Duvvuri Subbarao: Dilemmas in central bank communication – some reflections based on recent experience

Speech by Dr Duvvuri Subbarao, Governor of the Reserve Bank of India, at the second Business Standard Annual Lecture, New Delhi, 7 January 2011.

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1. First of all my thanks to Business Standard, and to my good friends T.N. Ninan and Sanjaya Baru, for inviting me to deliver this second Business Standard Annual lecture. This is an honour to which I attach a lot of value.

Central bank communication

2. As a part of my job, I accept several speaking commitments, and often I struggle to determine the topic for my speech and the key message I should be delivering. From that perspective, deciding on a topic for this lecture has been relatively easy. I have chosen to speak on "Dilemmas in Central Bank Communication", and that choice has been motivated by three reasons.

3. First, over two years into the job as Governor of the Reserve Bank, I am still traversing a steep learning curve. I have learnt many things, and one of them is that communication of policy is as important as the content of policy, and is oftentimes more challenging.

4. The second motivation for my choice of the lecture topic comes from the experience of the recent crisis when central bankers around the world realized how communication is critical to the effectiveness of crisis management policy. This bias towards openness actually reflects a remarkable shift in stance on the part of central bankers. As Liaquat Ahamad says in his best selling book, "Lords of Finance", central bankers had previously believed that in times of crisis, it is prudent to obey the admonition of mothers, across cultures, to their children: "If you can't say anything nice, don't say anything at all." This follows from the recurring dilemma that central bankers face in times of panic. If you make an honest public statement, you end up feeding the frenzy. On the other hand, if you try to be reassuring, you have to twist the truth. In recent decades, however, central bankers have been increasingly persuaded that even in times of stress, they are better off communicating rather than not communicating. The recent crisis reinforced this growing faith in communication as central bankers realized, much to their relief, that keeping the public informed and updated actually reduced rather than exacerbated anxiety and panic.

5. The final reason for my choosing this topic is quite straight forward. This lecture is sponsored by a media house, and what better platform than this to share with the public some of the dilemmas and challenges we face in our communication strategy.

Domain of communication

6. Central bank communication has been the subject matter of much intellectual discourse, but this has almost always been in the context of communication of monetary policy. That is understandable because monetary policy is at the heart of central banking and also possibly because communication of monetary policy is arguably more challenging than communicating other policies. In my lecture today though, I will speak about communication in a broader context – not just with reference to monetary policy but also encompassing other dimensions of the Reserve Bank's mandate such as, for example, regulation and supervision, currency management and external sector management.

Alan Greenspan – the doyen of communication!

7. It would be blasphemous to speak about central bank communication without first paying homage to that doyen of central bankers – Alan Greenspan. So let me get on with it.

8. Greenspan is notoriously famous for several things including for transforming central bank communication to an art form. "Since I've become a central banker", he said in 1987, "I've learned to mumble with great incoherence. If I seem unduly clear to you, you must have misunderstood what I said."

9. After nearly 15 years on the job, in October 2001, Greenspan took a U turn saying that, "Openness is more than just useful in shaping better economic performance. Openness is an obligation of a central bank in a free and democratic society. Transparency of our activities is the means by which we make ourselves accountable to our fellow citizens to aid them in judging whether we are worthy of that task". Indeed, we owe it to Greenspan, and perhaps his Delphic utterances, for generating much learned commentary on why central bank communication is important.

Why is central bank communication important?

10. Over the last two decades, central banks have moved towards clearer communication and greater transparency. This has been driven by several motivations.

11. First and foremost, central banks have realized that open and transparent communication enhances policy effectiveness by way of achieving expected outcomes. This shift in central bank theology from deliberate obscurity to greater transparency actually reflects a shift in the theory of monetary policy. Up until the early 1990s, monetary policy was strongly influenced by Nobel Laureate Robert Lucas' argument that monetary policy affected real variables, like growth, only if the policy changes were unanticipated. This encouraged obscurity over openness and clarity. However, lost in the message was that monetary policy always affected nominal variables like inflation even if fully anticipated. In the 1980s, two economists, also Nobel winners, Finn Kydland and Ed Prescott, argued that fully transparent rules rather than discretionary policy changes were more efficient and credible. This was the beginning of the push towards rules over discretion and greater central bank transparency.

12. The most eloquent illustration of this shift towards transparency is the change in the communication strategy of the US Fed. Hard as it might be to imagine from today's perspective, prior to 1994, the US Fed was not even announcing the target Fed Funds Rate; the market was expected to infer the rate from the timing, sequencing and magnitude of its open market operations. In sharp contrast, today the Fed not only announces the rate but also gives a clear indication of future policy trajectory. Indeed, it is standard practice for central banks these days to indicate the policy rates, the rationale behind the policy action, the expected outcomes, and oftentimes to give forward guidance on future policy actions.

13. While communicating policy *after* it is made is the standard mode of communication, central banks are also increasingly taking to communication *before* policy action. This again is a lesson of experience – that the market does not like unexpected news, and that surprises should be avoided unless surprise is, in rare circumstances, part of the strategy itself. When the Fed announced last August that it would reinvest the proceeds of maturing securities purchased under the first phase of quantitative easing (QE1), markets were unnerved. In contrast, the elaborate communication exercise that preceded the recent QE2 brought much clarity to the Fed action and delivered the expected "announcement effect". QE2 has of course come in for extensive criticism, but that is certainly not owing to any shortfall in communication.

14. We have had a similar experience at the Reserve Bank. Both on the way up to the crisis and on the way down, we had to make several "off-cycle" policy adjustments. There was wide agreement that these measures were expedient; nevertheless they did not go

down well with the market because of the surprise element. This has prompted us to revise our communication strategy by introducing, with effect from September 2010, more structured scheduled mid-quarter reviews. While we have not surrendered our flexibility to take policy action as and when warranted, more frequent scheduling of policy reviews reduces the need for off-cycle action and thereby minimizes the surprise element.

15. Sometimes, communication, instead of being a vehicle for policy, can be the policy itself. Drawing yet again from the US experience during the crisis, the Fed realized that its repeated announcement of keeping rates low "for an extended period" led markets to reach a certain inference on what "extended period" could mean. In this context, some policy analysts argued that a step that the Fed could consider was to modify the language of the statement to communicate to investors that it anticipates keeping the target Federal Funds rate low for a longer period than was currently priced in the markets. This, it was believed, would have eased financial conditions as was desired.

16. Communication can be a potentially powerful tool for getting feedback when the implications and the impact of proposed policy are uncertain. For example, the Reserve Bank has thrown open the issue of whether we should deregulate the interest rate on savings accounts, which incidentally is one of the very few interest rates that remains administered. There are persuasive arguments both for and against deregulating this. In the Reserve Bank, we realized that this is, like all big decisions, a judgement call and that we needed the "wisdom of the crowds" in reaching a judgement. Discerning people would no doubt have realized that eliciting views and feedback is now standard practice for most policy decisions of the Reserve Bank.

17. Yet another factor that has motivated central banks into placing larger emphasis on communication is their hard earned autonomy in the years before the crisis. Central banks have increasingly embraced more open communication to counter the criticism that an autonomous central bank comprising unelected decision makers was inconsistent with a democratic structure.

18. Finally, central bank communication is important for the institution to learn, listen and understand. This is a lesson that we have taken to heart in the Reserve Bank. I am referring here not to the standard one way oral or written communication but to two way communication between the central bank and its stakeholders, with the central bank remaining largely in a listening mode. During our platinum jubilee last year, we launched the "outreach" programme whereby all of us in the senior management together with our field office staff and accompanied by senior functionaries of commercial banks visited remote villages across the country. This was an immensely rewarding learning experience in several ways. Most, of all, we found that listening to people and understanding their concerns enriches our policy making in a very powerful way. Because of its enormous value add, we are continuing the outreach programme as a regular activity.

Communication – illustration of dilemmas

19. I have so far told you, with the help of some recent examples, why central bank communication is growing in importance. I have debated about how to go on from here. One option is to list all that we have done in the Reserve Bank to improve communication, but that may be a boring litany. Another is to give a scholarly discourse on central bank communication but there are people around with greater expertise than I to do that. I have therefore decided that I will give you ten illustrations of the communication dilemmas and challenges that we have faced in the Reserve Bank in the recent period.

(i) Monetary policy – to pause or not to pause

20. As all of you know, in calibrating the exit from the expansionary monetary stance of the crisis period, the Reserve Bank has been struggling with the growth-inflation dynamics

over the last one year. By the time of the second quarter review in early November 2010, we had already raised policy interest rates five times. The central issue before this policy review was whether we should continue on the tightening spree or pause before resuming tightening later on. We consulted experts and economists and found that opinion was divided among them. One view was that we must pause for a bit in order for the rate hikes already affected to play out, and then resume tightening. The opposing view was that we should continue tightening to a point that would deliver RBI's inflation projection and pause only after that. Inside the Reserve Bank, the view was that within the policy trajectory, it did not matter if we paused briefly as long as we remained committed to the eventual outcome. The dilemma then boiled down to communicating to the market that our action should be interpreted only as a comma and not a full stop. Whether or not we managed the dilemma effectively is, of course, for you to judge.

(ii) Monetary policy stance – forward guidance

21. Central banks have learnt that giving forward guidance on the policy trajectory is an effective way of managing market expectations. But they have also learnt that this is not a totally benign option. The forward guidance is typically conditional on certain expected macroeconomic developments. The dilemma then is how precisely is the conditionality to be communicated, and how to ensure that the market does not ignore the conditionality and interpret the guidance as an irrevocable commitment. In keeping with the best practice, we in the Reserve Bank too have started giving some forward guidance. And as expected, we too have confronted the classic communication dilemma. Let me illustrate. In the Second Quarter Review of early November 2010, we had said:

> "Based purely on current growth and inflation trends, the Reserve Bank believes that the likelihood of further rate actions in the immediate future is relatively low. However, in an uncertain world, we need to be prepared to respond appropriately to shocks that may emanate from either the global or domestic environment."

22. Many analysts commended us for the forward guidance, but a few thought that we were imprecise on the conditionality as well as on the time horizon implied by "immediate future". I can only say that the element of ambiguity was deliberate because it was unavoidable.

(iii) Monetary policy stance – close to normal or closer to normal?

23. Let me give you another illustration of how we agonize over how every word might be interpreted. In the mid-quarter review of September 2010, as part of the forward guidance, we had said: "the Reserve Bank believes that the tightening that has been carried out over this period has taken the monetary situation close to normal".

24. There were two communication dilemmas here. The first was whether we should say "close to" or "closer to". In the end, we determined that the forward guidance would be meaningful only if we had said "close to", thereby giving ourselves room for further action. The second dilemma was about whether "normal" would be interpreted as "neutral". This dilemma arises in the context of the frequently asked question, "Have the policy rates become neutral?" The neutral policy rate, as the economists here would know, is the policy interest rate consistent with potential growth and low and stable inflation. It is, however, not possible to precisely define the neutral rate for a rapidly growing and structurally transforming economy like that of India. On the other hand, "normal" rates can be broadly inferred from the crest and trough of the policy rates over the growth-inflation cycle. In the post policy dissemination, we made an extra effort to communicate this distinction between "normal" and "neutral" rates.

(iv) Monetary policy stance – communicating uncertainty

25. A frequent dilemma we face is about how much of the uncertainty surrounding a policy decision we should communicate. Our policy decisions are based, among other criteria, on macroeconomic data, all of which is in the public domain. The media has more than enough expertise to interpret and analyze this data. Nonetheless, the market is eager to know the Reserve Bank's interpretation of the data because, in the ultimate analysis, it is our interpretation that informs the policy decision.

26. To give you an example, the IIP (index of industrial production) data has been fluctuating in recent months bewildering analysts about the underlying trend and even raising doubts about the quality of the data itself. The market was understandably anxious about how the RBI might read the data. In order to let the market know that we do not know anything more than it does and to convey the extent of our uncertainty, in our September 2010 mid-quarter review we said "....the high volatility [of the IIP] over the past two months raises some doubts about how effectively the index reflects the underlying momentum in the industrial sector."

(v) Disclosing inflation expectations survey

27. The Reserve Bank conducts a quarterly inflation expectations survey based on a sample of 4000 respondents spread over 12 cities including the four metros. We have been doing this since September 2005 and have gradually refined the survey methodology over time. Although the survey was originally intended to be an internal exercise to improve our appreciation of the inflation situation, by 2009 there was a growing view within the Reserve Bank that we should "communicate" the survey results to the public on the principle that, as far as possible, there should be no information asymmetry between the public and us. We resolved that issue fairly quickly. We got the data quality and data analysis peer reviewed by a high level technical committee, and based on the committee's endorsement, decided on disclosure.

28. The real communication dilemma was the one that followed, whether we will be able to convey the arms length relationship between the "Reserve Bank" and the "Reserve Bank Survey", and make the broader public appreciate that the survey results are the opinion of the respondents and not of the Reserve Bank. We made a serious effort to maintain that distinction. Initial reports showed that some segments of the public remain confused but we are hoping that that confusion will resolve in due course.

Communication dilemmas outside monetary policy arena

29. As I said earlier, communication dilemmas arise not just in the domain of monetary policy but also with respect to other dimensions of the Reserve Bank's work. Let me give you some illustrations from those.

(vi) Guidelines for new bank licences

30. As you know, there is a proposal to licence some new banks. The last time the Reserve Bank had formulated guidelines for bank licencing was way back in 2001; the world has changed a lot since then. We realized that the guidelines for bank licensing need to be revisited in the changed context. The broad issues in new bank licensing are by now quite familiar: the initial size of capital, the period to be allowed for capital dilution, conversion of NBFCs to banks or promotion of banks by NBFCs and the advisability of allowing corporates to start banks. On several of these issues, the world view has changed; many heresies of the past have become orthodoxies today.

31. We were eager to evaluate our bank licencing guidelines in the light of later experience and to get broadbased feedback from all stakeholders. Accordingly we decided to

put out a discussion paper listing the pros and cons of each of the decision criteria. We were genuinely open minded and made deliberate effort to communicate our "open mindedness". Most media and a majority of the analysts had thought we came across quite well on that count. But a small segment said that we had betrayed our "biases" causing some consternation within the Reserve Bank. It is not clear whether we had fallen short in our communication effort or whether our interlocutors were superimposing their own prejudices in evaluating us. Regardless, there is a lesson here for us to improve our communication.

(vii) Basel III – getting the message across

32. As many of you know, the G-20, at its Seoul meeting in November 2010, endorsed the Basel III package for bank regulation and supervision. At the heart of Basel III are efforts to fortify the banking system, correct the incentive framework and ensure its long term stability. We, in India, are in the process of evaluating the impact of Basel III on Indian banks and I have spoken about that at length elsewhere[1]. Basel III poses several challenges including communication challenges. Let me illustrate two of the important ones.

33. First, central to Basel III is the idea that banks should build up capital and provisioning buffers during good times and draw these down during downturns so as to be able to continue lending while absorbing losses. The underlying rationale is sound, but somewhat counter-intuitive. Experience shows that markets demand that banks maintain higher capital and provisioning during a downturn to withstand higher risks. If markets continue with such expectation, banks would likely "hoard" capital and stop lending which will exacerbate the downturn. The communication challenge, therefore, is to educate the market on the Basel III notion of buffers and their manner of use so that these safeguards function the way they are intended to.

34. The second communication challenge under the proposed Basel III package comes from the "comply or explain" framework under which countries have the option to deviate from certain components of the package and explain why they have deviated. The concern really is that the market, known for its unfailing ruthlessness, will penalize any deviation, and the communication challenge for regulators is to persuade the markets to evaluate the country's compliance based on the explanation.

(viii) Systemically important financial institutions (SIFIs)

35. The Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB) are currently engaged in devising a framework for regulating and supervising systemically important financial institutions (SIFIs). SIFIs, as is well known, were at the centre of the recent crisis. Since they are "too big to fail" and "too interconnected to fail", they had to be rescued at a huge cost to the tax payers. The international level work, currently in progress, is engaged in identifying ways to reduce the moral hazard of SIFIs, defining the criteria for their identification and designing differential capital and liquidity surcharge for them.

36. Under the arrangement presently under discussion, SIFIs will be pre-identified on the basis of some defined criteria and subjected to graded prudential surcharges and other safeguards. These are intended to eliminate the moral hazard, reduce their systemic risk potential, and should it become inevitable, allow them to fail in an orderly manner. The intent

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[1] *"Post Crisis Reforms to Banking Regulation and Supervision – Think Global, Act Local"*, Inaugural address by Dr. Duvvuri Subbarao, Governor, Reserve Bank of India, at the FICCI-IBA Conference on "Global Banking: Paradigm Shift" at Mumbai on September 7, 2010.

is to pre-identify SIFIs for the purpose of greater supervision but not to disclose the list as that would accentuate the moral hazard.

37. The dilemma is how the market might actually respond to this deliberate non-transparency. Will the market guess the list of SIFIs, as indeed it will, and interpret the intent behind the enhanced regulation as a way of preserving the “too big to fail” syndrome, continue to give SIFIs competitive advantage in funding markets on such a flawed understanding and thereby encourage risky behaviour? Or will the market appreciate that the true intent behind the pre-identification and more stringent regulation and supervision of SIFIs is to reduce the probability of their failure, and in the event of failure, to make their resolution feasible and apportion the burden across all stakeholders without burdening the tax payers?

Limits to transparency – some practical challenges

38. As many of you will appreciate, there is a difference between appropriate openness and inappropriate openness. Greater transparency is not always better communication and white noise often complicates understanding. Also, central banks may sometimes withhold information for strategic reasons. Many of you will recall the intense debate that preceded the release of the results of bank stress testing in the US. There was an apprehension that banks that come out as “stressed” will be pushed into a vicious circle of further stress as a result of the disclosure thereby losing the wriggle room to turn around. Let me give you two examples from our own experience to illustrate the communication challenges of this type.

(ix) Security features of currency notes

39. We face a classic communication dilemma in disclosing the security features of our currency notes. We are deeply conscious that to check counterfeiting, we need to constantly enhance the security features of the currency. That is necessary but not sufficient. The sufficiency condition will be met when people become aware of the security features so that they can tell a forged note from a genuine one. The dilemma is that when we launch an awareness drive, we are providing information also to counterfeiters. We resolve this issue by making the replication of security features technically complex and prohibitively expensive, and also by incorporating some additional security features that can be detected only by sophisticated gadgets and equipment. An added challenge in this regard is that our awareness campaign has to educate the public without unduly alarming them. This has prompted us to opt for a soft campaign rather than a hard-hitting one; it might take longer to create the necessary impact, but it will be more lasting.

(x) Disclosing the composition of foreign exchange reserves

40. Let me give you another illustration of the limits to transparency. The Reserve Bank puts out the data on foreign exchange reserves every week with a lag of one week. We also publish a half yearly report on the management of foreign exchange reserves indicating several details including the objectives of the reserve management strategy, the adequacy of the reserves, risk management practices etc. However, we do not disclose the currency composition of our reserves and we have been criticized for our lack of communication in this regard. The reason we do not disclose the currency composition is because, as the forex reserves manager, we are like any other commercial entity in the market. The information is market sensitive and disclosure could potentially impact our commercial interests adversely. Disclosure also has wider implications for our international relations. Furthermore, market efficiency is in no way affected by our non-disclosure. Indeed non-disclosure is the norm around the world; a majority of the countries, particularly the large reserve holders, do not disclose the composition of their foreign exchange reserves.

41. We have, however, progressively moved towards greater disclosure in line with international best practices. The Reserve Bank is among 68 central banks from around the world to have adopted the Special Data Dissemination Standards (SDDS) template for publication of detailed data on foreign exchange reserves, including some information on currency composition, investment pattern and forward positions. These data are put out on a monthly basis on RBI's website. The Reserve Bank is also one of the very few central banks which publish market intervention numbers in its monthly Bulletin with a lag of two months.

Role and responsibility of the media

42. A lecture on communication dilemmas of central banks would be incomplete without a comment on the role and responsibilities of the media. So, let me address that issue briefly.

43. First of all, I want to compliment the Indian media – both print and electronic – for the useful intermediation role they play between policy makers and stakeholders. The media disseminates, interprets and explains the news to the public, and in the reverse direction, conveys stakeholder concerns, perceptions and opinions to the policy makers. In the Reserve Bank, we enjoy a professional and mutually beneficial relationship with the media. They add value by informing and educating the stakeholders on RBI policies and actions and keep us on our toes through their feedback and critique. I am often impressed by the depth of media analysis and their insightful opinion pieces and leaders. I will also let you in on a secret. My staff tutor me painstakingly before scheduled media interactions, but the depth of my understanding is oftentimes put to test by the media interlocutors who spring questions that we had not thought of.

44. Even as the media has been an effective intermediary between the Reserve Bank and its stakeholders, there are ways in which it can become even more effective. Let me make a few suggestions in this regard.

45. Sometimes, I find that the competition among the media militates against the quality of analysis. The media disseminates economic and financial news, indeed any news, at three levels. The first level is "news" as "news" and I can appreciate the race to be the first at this level. The second level is analysis and interpretation and the third level is "opinion". It is at these latter two levels that competition to be "the first with it" compromises quality. The media will probably be more effective and value adding if it allows time for digesting the news and thinks through before "analysis and interpretation", and does some research before coming out with "opinion". I am no expert in journalism, but as a consumer of journalism, I think my interests will be better served by more in-depth analysis and critique rather than of the "get up and go" variety of opinion dissemination.

46. Second, media reporting is sometimes inaccurate, and the risk of misinformation in such cases is high. If Dr. Reddy Labs in Hyderabad projects 9 per cent earnings growth and if that is reported under a large headline of "Dr. Reddy projects 9 per cent growth", even the intelligent reader can be forgiven for believing it to be Dr. Y.V. Reddy, the then RBI Governor, projecting 9 per cent GDP growth. Surely, more stringent quality control will make the media a more useful and effective "news intermediator".

47. Third, as much as I can appreciate the unwavering focus of the media on news that sells, the media has a responsibility also for broadbasing its reporting. You often report what policy makers say on the sidelines of an event in broad headlines and completely ignore the event itself. This tendency, I believe, is unfair to the event organizers as well as to your broader audience who should know of the event.

48. I am also intrigued by how the media picks up a tiny segment of a speech and reports only that, and that too often out of context. For example, a few months ago, I spoke at a bankers' conference on the implications of Basel III for the Indian banking system, and in passing I had made a comment about how the salary structure of public sector banks needs to be revisited to attract and retain talent. I was puzzled by how this bit alone got extensively

reported and commented upon. Admittedly the reporting was constructive but I still feel that the larger issues of Basel III too should have made it to news and comment.

49. Finally, a brief but important comment on the role of the media during the recent crisis. It has played an effective and largely useful role in disseminating news and views, but also on occasion fuelled the frenzy. Some of the panic during the crisis could have been avoided, and at any rate contained, if the media opted for restraint instead of sensationalism.

50. I have critiqued the media not so much to find fault but to share my perceptions. I do want to reiterate that the media plays a constructive and value adding role and they are a critical instrumentality for the RBI as an institution and for me as the Governor in delivering on our mandate.

Conclusion

51. Let me now conclude. In matters of communication, central banks have certainly come a long long way from their haughty indifference of the past to cautious eagerness of the present. Consider this. In the 1930s, in response to some criticism of the Bank of England by Lord Keynes, Sir Ernst Harvey, the Deputy Governor, deposed before the Macmillan Committee: “As regards criticism, we (at the Bank of England) do not admit there is a need for defence; to defend ourselves is somewhat akin to a lady starting to defend her virtue.” Fast forward to today. Lady of virtue or no virtue, mystique and secrecy are no longer the bywords of central banks. On the other hand, central banks are now wise to the fact that in this age of globalization, they can leverage on communication to enhance their effectiveness.

52. Increasingly, central bank communication is not just a matter of openness and transparency, but also of education, guidance, persuasion and dialogue; and of listening and learning. My interest in sharing with you the dilemmas and challenges we face in our communication has been to convey to you how we carefully weigh the various policy options and how, once we have made a policy choice, deliberate on what to say and how to say it. The Reserve Bank takes its communication role seriously. It is our continuing endeavour to communicate in a clear manner so as to minimize scope for misinterpretation; in an effective manner so that the diverse target groups get the relevant information and message; in an honest manner such that we explain the known knowns and indicate the known unknowns; and in a consistent manner such that people can link our policies and action to past trends and future projections.

53. No doubt, in the Reserve Bank, we still have a way to go to reach the best practice in communication. All I can say is we will make every effort to get there.

Some recent initiatives towards enhancing communication

Substantive

- Increased the frequency of monetary policy reviews
- Pre-policy consultations with academics and media in addition to other stakeholders
- Rationale behind the policy decisions and context to the decisions clearly communicated in the monetary policy
- Forward guidance provided as and when expedient
- Expected outcomes from the policy actions are spelt out
- Rationalised macro and monetary developments and monetary policy documents to avoid overlaps and duplication – shorter, crisper
- Publication of Financial Stability Report twice a year
- Draft policies on website for feedback
- Explicit efforts to keep the consultation documents on major policy decisions clear of RBI biases
- Real-time handbook of statistics on the website
- Placing more and more research and data in public domain, including various surveys that provide inputs for the policy

Procedure

- Publication of Governor’s and Deputy Governors’ public engagement schedule on RBI website to demystify these offices
- Live webcast/telecast of Governor’s press conference and archiving it on website
- Publishing transcript of Governor’s press conference on website
- Teleconferencing with media
- Editors Conference once every year
- Post-policy interaction with researchers/analysts
- Streamlined major RBI publications, including monetary policy, to make them concise and reader-friendly
- Seminars and briefings with media and academics on important publications and research
- Informal briefings and training programmes for media persons to explain role and functions of RBI and to explain specific immediate issues
- Publication of comic books on banking and central banking to reach out to children
- Outreach programmes to remote areas across the country for financial literacy/inclusion
- Participation in local exhibitions and melas
- Town hall events, outside of metros, to bring central bank closer to the layperson
- Special exhibitions (in Mumbai and Kolkata) to depict history of RBI and money

- Opening of financial literacy centres in regional offices
- Focussed awareness advertising campaigns on matters of public interest