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Reserve Bank And It's Functions Towards Compliance of Financial Inclusion: A Study on Awareness Amongst Select Customers

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Abstract
Reserve Bank of India being an apex court of the center enjoys enormous power and functions under banking system in India. It has monopoly over the issue of bank-notes and monetary system of the country. These power and functions as to issue of bank notes and currency system are governed by the Reserve Bank of India Act, 1934. Besides it the Banking Regulation Act, 1949 also empowers certain power and Function of the Reserve Bank. The present empirical research study, with the help of primary data, examines the advisory role and functions of RBI in generating Awareness amongst its customers towards compliance of Financial Inclusion. Some specific statistical tools are used for the purpose.

Keywords: RBI, Financial Inclusion, EFA, Primary Data.

I. Introduction

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934, The Central Office of the Reserve Bank was initially established in Calcutta but was Permanently moved to Mumbai in 1937, The Central Office is where the Governor sists and where policies are formulated. Though originally privately owned, since nationalization in 1949, the reserve bank is fully owned by the Government of India. Reserve Bank of India regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country. Reserve Bank of India has modern monetary policy framework to meet the challenge of an increasingly complex economy. Reserve bank of India maintain price stability while keeping in mind the object of economic development of India. The economy of India is middle income developing market economy. It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The start of the 21st century, annual average GDP growth has been 6% to 7% and from 2013 to 2018, India was the world's fastest growing major economy. The Reserve Bank of India is India's Central bank and regulatory body responsible for regulation of the Indian banking system. it is under the ownership of industry of finance, government of India. it is responsible for the issue and supply of the Indian rupee. it also manages the country's main payment systems and works to promote its economic development. We are going to study on functions and role of Reserve Bank of India and Its Impact of Economic Development of India.

Reserve Bank of India being an apex court of the center enjoys enormous power and functions under banking system in India. It has monopoly over the issue of bank-notes and monetary system of the country. These power and functions as to issue of bank notes and currency system are governed by the Reserve Bank of India Act, 1934. Besides it the

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Banking Regulation Act, 1949 also empowers certain power and Function of the Reserve Bank.

1.1. Main Functions of RBI

Main functions are those functions which every central bank of each nation performs all over the world. Basically, these functions are in line with the objectives with which the bank is set up. It includes fundamental functions of the Central Bank. They comprise the following tasks.

1. Issue of Currency Notes: The RBI has the sole right or authority or monopoly of issuing currency notes except one rupee note and coins of smaller denomination. These currency notes are legal tender issued by the RBI. Currently it is in denominations of Rs. 2, 5, 10, 20, 50, 100, 500, and 1,000. The RBI has powers not only to issue and withdraw but even to exchange these currency notes for other denominations. It issues these notes against the security of gold bullion, foreign securities, rupee coins, exchange bills and promissory notes and government of India bonds.

2. Banker to other Banks: The RBI being an apex monitory institution has obligatory powers to guide, help and direct other commercial banks in the country. The RBI can control the volumes of banks reserves and allow other banks to create credit in that proportion. Every commercial bank has to maintain a part of their reserves with its parent's viz. the RBI. Similarly, in need or in urgency these banks approach the RBI for fund. Thus, it is called as the lender of the last resort.

3. Banker to the Government: The RBI being the apex monitory body has to work as an agent of the central and state governments. It performs various banking function such as to accept deposits, taxes and make payments on behalf of the government. It works as a representative of the government even at the international level. It maintains government accounts, provides financial advice to the government. It manages government public debts and maintains foreign exchange reserves on behalf of the government. It provides overdraft facility to the government when it faces financial crunch.

4. Exchange Rate Management: It is an essential function of the RBI. In order to maintain stability in the external value of rupee, it has to prepare domestic policies in that direction. Also, it needs to prepare and implement the foreign exchange rate policy which will help in attaining the exchange rate stability. In order to maintain the exchange rate stability, it has to bring demand and supply of the foreign currency (U.S Dollar) close to each other.

5. Credit Control Function: Commercial bank in the country creates credit according to the demand in the economy. But if this credit creation is unchecked or unregulated then it leads the economy into inflationary cycles. On the other credit creation is below the required limit then it harms the growth of the economy. As a central bank of the nation the RBI has to look for growth with price stability. Thus, it regulates the credit creation capacity of commercial banks by using various credit control tools. 6. Supervisory Function: The RBI has been endowed with vast powers for supervising the banking system in the country. It has powers to issue license for setting up new banks, to open new branches, to decide minimum reserves, to inspect functioning of commercial banks in India and abroad, and to guide and direct the commercial banks in India. It can have periodical inspections an audit of the commercial banks in India.

1.2. Developmental / Promotional Functions of RBI

Along with the routine traditional functions, central banks especially in the developing country like India have to perform numerous functions. These functions are country specific functions and can change according to the requirements of that country. The RBI has been performing as a promoter of the financial system since its inception. Some of the major development functions of the RBI are maintained below.

1. Development of the Financial System: The financial system comprises the financial institutions, financial markets and financial instruments. The sound and efficient financial system is a precondition of the rapid economic development of the nation. The RBI has encouraged establishment of main banking and nonbanking institutions to cater to the credit requirements of diverse sectors of the economy.

2. Development of Agriculture: In an agrarian economy like ours, the RBI has to provide special attention for the credit need of agriculture and allied activities. It has successfully rendered service in this direction by increasing the flow of credit to this sector. It has earlier the Agriculture Refinance and Development Corporation (ARDC) to look after the credit, National Bank for Agriculture and Rural Development (NABARD) and Regional Rural Banks (RRBs).

3. Provision of Industrial Finance: Rapid industrial growth is the key to faster economic development. In this regard, the adequate and timely availability of credit to small, medium and large industry is very significant. In this regard the RBI has always been instrumental in setting up special financial institutions such as ICICI Ltd. IDBI, SIDBI and EXIM BANK etc.

4. Provisions of Training: The RBI has always tried to provide essential training to the staff of the banking industry. The RBI has set up the bankers' training colleges at several places. National Institute of Bank Management i.e NIBM, Bankers Staff College i.e BSC and College of Agriculture Banking i.e CAB are few to mention.

5. Collection of Data: Being the apex monetary authority of the country, the RBI collects process and disseminates statistical data on several topics. It includes interest rate, inflation, savings and investments etc. This data proves to be quite useful for researchers and policy makers.

6. Publication of the Reports: The Reserve Bank has its separate publication division. This division collects and publishes data on several sectors of the economy. The reports and bulletins are regularly published by the RBI. It includes RBI weekly reports, RBI Annual Report, Report on Trend and Progress of Commercial Banks India., etc. This information is made available to the public also at cheaper rates.

7. Promotion of Banking Habits: As an apex organization, the RBI always tries to promote the banking habits in the country. It institutionalizes savings and takes measures for an expansion of the banking network. It has set up many institutions such as the Deposit Insurance Corporation-1962, UTI-1964, IDBI-1964, NABARD-1982, NHB-1988, etc. These organizations develop and promote banking habits among the people. During economic reforms it has taken many initiatives for encouraging and promoting banking in India.

8. Promotion of Export through Refinance: The RBI always tries to encourage the facilities for providing finance for foreign trade especially exports from India. The Export-Import Bank of India (EXIM Bank India) and the Export Credit Guarantee Corporation of India (ECGC) are supported by refinancing their lending for export purpose.

1.3. Supervisory Functions of RBI

The reserve bank also performs many supervisory functions. It has authority to regulate and administer the entire banking and financial system. Some of its supervisory functions are given below.

1. Granting license to banks: The RBI grants license to banks for carrying its business. License is also given for opening extension counters, new branches, even to close down existing branches.

2. Bank Inspection: The RBI grants license to banks working as per the directives and in a prudent manner without undue risk. In addition to this it can ask for periodical information from banks on various components of assets and liabilities.

3. Control over NBFIs: The Non-Bank Financial Institutions are not influenced by the working of a monitory policy. However, RBI has a right to issue directives to the NBFIs from time to time regarding their functioning. Through periodic inspection, it can control the NBFIs.

4. Implementation of the Deposit Insurance Scheme: The RBI has set up the Deposit Insurance Guarantee Corporation in order to protect the deposits of small depositors. All bank deposits below Rs. One lakh are insured with this corporation. The RBI work to implement the Deposit Insurance Scheme in case of a bank failure.

1.4. Reserve Bank of India's Credit Policy

The Reserve Bank of India has a credit policy which aims at pursuing higher growth with price stability. Higher economic growth means to produce more quantity of goods and services in different sectors of an economy; Price stability however does not mean no change in the general price level but to control the inflation. The credit policy aims at increasing finance for the agriculture and industrial activities. When credit policy is implemented, the role of other commercial banks is very important. Commercial banks flow of credit to different sectors of the economy depends on the actual cost of credit and arability of funds in the economy.

1.5. Review of Literature : Cross-country Evidence

A large body of literature on the monetary transmission mechanism has debated on the working of the traditional “monetary” or “interest-rate” channel and “credit channel” of transmission. The traditional channels of monetary policy transmission are based on models of investment, consumption and international trade.

The interest rate channel lies at the core of the traditional Keynesian IS-LM model, originally propounded by Hicks (1937). In fact, the importance of traditional interest rate channel of monetary policy transmission was well argued in Keynes' general theory of output and employment.

Ando and Modigliani's (1963) life-cycle theory of consumption emphasised the role of asset based wealth as well as income in determining consumption behaviour. Identifying a channel of monetary transmission, life-cycle theory highlighted that if stock prices fall after a tightening of monetary policy, household would find the value of their assets(wealth) falling, leading to a fall in consumption and output.

The description of the monetarist transmission mechanism by Friedman and Schwartz [1963] also involved a rich array of assets besides money supply. Subsequently, Tobin's *1969+q-theory of investment explained the traditional interest rate channel operating through the user cost of capital and portfolio choice.

Since Bernanke's seminal paper in 1986, providing alternative explanations of real and nominal sources of prices for explaining money-income relationship in addition to the standard explanations given earlier, the issue of monetary policy transmission has been extensively researched.

Examining the impact of monetary policy on bank loans in the context of the US, Bernanke and Blinder [1988] suggested that open market sales by the Federal Reserve, draining reserves and hence deposits from the banking system, would limit the supply of bank loans by reducing banks' access to loanable funds. This effect, transmitted through the level and composition of bank assets, was over and above the traditional money supply and interest-rate effects implicit in IS-LM framework. However, Romer and Romer [1990] concluded that credit channel was ineffective.

The debate on monetary policy transmission was extended further in a Symposium on 'The Monetary Policy Transmission' in the Journal of Economic Perspectives [1995], where alternative views on channels of monetary policy transmission were provided by Taylor, Rogoff and Obstfeld, Meltzer, Bernanke and Gertler, and Mishkin.While there was consensus on the role of money in influencing aggregate demand andprices, disagreement continued over the transmission channel.

Following the views of Friedman (1970) on monetary policy transmission and hiscritics - including Meltzer, Brunner, Tobin and Patinkin - Taylor [1995] attempted to reviewthe impact on monetary policy transmission on real GDP and prices using a financial market prices framework. This framework highlighted the role of monetary policy in determining prices and rates of return on financial assets, interest rates, and exchange rates which in turn influence the spending decisions of firms and households. Under the financial market view, Taylor [1995] found the traditional interest rate channel to be important for monetary policy transmission to the real economy. Rogoff and Obstfeld [1995] emphasised the importance of exchange rate channel of monetary policy transmission.

Mandeep K. B. (2017), "RBI's Developmental role includes ensuring credit to productive sectors of the economy, creating institutions to build financial infrastructure, and expanding access to affordable financial services, it also plays and active role in encouraging efficient customer service throughout the banking industry. This Research Topic "A Critical Analysis on Functions & Role of Reserve Bank of India and Its Impact on Economic Development of India" is Unique and different from still have been studied Yet. The Research Topic Analysis on Functions and Role of Reserve Bank of India and Identify the Organization and Management and Its Impact on Economic Development of India.

1.6. Objectives of the Study

Based on the above literature review, the following objectives of the study were identified:
1. To identify the Function and Role of Reserve Bank of India.
2. To identify the Organization and Management of RBI.
3. To Analyze its Impact on Economic Development of India.
4. To understand whether general people as a customer of different banks, are really aware of the Role of RBI in financial inclusion and development of economy, through an empirical study.

2.1. Research Methodology of the Present Study

Both Quantitative and Qualitative research methods have been followed for the study. To be more specific, ethnographic methods, grounded study and focus group methods were used for the study, keeping in consideration; the changing socio-economic conditions of the sample respondents,

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Volume 6, Issue 2 Feb. 2024, pp: 129-147 www.ijaem.net ISSN: 2395-5252

apart from interview with the help of structured questionnaire were done. Interviewing techniques were used, based on the Interview Schedule, Structured and administered properly. Besides, Google forms are also used to collect the data, due to pandemic and lockdown in the study area for a long period.

2.1.1. Nature of Data

Both Primary and Secondary data were collected for the study. For the collection of data, interview with the help of structured questionnaire was undertaken. The population, i.e., the list of households residing nearby the sample study area were collected from the CSO Office. The door-to-door interview method based on random sampling technique was used for the study. Relevant secondary data were also collected from the articles, books, and more specifically, from different government and non-government reports and newspapers and reports of the previously done surveys, if any.

2.1.2. Method of Sampling

Random Sampling method was used to select the households before interviewing the respondents.

Step-1: At first a pilot survey was conducted here within 30 respondents to gather a basic knowledge about the customers' perception regarding the selected bridges.

Step-2: Then based on the factors identified a structured questionnaire in 5-point Likert scale were prepared to conduct the market survey **amongst 61 respondents**

Step-3: The Brides were chosen on Judgemental Sampling Basis amongst the prominent bridges in Kolkata and its surroundings.

Step-4: Due to time, labour, and cost constraints, respondents were chosen based on judgement and convenience sampling. **Exploratory Factor Analysis with Principal Component Analysis and the Varimax Method of Rotation** is the key tools employed here.

2.1.3. Structure and Contents of Questionnaire

The questionnaire has three sections – Part A, Part B and Part C

Part A contains demographic profile of the respondents viz., name of the respondent, address for communication, gender, educational qualifications and monthly incomes of the respondents.

Part B deals with the research-based questions which deal with usage of the selected bridges, the pros & cons of the selected bridges which includes conveyance, availability of medical facilities, hospitals, higher education facilities, easy movement from rural to urban, cultural exchanges etc.

The primary data collected are logically accumulated, processed, classified, analysed and interpreted using appropriate statistical techniques, with the help of statistical software packages, viz., **Ms Excel 2010, SPSS (version 25).**

Part C deals with the Exploratory Factor Analysis done through Principal Component Analysis (PCA) with varimax rotation.

2.1.4. Period of Study

The Data Collection Period was mainly between March 2023 to July 2023. The Data Collection process has been delayed due to the present pandemic going on all over the world.

2.1.5. Tools for Analysis

For the purpose of convenience of analysis, the total analysis is divided into 4 (Four) sub-sections:

1. **Section A** analysed residential profile-related questions and research-specific questions {turned into variables afterwards), based on the theoretical constructs created by the researcher, out of the domain knowledge gathered through ample literature reviews and through the relevant responses received from the respondents through fill-in structured questionnaires measured in Likert's 5-Point Scale [e.g. 1 = Strongly Agreed and 5 = Strongly Disagreed] and the specific tools used here for analysis are mainly frequency distribution and frequency tables, prepared through Microsoft Excel and SPSS 25.
2. **Section B** analysed the residential profile of the respondents such as residential area, climate, land use, air quality, soil quality, vibration, drainage system etc. The tools used here are mainly Frequency Distribution Tables and Descriptive Statistics.
3. **Section C** analysed the research-based questions The tools used here mainly are Exploratory Factor Analysis using Principal Component Analysis with Varimax Method of rotation.

SECTION-A: DATA COLLECTION

3.1. Research Methodology of the study

This chapter examines the primary data that was gathered. Before moving on to the analysis, a quick overview of data collecting is provided.

3.1.1. Primary Data

The necessary **Primary data** was gathered through a **structured questionnaire** that included both **open-ended** and **closed-ended questions** based on first-hand experience. In the beginning, **demographic questions** are asked, followed by

dichotomous and multiple-choice questions, **5-point Likert Scale questions**, and lastly **open questions** where respondents can offer suggestions or comments.

3.1.2. Instrument for Data Collection

A structured questionnaire was created with two sections: **Section A [Demographic Profile]**, and **Section B [Research-Specific Information]**, all of which included both **open-ended and closed-ended questions**. **Dichotomous, multiple-option,** and **5-point Likert Scaled questions** are among the research-specific questions.

3.1.3. Period of Data Collection

From March **2023 to July 2023**, primary data was collected using a structured questionnaire (approximately 5 months). Due to the current pandemic sweeping the globe, the data collection process has been delayed.

3.1.4. Extensive Description of the Data Collected

The following data was obtained from a total of **130 respondents** using both **physical and Google forms:**

Table 3.1.1.: Details of Questionnaires

INFRASTRUCTURES	NO. OF QUESTIONNAIRES RECEIVED	REMARKS
THE NIVEDITA SETU/ SECOND VIVEKANANDA BRIDGE	130	Physical Forms & Google Forms

Source: Primary Data

SECTION-B: DATA SCREENING

3.2. Data Screening

Data screening success in any multivariate analysis, according to **Lawan et al. (2011)1**, is critical and serves as the cornerstone for any useful quantitative research conclusion. The quality of first data screening determines the quality and outcome of an accepted analysis. The variables are adequately input in the variables view' page of SPSS 25, then suitable labelling, naming, and scaling is done once then an organized questionnaire is used to collect data. After that, the collected data is entered into the data view page. The following steps are used to screen data: -

Step 1: Accuracy of the data file

The first step is to ensure that the data file is accurate. **"Partha Pal.sav"** is the name of the data file. First, the accuracy of the data entered was checked thoroughly. According to the 'maker & checker' principle, this checking was done by someone other than the researcher. There were several data entry errors that were discovered and corrected.

Step 2: Reliability Test

It is said that a proper reliability study is very essential in case of doing research through primary data. The reliability and internal consistency test of the questionnaire is carried out by using Cranach's Alpha Test. According to **Cronbach (1984)**[2], this test is the most used test for reliability in social science research. The Cronbach's Alpha estimate is denoted by the Greek letter α. According to **Keith (2018)**[3], "Cronbach's alpha is a statistic commonly quoted by authors to demonstrate that tests and scales that have been constructed or adopted for research projects are fit for purpose. It is argued that a high value of alpha offers limited evidence of the reliability of a research instrument, and that indeed a very high value may actually be undesirable when developing a test of scientific knowledge or understanding."

Any study on primary data, must be supported by a proper test of reliability and validity. However, the Cronbach alpha, often known as the coefficient alpha, or C α, is a measure of internal consistency for parallel instrument items designed to evaluate a uni-dimensional outcome construct. The total of the item scores is frequently used to express the scale score for the target construct. For various study designs, C-based power functions have been lacking, **Heo et al. (2015)**[4]**.**

1Lawan, A., Dahalin, M. Z & Galadima, M. B. (2011). Data screening and Preliminary Analysis of the Determinants of User Acceptance of Telecentre. Journal of Information Systems. 1(1). 11-23

2 Cronbach, L. (1984). Essentials of Psychological Testing. New York. Harper & Row.

3 Keith, S.T. (2018). The Use of Cronbach's Alpha When Developing and Reporting Research Instruments in Science Education. *Res Sci Educ*. 48. 1273–1296. DOI 10.1007/s11165-016-9602-2

4 Heo, M., Kim, N. & Faith, S. M. (2015). Statistical power as a function of Cronbach alpha of instrument questionnaire items. BMC Medical Research Methodology. 15:86. DOI 10.1186/s12874-015-0070-6

International Journal of Advances in Engineering and Management (IJAEM)
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After conducting a Reliability Statistics test in SPSS 25, the Cronbach's Alpha based on standardised items is found to be 0.715 (shown in Table 3.2.1) which proves the reliability of the questionnaire and the data.

Table 3.2.1: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.926	.911	28

*(**Source:** Primary Data compiled through SPSS 25)*

Step 3: Validity Test

Again, for validity test, Friedman's Test and Tukey's Test is conducted. In statistical terms, **Tukey's Test for Non-additivity,** named on John Tukey, is an approach used in two-way ANOVA (regression analysis, involving two qualitative factors) to assess whether the factor variables are additively related to the expected values of the response variable. It can be applied when there is no replicated value in the data set. A situation in which it is impossible to directly estimate a fully general non-additive regression structure and still have information left to estimate the error variance. The test statistic proposed by Tukey has one degree of freedom under the null hypothesis, therefore it is also called "Tukey's One-Degree-of-Freedom Test." **The Tukey's Test for Non-additivity is found to be significant which states that there is no replicated value in the data set.**

Table 3.2.2: ANOVA with Tukey's Test for Non-additivity

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig
Between People		968.712	60	16.145		
Within People	Between Items	1438.597	27	53.281	44.760	.000
	Residual	1928.403	1620	1.190		
	Total	3367.000	1647	2.044		
Total		4335.712	1707	2.540		
Grand Mean = 3.28						

*(**Source:** Computed through SPSS 25)*

After this Hotelling's T-Squared Test for inter-class correlation co-efficient had also shown significant results (Table 4.2.3.)

Table 3.2.3.: Hotelling's T-Squared Test

Hotelling's T-Squared Test				
Hotelling's T-Squared	F	df1	df2	Sig
.000[a]	.	.	.	.
a. Hotelling's T-Squared cannot be computed because of a singular covariance matrix.				

*(**Source:** Computed through SPSS 25)*

After completing, Tukey's One-Degree-of-Freedom Test and Hotelling's T-Squared Test, intra-class correlation co-efficient was also calculated as follows (Table 4.2.4.)

Table 3.2.4.: Intraclass Correlation Coefficient

Intraclass Correlation Coefficient							
	Intraclass Correlation[b]	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Single Measures	.310[a]	.237	.407	13.563	60	1620	.000
Average Measures	.926[c]	.897	.951	13.563	60	1620	.000
Two-way mixed effects model where people effects are random and measures effects are fixed.							
a. The estimator is the same, whether the interaction effect is present or not.							

International Journal of Advances in Engineering and Management (IJAEM)
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b. Type C intraclass correlation coefficients using a consistency definition. The between-measure variance is excluded from the denominator variance.
c. This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.

(***Source:*** *Computed through SPSS 25)*

Since p-value $>\alpha$ (or $F < F_{crit}$), we can't reject the null hypothesis, and conclude **there is no significant difference between the mean vectors for the simple measures and average measures.**

3.3. Findings

1. After conducting a Reliability Statistics test in SPSS 25, the Cronbach's Alpha based on standardised items is found to be 0.911 which proves the reliability of the questionnaire and the data.
2. The Tukey's Test for Non-additivity is found to be significant which states that there is no replicated value in the data set.
3. Since p-value $>\alpha$ (or $F < 0.001$) proves that EFA can be carried out.
4. In order to carry out Principal component analysis (PCA), and to identify the factors which have socio-economic impact on the respondents, there are eleven (11) variables which are extracted into three (3) factors which 89.194% of the total variance.

5. Interpretation of the Factors as per Exploratory Factor Analysis

Exploratory Factor–1

From the above table, it is seen that the first Factor (Factor 1) consists of variables X1, X2, X3, X4, X5, X6, X7 and X8. The loading of X1 is 0.934, that of X2 is 0.934, that of X3 is 0.903, that of X4 is 0.801, that of X5 is 0.801, that of X6 is 0.761, that of X7 is 0.762 and that of X8 is 0.762. Thus, the first exploratory factor with eight variables is named as **"Full Disclosure of RBI information".**

The multiple regression equation for this variable "Full Disclosure of RBI information" is greater than 1 and is explained by the following formula:

B1 = 0.934x1 = 0.934x2 + 0.903x3 + 0.801x4 + 0801x5 + 0.761x6 +0.762x7 + 0.762x8 .... [ia]

Exploratory Factor–2

From the above table, it is seen that the second Factor (Factor-2) consists of variables X9, and X1. The loading of X9 is 0.961, loading of X1 is 0.961. Thus, the second exploratory factor with two variables is named as **"Information on Awareness and Control".**

The multiple regression equation for this variable "Information on Awareness and Control". is greater than 1 and is explained by the following formula:

B2 = 0.961x9 + 0.961x1........................... [ib]

Exploratory Factor–3

From the above table, it is seen that the third Factor (Factor-3) consists of variables X10 & X11. The loading of X10 is 0.923, loading of X11 is 0.923.

Thus, the third exploratory factor with two variables is named as **"Adequacy of Literature on Financial Inclusion".**

The multiple regression equation for this variable "Adequacy of Literature on Financial Inclusion" is greater than 1 and is explained by the following formula:

B3 = 0.923x10 + 0.923x11 .... [ic]

4.1. Conclusion and Recommendations

Again, from the above equations it can concluded that **perception of the sample respondents on the awareness of the role of RBI (Arrbi) depends on three exploratory factors namely, "Full Disclosure of RBI information", "Information on Awareness and Control", and "Adequacy of Literature on Financial Inclusion" i.e.,**

Arrbi = β1 + β2 + β3 4.3.

4.1.1. Conclusion

Reserve Bank of India executes Monetary Policy for Indian Economy. The RBI formulates, implements and monitors the monetary policy. The Monetary policy committee (MPC) is entrusted with the task of fixing the benchmark policy interest rate (repo rate) for inflation targeting. The Main objectives of monitoring monetary policy are;

1. Maintaining price stability while keeping in mind the objective of economic growth of India.
2. Inflation control (containing inflation at 4%, with a standard deviation of 2%)
3. Control on bank credit.
4. Interest rate control.

India's economy experienced a significant degree of growth since the early 2000s. According to the World Bank. the country implemented policies to help get more than 90 million people out of poverty between 2011 and 2015. Despite its rapid growth rate, the Indian economy has weakened-both before and during the global COVID-19 pandemic hit. A weak financial sector and a drop in private consumption let to a drop in growth from 8.3% to 4% between 2017 and 2020. The World Bank estimated India's GDP to be more than $2.62 billion as of 2020, making it the Sixth-largest in the world after the U.S., China, Japan, Germany and the United Kingdom. This figure is expected to grow, with the most apparent effect sometime in 2022. The World Bank estimates growth to stabilize around

International Journal of Advances in Engineering and Management (IJAEM)
Volume 6, Issue 2 Feb. 2024, pp: 129-147 www.ijaem.net ISSN: 2395-5252

7% by that point. This will likely be due to a greater concentration on fiscal and monetary policy to help boost struggling individuals and businesses, as well as greater spending on health and welfare. At the end, we can say that Reserve Bank of India is Playing Important and Crucial role in Economic Development of India.

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4.6. Scope for further Research

The purpose of this study is to determine and analyse the socioeconomic impact of many infrastructure projects in Kolkata, West Bengal, including the Howrah Bridge, the Vivekananda Setu, the Vidyasagar Setu, and the NIvedita Setu. Only 130 respondents from each bridge, for a total of 520 respondents, were considered in this study. Furthermore, only four West Bengal bridges were evaluated. There is always the possibility of selecting a larger population with a greater study region and conducting a similar study with a larger number of respondents. As a result, I intend to do a comparable study with a considerably larger sample size and a broader geographic scope.

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Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	31	50.8	50.8	50.8
	female	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	27	44.3	44.3	44.3
	26-40	13	21.3	21.3	65.6
	41-60	10	16.4	16.4	82.0
	above 60	11	18.0	18.0	100.0
	Total	61	100.0	100.0	

Annual Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-300000	31	50.8	50.8	50.8
	300001-600000	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

Area of residence

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	rural	35	57.4	57.4	57.4
	urban	26	42.6	42.6	100.0
	Total	61	100.0	100.0	

Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSC	21	34.4	34.4	34.4
	HS	14	23.0	23.0	57.4
	GRAD	10	16.4	16.4	73.8
	PG	11	18.0	18.0	91.8
	OTHERS	5	8.2	8.2	100.0

International Journal of Advances in Engineering and Management (IJAEM)
Volume 6, Issue 2 Feb. 2024, pp: 129-147 www.ijaem.net ISSN: 2395-5252

		Frequency	Percent	Valid Percent	Cumulative Percent
	Total	61	100.0	100.0	

Is your Education relating to Commerce?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	60	98.4	98.4	98.4
	NO	1	1.6	1.6	100.0
	Total	61	100.0	100.0	

Select the appropriate status of a Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EMPLOYED	19	31.1	31.1	31.1
	PART-TIME	19	31.1	31.1	62.3
	SELF-EMPLOYED	10	16.4	16.4	78.7
	STUDENT	4	6.6	6.6	85.2
	UNEMPLOYED	2	3.3	3.3	88.5
	RETIRED	2	3.3	3.3	91.8
	OTHERS	5	8.2	8.2	100.0
	Total	61	100.0	100.0	

Managing Monetary Policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	10	16.4	16.4	16.4
	D	12	19.7	19.7	36.1
	N	10	16.4	16.4	52.5
	A	7	11.5	11.5	63.9
	SA	22	36.1	36.1	100.0
	Total	61	100.0	100.0	

Bankers to Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	12	19.7	19.7	29.5
	N	6	9.8	9.8	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

Currency Management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	9	14.8	14.8	14.8
	D	9	14.8	14.8	29.5
	N	8	13.1	13.1	42.6
	A	12	19.7	19.7	62.3

		Frequency	Percent	Valid Percent	Cumulative Percent
	SA	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Consumer Education and protection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	D	9	14.8	14.8	14.8
	N	6	9.8	9.8	24.6
	A	23	37.7	37.7	62.3
	SA	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Debt management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	2	3.3	3.3	3.3
	D	6	9.8	9.8	13.1
	N	7	11.5	11.5	24.6
	A	15	24.6	24.6	49.2
	SA	31	50.8	50.8	100.0
	Total	61	100.0	100.0	

Financial Inclusion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	4	6.6	6.6	6.6
	D	13	21.3	21.3	27.9
	N	7	11.5	11.5	39.3
	A	12	19.7	19.7	59.0
	SA	25	41.0	41.0	100.0
	Total	61	100.0	100.0	

Managing Financial market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	6	9.8	9.8	19.7
	N	9	14.8	14.8	34.4
	A	10	16.4	16.4	50.8
	SA	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

Foreign Exchange Management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	9	14.8	14.8	14.8
	D	6	9.8	9.8	24.6
	N	9	14.8	14.8	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

Payment and Settlement system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	7	11.5	11.5	11.5
	D	3	4.9	4.9	16.4
	N	8	13.1	13.1	29.5
	A	8	13.1	13.1	42.6
	SA	35	57.4	57.4	100.0
	Total	61	100.0	100.0	

Regulator of bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	5	8.2	8.2	18.0
	N	6	9.8	9.8	27.9
	A	13	21.3	21.3	49.2
	SA	31	50.8	50.8	100.0
	Total	61	100.0	100.0	

I stayed informed about RBI's policies and decisions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	6	9.8	9.8	19.7
	N	7	11.5	11.5	31.1
	A	12	19.7	19.7	50.8
	SA	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

I stayed informed about different tools used by RBI to control inflation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	11	18.0	18.0	27.9
	N	7	11.5	11.5	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

I stayed informed about different tools used by RBI to control interest rate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	12	19.7	19.7	29.5
	N	6	9.8	9.8	39.3
	A	13	21.3	21.3	60.7
	SA	24	39.3	39.3	100.0
	Total	61	100.0	100.0	

International Journal of Advances in Engineering and Management (IJAEM)
Volume 6, Issue 2 Feb. 2024, pp: 129-147 www.ijaem.net ISSN: 2395-5252

I stayed informed about different tools used by RBI to promote Financial Inclusion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	6	9.8	9.8	19.7
	N	9	14.8	14.8	34.4
	A	10	16.4	16.4	50.8
	SA	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

I discuss Monetary Policy decision of RBI with family, friends and colleague

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	9	14.8	14.8	14.8
	D	6	9.8	9.8	24.6
	N	9	14.8	14.8	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

I visit the website of RBI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	7	11.5	11.5	11.5
	D	3	4.9	4.9	16.4
	N	8	13.1	13.1	29.5
	A	8	13.1	13.1	42.6
	SA	35	57.4	57.4	100.0
	Total	61	100.0	100.0	

I read publication and reports issued by RBI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	5	8.2	8.2	18.0
	N	6	9.8	9.8	27.9
	A	13	21.3	21.3	49.2
	SA	31	50.8	50.8	100.0
	Total	61	100.0	100.0	

I have watched commercial advertisements relating to financial awareness by RBI on YouTube

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	6	9.8	9.8	19.7
	N	7	11.5	11.5	31.1
	A	12	19.7	19.7	50.8
	SA	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

International Journal of Advances in Engineering and Management (IJAEM)
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I have watched commercial advertisements relating to financial awareness by RBI on YouTube

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	11	18.0	18.0	27.9
	N	7	11.5	11.5	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

I have watched commercial advertisements relating to financial awareness by RBI on Television

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	12	19.7	19.7	29.5
	N	6	9.8	9.8	39.3
	A	13	21.3	21.3	60.7
	SA	24	39.3	39.3	100.0
	Total	61	100.0	100.0	

I read comic books relating to financial awareness issued by RBI

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	6	9.8	9.8	9.8
	D	6	9.8	9.8	19.7
	N	9	14.8	14.8	34.4
	A	10	16.4	16.4	50.8
	SA	30	49.2	49.2	100.0
	Total	61	100.0	100.0	

I pay attention to the SMS received from RBI relating to financial awareness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SD	9	14.8	14.8	14.8
	D	6	9.8	9.8	24.6
	N	9	14.8	14.8	39.3
	A	9	14.8	14.8	54.1
	SA	28	45.9	45.9	100.0
	Total	61	100.0	100.0	

Glossary*

➢ **Advance fee/Processing Fee/Token fee**: It means all such initial payments which shall not be limited to documentation reimbursement, meeting expenses, applicable processing fees and any other applicable charges as may be levied for disbursal of the loan to the borrower.

➢ **Two-Factor Authentication:** Two-factor authentication (also known as 2FA) provides unambiguous identification of users by means of the combination of two different components, what you have – Card (number, expiry date and CVV that is printed on the card), what you know – PIN (either static or One time generated) to validate.

➢ **3-D Secure:** 3-D Secure is an XML-based protocol designed to be an additional security layer for online credit and debit card transactions. It is also known as Verified by Visa, MasterCard Secure Code or American Express SafeKey.

➢ **Acquiring Bank:** An acquiring bank is a bank that processes credit or debit cards. Acquiring bank usually supports multiple card schemes such as Visa, MasterCard, Maestro and RuPay.

➢ **Authorisation:** The response from a card-issuing bank to a merchant's transaction authorization request indicating that payment information is valid and funds are available on the customer's credit card.

➢ **Bank Identification Number (BIN):** An identification number assigned by Visa and MasterCard to each of its member financial institutions, banks and processors.

➢ **BIN Validation:** Process of checking the BIN of the card against the participating BIN list

➢ **Blacklisting**: The practice of collecting information to detect deceitful buyers or high-risk merchants with the purpose of preventing frauds.

Card capture page

➢ Secure page on which card details are captured. Entities that have PCI DSS certification are allowed to capture card details. Examples of entities that have a card capture page.

➢ Acquiring Bank (e.g., SBI, HDFC)

➢ Aggregator (e.g., PayU)

➢ Merchant (e.g., Flipkart, Amazon)

➢ **Card Number**

o The account number assigned by a credit card association or card issuing bank to a cardholder. This information must be provided to a merchant by a customer in order to make a credit card payment.

o The string of digits printed on the front of the card (these digits signifies band identification number, category, currency, etc.)

o Visa, MasterCard, Maestro, RuPay: 16 digits

o Amex: 15 digits

➢ **Card Present (CP):** During the transaction, the cardholder or card is present at the point of sale Example: Card swipe done at grocery store. Usually TDR/MDR in CP cases are lower than Card Not Present (CNP) cases as risk is lower in CP transactions (rates are adjusted for risks).

➢ **Card Vaulting:** Process of storing the card details (card number and CVV) and show the stored card details during subsequent transactions Card can be stored by PCI DSS certified entity (acquiring bank, aggregator or merchant).

➢ **Closed-loop prepaid cards/wallet:** Cards/wallet that can be used at only one merchant and funds cannot be withdrawn to source account or through ATM.

➢ **Co-branded cards:** Cards that are issued by a financial institution with a card scheme and has corporate branding.

➢ **Collection account:** The bank account of the merchant to which proceeds of the payment gateway is credited. The collection account can be a current account, nodal account, or escrow account.

Credit Cards: The cards that allow paying for products or services by borrowing money from a financial institution.

➢ **Chargeback**

o A dispute raised by credit cardholder with issuing bank.

o There can be various reasons for a chargeback to take place:

• Service/product not delivered
• upon cancellation refund is not issued
• suspected fraudulent transactions
• Card being hacked

➢ In such circumstances, the issuing bank will send the chargeback to acquirer bank and acquiring bank reaches out to merchant directly (if acquiring bank has direct integration with merchant) or through aggregator (if transaction is processed through aggregator) to provide proof to support delivery or refund within stipulated time else chargeback will be considered valid and merchant will be obliged to return chargeback amount.

➢ **Credit limit:** The term credit limit refers to the maximum amount of credit a financial institution extends to a client. A lending institution extends a credit limit on a credit card or a line of credit. Lenders usually set credit limits based on the information given by the credit-seeking applicant. A credit limit is a factor that affects consumers' credit scores and can impact their ability to obtain credit in the future.

➢ **CVV** - Stands for Card Verification Value. This number is vital for completing online transactions and should never be shared with anyone.

➢ **Debit Cards:** The cards that work through the automatic deduction of available funds in a bank account to make a purchase.

➢ **Declined Payments:** Transactions that are not approved by the card-issuing bank are marked as declined. No further action may be taken for declined transactions and customer has to retry to make payment.

Digital Signature: An electronic file containing unique information that is used to verify the trustworthiness of an organization or individual. Digital Certificates are issued by a Certificate Authority and are used with the Secure Sockets Layer (SSL) protocol.

➢ **E-commerce Platform:** Software that provides various functionalities that are required to run an eCommerce business such as website, category management, pricing management, order management and payment management. For example – Shopify, Magento and others.

➢ **EMI (Equated Monthly Instalments)**

o A provision is given by a bank to the cardholder (customer) to split the transaction amount to a smaller amount that is payable on a monthly basis.

For this service, bank may charge a processing fee or interest.

➢ **EMV:** EuroPay, MasterCard and Visa, is a microchip-based technology designed to reduce fraud at the point-of-sale.

➢ **Encryption:** The process of transforming processing information to make it unusable to anyone except those possessing special knowledge usually referred to as a key.

➢ **Expiry Date:** The date on which the validity of a card expires. Transactions will only be approved for cards that are not yet expired.

➢ **Flat Fee:** Transaction charges are per transaction and not the percentage of the transaction amount.

➢ **Gift card:** Prepaid / preloaded merchant instrument used for purchasing at specific merchants.

➢ **Gateway**: An enterprise that manages, on an out-sourced basis, various functions for a digital financial services provider. These functions may include transaction management, customer database management, and risk management.

Processors may also do functions on behalf of payments systems, schemes, or switches.

Interchange Fees: Fees paid by the acquirer to the issuer to compensate for transaction-related costs. VISA, MasterCard and other providers determine the interchange fee rates.

➢ **IMPS:** Immediate payment services is a product of NPCI which provided reals time payment to beneficiary on basis of mobile number up to 1 lac rupees.

➢ **Know Your Customer (KYC):** Set documents to establish business entities or person's credentials.

➢ **Multi-Level Marketing**: the practice of selling goods or services on behalf of a company in a system whereby participants receive commission on their sales as well as the sales of any participants they recruit.

➢ **Near Field Communication NFC:** A communication technology used within payments to transmit payment data from an NFC equipped mobile phone to a capable terminal.

➢ **NEFT:** National electronic fund transfer is a payment product of RBI for batch wise payments to beneficiary.

➢ **One Time Password (OTP):** An OTP or One Time Password is an added security measure that involves a two-step authentication for your online transactions. This time-bound OTP has become a very popular option for most financial transactions.

➢ **Phishing -** The fraudulent practice of sending emails purporting to be from reputable companies to induce/lure individuals to reveal personal information, such as passwords and credit card numbers.

➢ **Point of Sale Device Terminal, Acceptance Device, POS, mPOS**: Any device meant specifically for managing the receipt of electronic payments.

➢ **PCI-DSS:** The practices that enterprises do to protect end user data. "PCI-DSS" is a card industry standard for this.

➢ **P2P; Remote Cross-border Transfer of Value, Cross-Border Remittance:**
Making and receiving payments to another person in another country.

➢ **Quick Response code (QR)-** A quick response (QR) code is a type of barcode that stores information and can be read by a digital device, such as a cell phone.

Reconciliation: Reconciliation is an accounting process that uses two sets of records to ensure figures are correct and in agreement. It confirms whether the money leaving an account matches the amount that's been spent and ensures the two are balanced at the end of the recording period.

➢ **Recurring Payments:** Payments that we make periodically, and periodicity may be weekly, monthly, quarterly, half-yearly, yearly Example: Utility bill, insurance premiums.

➢ **Switch (National Financial Switch):** An entity which receives transactions from one provider and routes those transactions on to another provider. A switch may be owned or hired by a scheme or be hired by individual providers. A switch will connect to a settlement system for inter-participant settlement.

➢ **TAT:** Turn Around Time: Time committed for delivering a particular service (e.g. TAT for Settlement is T+2 day).

➢ **Unified Payment Interface (UPI):** UPI is a digital payment initiative by NPCI to boost digital payments in India and provide interoperability. Once customer registers for UPI with the bank, a unique virtual identifier is created and that is mapped to mobile phone to initiate the payment, UPI invokes this virtual identity of the beneficiary and transfers money in real-time. It works on single-click 2-factor authentication.

➢ **UTR:** UTR is Unique Transaction Reference number that is generated in IMPS, NEFT and RTGS system for uniquely identifying any transaction. The format of UTR is predefined and is generated by the bank initiating the transaction.

➢ **Wallet:** A wallet is an account for holding the funds and can be used for various purchases. A wallet can be virtual (e.g. mobile wallet such as Paytm, Phonepe or physical (prepaid cards).

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36
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