

Functions of the Reserve Bank

A core function of the Reserve Bank in the last 75 years has been the formulation and implementation of monetary policy with the objectives of maintaining price stability and ensuring adequate flow of credit to productive sectors of the economy. To these was added, in more recent times, the goal of maintaining financial stability. The objective of maintaining financial stability has spanned its role from external account management to oversight of banks and non-banking financial institutions as also of money, government securities and foreign exchange markets.

The functions of the Reserve Bank today can be categorised as follows:

- ❖ Monetary policy
- ❖ Regulation and supervision of the banking and non-banking financial institutions, including credit information companies
- ❖ Regulation of money, forex and government securities markets as also certain financial derivatives
- ❖ Debt and cash management for Central and State Governments
- ❖ Management of foreign exchange reserves
- ❖ Foreign exchange management—current and capital account management
- ❖ Banker to banks
- ❖ Banker to the Central and State Governments
- ❖ Oversight of the payment and settlement systems
- ❖ Currency management
- ❖ Developmental role
- ❖ Research and statistics