith to carry out regulations or directions issued by the RBI, even if their actions have caused or are likely to cause damage.⁴⁶

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following officials during a visit to India between 13 and 17 November 2006.

Reserve Bank of India (RBI)

17 November 2006

Himanshu Joshi	Director	Monetary Policy Department
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Ministry of Finance

17 November 2006

Anuradha Prasad	Director	Budget Division
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16 November 2006

M.C. Singhi	Economic Adviser	Department of Economic Affairs
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ADDITIONAL INTERVIEWS

16 November 2006

Josh Felman	Senior Resident Representative	IMF
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Renu Kohli	Senior Economist	IMF
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Sudip Mohapatra	Economist	IMF
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15 November 2006

Mohan Nagarajan	Senior Economist	World Bank
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13 November 2006

H. Mukhopadhyay	Economist	ADB
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NOTES

- ¹ Reserve Bank of India Act, 1934 (RBI Act)), Preamble, Chapter III, Sections 7, 20, 21, Chapter III-B, Section 45-JA, Chapter IV, Section 58; *Report of the Advisory Group on Transparency on Monetary and Financial Policies*, RBI, September 2000, Section 3.5.
- ² Foreign Exchange Management Act (1999), www.indialawinfo.com/; RBI Act, Chapter III, Section 40.
- ³ *Mid-Term Review of Monetary and Credit Policy for the year 2004-2005*, RBI, 26 October 2004, p.38.
- ⁴ *Mid-Term Review of Monetary and Credit Policy for the year 2003-2004*, RBI, 3 November 2003.
- ⁵ RBI Annual Report 2005-06, p. 8, I.1.31
- ⁶ RBI Act, Chapter II, Section 17.
- ⁷ RBI website, www.rbi.org.in
- ⁸ The Fiscal Responsibility and Budget Management Act, No. 29 of 2003, Article 5.
- ⁹ Interviews in India, 5-7 October 2004.
- ¹⁰ See “Operational guidelines for banks undertaking/proposing to undertake Primary Dealer Business”, RBI Circular RBI/2006-07/140, 5 October 2006, Reserve Bank of India
- ¹¹ Interviews in India, 13-17 November 2006.
- ¹² RBI Annual Report 2005-06, p.67
- ¹³ RBI Annual Report 2005-06, p.7, I.1.29
- ¹⁴ RBI Act, Chapter II, Section 19.
- ¹⁵ Interviews in India, 15-18 November 2005.
- ¹⁶ RBI Act, Chapter IV, Section 46.
- ¹⁷ Interviews in India, 13-17 November 2006.
- ¹⁸ Reddy, Y., ‘Parameters of Monetary Policy in India’, RBI, 15 January 2002, pp. 7, 10, 13.
- ¹⁹ Interviews in India 15-18 November 2005, and 13-17 November 2006.
- ²⁰ Interviews in India, 13-17 November 2006.
- ²¹ *Mid-Term Review of Monetary and Credit Policy for the year 2004-2005*, RBI, 26 October 2004, p.24.
- ²² *Mid-Term Review of Monetary and Credit Policy for the year 2004-2005*, RBI, 26 October 2004, p.7.
- ²³ “Lost in Translation”, Business Standard India, 14 November 2006
- ²⁴ Interviews in India, 13-17 November 2006.
- ²⁵ RBI Annual Report 2005-06, p.55
- ²⁶ For more information on the board and sub-committees, see Reddy, Y., ‘Parameters of Monetary Policy in India’, RBI, 15 January 2002, p.6.
- ²⁷ Interviews in India, 13-17 November 2006.
- ²⁸ Interviews in India, 13-17 November 2006 and Report of the Committee on Fuller Capital Account Convertibility, July 2006 www.rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/72250.pdf
- ²⁹ Interviews in India, 5-7 October 2004.
- ³⁰ “Lost in Translation”, Business Standard India, 14 November 2006
- ³¹ Annual Report 2004-05, RBI, 30 June 2005.
- ³² Annual Policy Statement for the Year 2006-2007, RBI, April 18, 2006 at: <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=2827&Mode=0>
- ³³ *Annual Report 2002-03*, RBI, 27 August 2003.
- ³⁴ *Mid-Term Review of Monetary and Credit Policy for the year 2004-2005*, RBI, 26 October 2004, p.41.
- ³⁵ Interviews in India, 13-17 November 2006
- ³⁶ RBI Annual Report 2005-06, p.64
- ³⁷ dsbb.imf.org/Applications/web/sddscctycatsoolist/?strcode=IND
- ³⁸ IMF 2004 *Article IV Consultation*, March 2005 at: www.imf.org/external/pubs/ft/scr/2005/cr0586.pdf
- ³⁹ ‘Statistics’, RBI website, www.rbi.org.in/
- ⁴⁰ RBI Act, Chapter II, Section 18.
- ⁴¹ Interviews in India, 26 September-1 October 2001.
- ⁴² ‘Publications and Speeches’, RBI website, www.rbi.org.in/
- ⁴³ Comptroller and Auditor General of India (CAG): www.cagindia.org/audit_latest.htm
- ⁴⁴ *Annual Report 2005-06*, RBI, p.239.
- ⁴⁵ *Annual Report 2003-04*, RBI, p.206.
- ⁴⁶ RBI Act, Chapter IV, Section 58-A.