Project Report Template

1 INTRODUCTION

1.1 Overview
A brief description about your project
1.2 Purpose
The use of this project. What can be achieved using this.

2 PROBLEM DEFINITION & DESIGN THINKING

2.1 Empathy Map
Paste the empathy map screenshot
2.2 Ideation & Brainstorming Map
Paste the Ideation & brainstorming map screenshot

3 RESULT

Final findings (Output) of the project along with screenshots
.

4 ADVANTAGES & DISADVANTAGES

List of advantages and disadvantages of the proposed solution

5 APPLICATIONS

The areas where this solution can be applied

6 CONCLUSION

Conclusion summarizing the entire work and findings.

7 FUTURE SCOPE

Enhancements that can be made in the future.

8 APPENDIX

A. Source Code
Attach the code for the solution built.
Project Report Template

1 INTRODUCTION

1.1 overview

While the general structure of financial statements for banks isn't that much different from a regular company, the nature of banking operations means that there are significant differences in the sub-classification of accounts. Banks use much more leverage than other businesses and earn a spread between the interest income they generate on their assets (loans) and their cost of funds (customer deposits). To understand central bank finances, it is first necessary to understand the role of central banks. For over a century, central banks have been institutions of public policy, not commercial entities. Indeed, the vast majority of today's central banks were created from the outset as public policy institutions. For the small number that were set up originally as privately owned profit-seeking commercial companies, the growing conflicts of interest that accompanied their increasingly important role as the financial sector's informal police force and fire brigade led to their progressive withdrawal from commercial activities. Profit faded as an objective, to be replaced by financial system and currency stabilisation. Except for a few activities related to the provision of financial infrastructure, this withdrawal was largely complete by the beginning of the 20th century.

1.2 Purpose

India's central bank is known as the Reserve Bank of India (RBI). Its role is to foster financial stability and regulate India's currency and credit.

Therefore, central banks can increase the efficiency and sta- bility of financial markets by pursuing a policy of price stability. By pursuing a policy of price stability, a central bank creates an economic environment in which a market-oriented banking system is both stable and efficient

For over a century, central banks have been institutions of public policy, not commercial entities. Indeed, the vast majority of today's central banks were created from the outset as public policy institutions. For the small number that were set up originally as privately owned profit-seeking commercial companies, the growing conflicts of interest that accompanied their increasingly important role as the financial sector's informal police force and fire brigade led to their progressive withdrawal from commercial activities. Profit faded as an objective, to be replaced by financial system and currency

stabilisation. Except for a few activities related to the provision of financial infrastructure, this withdrawal was largely complete by the beginning of the 20th century.4 Most central banks were publicly owned from the start. And many of the central banks that started out privately owned were nationalised during the 20th century.5 For the handful of central banks which continue to have private shareholders, the rights of ordinary shareholders to select management and determine strategy are severely circumscribed, and allow no role in the formulation of public policy. Dividends to private shareholders are predetermined or limited in law, making these central banks wholly or mostly independent of the profit motive, and removing a potential conflict of interest between private financial advantage and public welfare.6 Residual financial surpluses are transferred to the government in all such cases, creating instead a potential conflict between central bank policy and public finance objectives. If holes appear in the finances of the central bank, they are filled by transfers from the government – if at all. Accordingly, governments are the beneficial owners of all central banks .

At the beginning of the 20th century, there were only 18 central banks in existence. By the end of the 20th century, that number had grown to 173. 5 Central banks established in the first third of the 20th century were, however, often constituted with private shareholdings, notwithstanding their public policy functions. From the 1930s on, many privately owned central banks were nationalised (the Reserve Bank of New Zealand in 1935, the National Bank of Denmark in 1936, the Bank of England in 1946, for example). The US Federal Reserve System is perhaps the best known example of a central bank established in the 20th century that continues to have private shareholders. The central banks of Belgium, Greece, Italy, Japan, South Africa, Switzerland and Turkey also have private shareholders. 6 For example, annual dividends are limited to 5% of the face value of shares at the Bank of Japan, 10¢ per share at the South African Reserve Bank, 6% of face value at the Swiss National Bank, and 6% at the US Federal Reserve. 7 As shares in most central banks are not for sale, the central bank's current net asset position is not needed by capital markets as an input for valuing their equity shares. This removes one of the standard arguments for regular financial reporting on the basis of current market values of assets and liabilities. Protection from insolvency proceedings

and the ability legally to operate with negative equity (discussed shortly) removes another.

voluntarily engage with it on negotiated terms, after comparing alternatives. This is because the central bank's "monetary" liabilities – banknotes and banks' call deposit accounts at the central bank (referred to collectively as base money below) – are the means of payment within the central bank's jurisdiction, legally and by social convention.8 A central bank is the monopoly supplier of base money in its jurisdiction and can create such money at will, instantaneously, and at virtually no cost. And its customers are required to accept it. Accordingly, a central bank does not face the liquidity constraint faced by commercial banks and other entities, including the government

ADVANTAGES AND DISADVANTAGES

• Dealing with Credit: The banks are the institutions that can create credit i.e., creation of additional money for lending. Thus, "creation of credit" is the unique feature of banking. • Commercial in Nature: Since all the banking functions are carried on with the aim of making profit, it is regarded as a commercial institution. • Nature of Agent: Besides the basic functions of accepting deposits and lending money as loans, banks possess the character of an agent because of its various agency services. 3.2 CLASSIFICATION OF BANKS Today is the age of specialization and we can find specialization in all fields including banking. The banks have specialized in a particular line of finance. Banks are generally classified on the basis of the…show more content…
It controls the entire banking system of a country. Its main function is to issue currency known as 'Bank Notes'. This bank acts as the leader of the banking system and money market of the country by regulating money and credit. Its act as the central monetary authority. These banks are the bankers to the government, they bankers banks and the ultimate custodian of a nations foreign exchange reserves. The aim of the Central Bank is not to earn profit, but to maintain price stability and to strive for economic development with all round growth of the country. The Central Bank of different countries is known by different names like Reserve Bank in India, Bank of England in U.K., Federal Reserve System in U.S.A.,…show more content…
They grant short-term loans to the agriculturists for purchase of seeds, harvesting and for other cultivation expenses. They accept money on deposit

from and make loans to their members at a low rate of interest. Land-Mortgage Banks: Presently known as agriculture and rural development banks, they are agriculture development banks. The land-mortgage banks supply long-term loans for a period up to 15 years for development of land to improve agricultural yields. They grant loan for permanent improvements in agricultural lands. They create negotiable bonds out of real estate like land, buildings, etc., they

Central Bank Digital Currencies (CBDCs) are digital versions of fiat money, issued and backed by a central bank. CBDCs have gained attention in recent years as a potential solution to the challenges posed by the increasing use of digital payments and the rise of private digital currencies such as Bitcoin. While this is still a new idea, it will have a profound change on the financial system.

One of the main advantages of CBDCs is that they can provide a secure and reliable means of digital payment and remittance. CBDCs can be used for online and offline transactions and can be integrated into existing payment systems. They can also be used to facilitate cross-border payments, which can be a major challenge with traditional fiat money. In fact, most central banks around the world have already started experimenting with CBDCS and their economic potential.

Another advantage of CBDCs is that they can provide financial inclusion for those who are currently unbanked or underbanked. By providing a digital alternative to cash, CBDCs can make it easier for people to access financial services and participate in the digital economy. This can be particularly beneficial for people in developing nations, where access to traditional banking services is limited.

However, as I have outlined in my book, *The Future Economy*, there are also potential drawbacks to CBDCs. One concern is that they could lead to increased surveillance of financial transactions, which could raise privacy and security concerns. Additionally, the implementation of CBDCs could be costly and complex, and there may be risks associated with the integration of CBDCs into existing payment systems . **Political Cycle vs. Business Cycle**: Politicians all over the world are only concerned with staying in power. They will do whatever it takes as long as they can stay in control. Hence, it can be said that

the actions of the politicians are controlled by political cycles. They become extremely generous and accommodating during the pre-election years.

The business, on the other hand, operates based on business cycles. It is not necessary that periods of boom and bust will coincide with the political cycles. Also, if they do, politicians may have a conflict of interest. For instance, if there is too much inflation during an election year, politicians might simply skip the necessary but unpopular decision of implementing rate hikes. Hence, it is likely that the politicians will end up jeopardizing the entire economy for selfish gains. This is the reason why central banks need to be independent. They can take tough decisions regardless of the election cycle. The economy and elections are not naturally correlated. Hence, it is imperative that the decisions regarding the economy be taken independently.

Inflation: Controlling inflation is the primary objective of any central bank. In order to do so, they need to control the money spent by the government. If decisions regarding the economy can be taken by the government, they will take only populist decisions. For instance, governments may decide to provide free health care and retirement benefits even though they don't have the financial wherewithal to implement such decisions. The bottom line is that if the government is given control of the economy, they might resort to indiscriminate money printing which will ultimately lead to economic collapse. This is what has happened in many ancient civilizations including Rome. Hence, to prevent this, central banks have been made independent of government authority.

Deficit Spending: Governments all over the world are fond of undertaking populist projects even though such projects are not supported by economic fundamentals. Consider the case of sports stadiums built for the Olympics in Greece and for FIFA World Cup in Brazil. In both cases, the government should not have indulged in deficit spending, but it did. These instances would become more common if the government had full control of the monetary

Disadvantages

Separating the central bank from the state has many advantages that have been listed above. However, there are some disadvantages as well.

Secretive: The biggest criticism against the central bank is that their operations are very secretive. Many times their actions are completely unexpected. Many financial crises in the past have only taken place because the central bank took unexpected action. To prevent this from happening again, central banks need to ensure smooth transitions. Their policies should not be secretive and should not shock the economy.

In Favor of Big Banks: Many analysts are of the opinion that all the policies created by central banks are in favor of big banks and not in favor of the common people. For instance, their biggest goal is to reduce inflation. However, after the 2008 crash, they followed a policy of quantitative easing to save the big banks. This has ended up creating more inflation than any government policy ever has.

In summary, one can say that there are pros as well as cons to having independent central banks. However, the pros seem to be outnumbering the cons as of now. This is the reason why central banks across the world have witnessed increased autonomy.

policy. Hence, it is important to keep the monetary policy separate from the government in order to maintain the financial health of the state.

Another potential drawback is that CBDCs could have a negative impact on the banking sector. Banks may face increased competition from CBDCs, which could lead to a decline in their profits and a reduction in the availability of credit.

Lastly, there are concerns that CBDCs could have a negative impact on monetary policy. The ability of central banks to implement monetary policy could be limited by the use of CBDCs, which could lead to increased inflation or other economic problems. This is an entirely new economic approach that could have unforeseen consequences for businesses and individuals.

CBDCs are being designed with the intention to benefit society as a whole, including improved digital payments, financial inclusion, and financial stability. However, there are too many concerns for comfort that include privacy and security, implementation costs, capital controls and the potential negative impacts on the banking sector and monetary policy. Therefore, it is important that the potential benefits and drawbacks of CBDCs are carefully considered.

The central bank provides stability to the financial system by controlling the actions of the commercial banks. The central bank does so by making it mandatory for commercial banks to have a certain percentage of their deposits maintained with itself.

By controlling the amount of loans that the commercial banks can make and the way in which they manage their deposits, central banks can prevent mismanagement of funds by their subordinates. This puts them in a position to guarantee a portion of these deposits to the general public which creates confidence in the banking system.

APPLICATIONS

DATA COLLECTION

Central Bank of India has been selected for this study. This study is mainly based on secondary data. Secondary data were collected from books, journals, annual reports and website of the bank. The study covers a period of 5 years from 2017-2018 to 2021-2022.

LIMITATIONS OF THE STUDY

Due to cost and time constrains, the study is confined to financial performance of the Bank. 2. The period of the study is restricted to 5 years.

DATA ANALYSIS

Ratio analysis was applied to analysis and compare the financial performance of bank.

Moreover, some central banks have acknowledged that their finances have played a role in their decision-making – or were at least a consideration in policy analysis. Bank of England Governor Mervyn King recently dismissed suggestions that government debt held by the Bank could be cancelled (as a way of more permanently financing government spending through money creation), partly on the grounds of the impact on the Bank's finances. Such an approach would leave the Bank with "no income, in the form of coupon payments on gilts, to cover the [higher] payments of interest on reserves" when interest rates eventually return to a more normal level. "The Bank would become insolvent unless it created even more money to finance those interest payments, and that would lead ultimately to uncontrolled inflation."87 As will be illustrated in this section, it seems that good policies, and good policy institutions, tend to push the question of the central bank's finances into the background. The reason for a continuing aversion to displaying weak financial positions even among central banks with strong reputations therefore seems to have three prongs: 1. Key central bank constituencies, including politicians and markets, may misunderstand apparently weak finances as implying past mistakes or imminent failure. Their misunderstanding may affect their behaviour in self-fulfilling, harmful ways. 2. Sometimes, weak finances may actually imply past mistakes or imminent failure, and it is difficult for politicians and markets to interpret accurately such noisy signals. 3. For some jurisdictions, the effect of policy actions on finances may contribute to creating a boundary line between decisions for the central bank alone and those that should at a minimum involve the

fiscal authorities. If taxpayers (or some of them) are to be put at risk, the matter may prima facie be quasi-fiscal in nature. In such jurisdictions, the political authorities – and hence the central bank itself – may by design be sensitive to financial outcomes.

Even fewer central banks have direct access to external resources to compensate for losses. Direct access to external resources would provide a mechanism that could offset a distribution asymmetry, and protect equity in case of realised and lasting losses (such as those that the Central Bank of Chile experienced in the 1980s when it was obliged to finance failing banks). Two cases provide partial illustrations – partial in the sense that external resources can only be used to offset a single year's loss, and not to make up a continuing equity shortfall. In the case of the Bank of Korea, the law provides that the government budget will cover losses that exceed reserves, such that reserves do not go negative. In principle, this is hard-wired and non-discretionary. In the ECB's case, losses can be covered by appropriating the monetary income that would otherwise remain with the 81 Accounting income in the Riks bank's case is calculated according to Euro system rules, with asymmetric treatment of unrealised revaluation income. However, among the adjustments made to determine distributable income are some that add back unrealised gains and losses that have been withheld from the P&L through the application of ESCB accounting. 82 Ironically, the SNB also provides a striking example of non-contingent distribution arrangements. In order to provide a degree of predictability in annual profit transfers to the federal and cantonal governments, the SNB periodically agrees with the Department of Finance the annual distribution for five years ahead. This can result in a distribution even when annual profit is negative, as occurred in 2008 and 2010 (losses

of CHF 4.7 billion and CHF 20.8 billion were recorded, inclusive of and indeed caused by unrealised revaluation losses, yet distributions of CHF 2.5 billion were made each year). Nonetheless, the continued payment of the agreed amount is ultimately subject to the mechanism described in the text, making the overall scheme contingent – unlike the Sveriges Riksbank case, where the smoothing mechanism continues to determine .

Income

The CBI's total income in 2021 was £25.0m, up by £1.3m (5.7%) on the previous year. The main reasons for the increase were a recovery in commercial income and continued growth in membership income.

•

Commercial Income is derived from our events (sponsorship and delegate fees), leadership programmes, surveys, data licensing and consultancy income from CBI Economics. Overall commercial income rose by 47% (£0.8m) to £2.6m in 2021 due to an increase in virtual events and the reintroduction of in-person events towards the end of the year. CBI Economics continued to grow, with revenue increasing by £0.2m. Despite the increase in the number of events the overall commercial expenditure rose by just £0.1m resulting in the net contribution from commercial activities increasing by £0.7m on 2020 to £1.6m. • Membership Income, at £22.2m for the year, was up by £0.5m (2.5%) from 2021. New recruitment was strong in the year but the main driver of growth was a significant reduction in the level of resignations in the year compared to 2020. The value of new members and price rises outweighed the impact of resignations and concessions granted to members.

Expenditure

Total expenditure for the year was £24.4m. Excluding the commercial expenditure which varies directly with the level of commercial income, expenditure increased by £0.7m (3%) compared to the previous year. Payroll costs decreased largely because of high staff vacancies. The headcount increased towards the end of the year as a number of new roles which were agreed as part of the strategic review were recruited. This meant that the recruitment costs for the year were £0.3m higher than 2020. Cost increases were also recorded in finance charges (a £0.3m increase due to higher admin charges for the pension scheme) and project costs of £0.4m for one-off costs associated with the strategic review.

Financial Position

The balance sheet remained in a net asset position mainly due to the impact of the pension scheme (see below). Excluding the pension asset, there was a small net asset at the end of 2021 of £0.1m (2020: -£0.3m). Pension Plan At the end of 2020 the Plan had an accounting surplus of £3.7m on a FRS102 basis. During the course of 2021, the CBI made cash contributions to its defined benefit pension plan of £0.6m. Both the total assets and liabilities decreased in the year, however the total liabilities reduced by more than total assets (due to reasons set out in note 14 to the accounts) which increased the surplus to £5.0m at the end of 2021. The surplus has been recognised on the statement of financial position in accordance with FRS102 requirements.

With sustained performance, the Bank has registered a Net Profit Rs 279 Crore compared to Net Profit of Rs 165 Crore on (69.09%) YoY basis and Net Profit of Rs 250 Crore for the quarter ended 30th September 2021 (11.60%) on QoQ basis. Operating profit improved to Rs 1223 Crore from Rs 1192 Crore (2.60%) on YoY basis.

CONCLUSION

In auditing the accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the accounts is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of future projections of income and expenditure in combination with CBI's cash and reserves position at year end, and examining the assumptions behind these projections against our knowledge obtained during the course of the audit. The key assumptions relate to the retention and recruitment of members, the agreed pension funding requirements and the ability of the CBI to continue to manage costs tightly, at the same time as investing to grow the business. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on CBI's ability to continue as a going concern for a period of at least 12 months from when the accounts are authorised for issue. In relation to CBI's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the accounts about whether the directors' considered it appropriate to adopt the going concern basis of accounting. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

APPENDIX

Leverage - attachment, support

Indeed - in fact

Ballast - stabilization

Separate - different

Progressive - developing

Relevant - applicable

Ability - capacity

Previous - before, old

Offset - cancel

Mechanism - procedure

Retention - control, hold

Recruitment - employment

Asset - benefit

Equity - justice

Cantonal - small territorial division

Federal government-national government

Non-contingent - independent

Striking -visible

Assumption - acceptance

Hard-wired - natural

Position - place

Reputations	- account
Jurisdiction	- power
Prime	-main
Raise	- increase
Financial	-economic
Monetary	- cash
Unforeseen	- unpredict
Security	- safe
Approach	- speak to
Inflation	- expansion
Predict	- find
Cause	- source
Occur	- happen
Revaluation	- evaluate
Expenditure	- spending
Digital	- automated
Consequences	- result
Sector	- component
Inclusion	- formation
Payments	- giving

Benefit	- profit
Implement	- apply
Credit	- attention
Decline	- decrease
Illustrated	- show
Imminent	-near
Interpret	- explain
Involve	- include
Actually	-literally
Display	- exhibit
Imply	- suggest