



# IBS VIGYAN

## VISIONING BANKERS



### Evangelistically Speaking

Dear Stakeholders,

As the calendar year is ending, the noise over recognising musician Sri T.M. Krishna with an award has not subsided. The Court also had to pass a verdict on the issues that created the noise. The court chose to confine its reasonings to the will left by late M.S. Subbalakshmi. It is pertinent to mention that another controversial writer Sri Perumal Murugan, whose right to freedom of expression had to be restored by the Court, has rallied behind Sri T.M. Krishna in shrugging off the controversy as mere intrusion into an individual's freedom of expression. I do not intend to be eloquent on freedom of expression. My anxieties are on the intrusions happening on freedom of thought! This has close linkages to the inroads made by Artificial Intelligence (AI), on which this publication has been consistently vocal, bordering on paranoia.

"Freedom to think is absolute of its own nature; the most tyrannical government is powerless to control the inward workings of the mind", the United States Supreme Court observed in Jones v. City of Opelika (1942). But this dictum holds little water in our dystopic Digital Age when even our neurons are not insulated from state surveillance and manipulation. Now we are left to confront a grave threat to our mental privacy and cognitive liberty with outdated legal provisions and precedents.

Those who surmised George Orwell to be a Cassandra after reading his novel 1984 and the acts of Thought Police in it would be staring at the reality that a non-invasive brain-computer interface (BCI) has been

developed that can decode continuous language from the brain, so somebody else can read the general gist of what we are thinking even if we haven't uttered a single word. Elon Musk's Neuralink and Mark Zuckerberg's Meta are working on BCIs that could pick up thoughts directly from one's neurons and translate them into words in real time.

The Supreme Court recently dismissed a petition filed by one G Venkiteswarlu who alleged that his brain was being controlled by other persons through a machine. The petitioner averred that certain persons had obtained a "human brain reading machinery" from the Central Forensic Scientific Laboratory (CFSL), Hyderabad, and used the same on him. The Supreme Court's magnanimity to admit and hear the petition, despite it being prima facie bizarre, demonstrates the Court's serious concern over the liberty of thought, before dismissing the petition.

I am giving the link to the source of these thoughts below.

<https://www.newindianexpress.com/web-only/2024/Nov/21/liberty-of-thought-a-sitting-duck-in-the-digital-age>

Looking forward to a sustaining engagement with all.

Sincerely yours

**Satheesh Kumar. S**  
Managing Director

## Curated Cube

The outgoing RBI Governor Shaktikantha Das has deep faith in Gandhian thoughts. This has been reflected in his monetary policy statements where he had consistently quoted from Gandhiji. Yet, he signed off his last Monetary Policy statement by recalling Netaji Subhash Chandra Bose whom he had quoted in his statement on 8th February 2023, ".....never lose your faith in the destiny of India". In the measures announced on 6th December 2024, he stuck to his firm faith in anchoring inflation expectations and therefore did not yield to any pressures to signal an era of lower interest rates by leaving the repo rate unchanged. Elsewhere in another speech, he has reiterated that the Flexible Inflation Targeting (FIT) framework has helped RBI to be nimble in responding to challenges in monetary policy management.

On the flip side, he has injected ₹ 1.16 lakh crores into the system by reducing the CRR by 50 basis points. When the system liquidity was already in surplus mode, whether this will give the desired heft to growth remains to be seen. However, bank shares rose in the stock market after this announcement. This liquidity can be partly sucked out by selling dollars to defend the domestic currency.

With a view to further develop the interest rate derivatives market in India and improve the credibility of interest rate benchmarks, the Reserve Bank proposes to introduce a new benchmark the Secured Overnight Rupee Rate (SORR) - based on all secured money market transactions -

*(Cube gives a third dimension in geometry. Curated Cube endeavors to conflate events in the market over the past month.)*

overnight market repo as well as TREPS. Financial Benchmarks India Private Ltd (FBIL) has been tasked with developing this.

As a step to equip the banking system to adopt Artificial Intelligence related process improvements, RBI has decided to constitute a committee to develop a Framework for Responsible and Ethical Enablement of AI (FREE-AI) in the Financial Sector.

The Reserve Bank has been taking various measures in coordination with banks and other stakeholders to prevent and mitigate digital frauds in the financial sector. Use of money mule accounts is a common method adopted by fraudsters to channel proceeds of frauds. The Reserve Bank is currently running a hackathon on the theme "Zero Financial Frauds" which includes a specific problem statement on mule accounts, to encourage development of innovative solutions to contain the use of mule accounts. Another initiative in this direction is the AI / ML based model called MuleHunter.AI, being piloted by Reserve Bank Innovation Hub (RBIH), a subsidiary of Reserve Bank. This model enables detection of mule bank accounts in an efficient manner. A pilot with two large public sector banks has yielded encouraging results. Banks are encouraged to collaborate with RBIH to further develop the MuleHunter.AI initiative to deal with the issue of mule bank accounts being used for committing financial frauds.

## JAIIB/CAIIB - MAY/JUNE 2025 - ADMISSION STARTED

**DATE OF COMMENCEMENT - JAIIB - 03/01/2025 & 09/01/2025**

Online Zoom Classes, Whatsapp/Telegram support, Recorded Videos & Mock Test Series

## FOURTH PILLAR

### **BENEFICIARY ACCOUNT NAME LOOK-UP REGISTRATION-CUM-MEMBERSHIP**

**FACILITY:** The RBI has proposed to introduce this facility in payment systems like RTGS & NEFT, which would enable the sender to verify the name of the beneficiary before initiating the payment. This will reduce the possibility of wrong credits and frauds.

**MUDRA LOAN LIMIT INCREASED:** Government has increased the limit of Mudra Loans under Pradhan Mantri Mardha Yojna (PMMY) from ₹10 Lakh to ₹20 Lakh, under a new category named as "Tarun Plus", which is aimed at empowering those entrepreneurs who have successfully repaid previous loans under the Tarun category.

**DEBT-TO-GDP RATIO:** This ratio measures the total debts of State in India as a percentage of its Gross Domestic Product (GDP). A rising ratio indicates that the State is accumulating debt faster than the growth of its economy, thereby potentially reducing its capacity to service debts in the future.

### **2 UMBRELLA SCHEMES FOR ALL FARM SECTOR**

**SCHEMES:** To improve the agricultural productivity, ensure proper food security and to promote sustainability, GOI has approved a strategic proposal to rationalize all the Centrally Sponsored Schemes (CSS) operating under Ministry of Agriculture & Farmers into 2 umbrella schemes, namely (i) Pradhan Mantri Rashtriya Krishi Vikas Yojna (PM-RKVY), and (ii) Krishonnati Yojna (KY). The restructuring of these schemes is aimed to avoid duplication, and bring together resources to address key challenges, such as ensuring people have enough nutritious food and improving farm sustainability.

**CERTIFICATE NOT MANDATORY:** According to the Foreign Trade Policy, a Registration-cum-membership Certificate is required for exporters in order to avail certain benefits under the policy. DGFT has clarified that now this certificate is no longer mandatory to seek the benefits under schemes such as Duty Drawback and Remission of State levies.

### **FOREIGN CURRENCY EXCHANGEABLE BONDS**

**(FCEB):** FCEBs are debt instruments that allow Indian companies to raise capital from foreign investors. FCEBs are issued in foreign currency and the interest and principal are paid in that currency. Only Indian companies can issue these bonds which are subscribed to by Non-resident individuals. These bonds can be exchanged for equity shares (either in full or in part) in another Indian company, called the Offered Company. The minimum maturity of a FCEB is 5 years. The exchange option can be exercised at any time before its redemption.

### **FOREIGN CURRENCY CONVERTIBLE BONDS**

**(FCCB):** These are debt and equity instruments which are issued in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993. They are basically convertible bonds issued in a currency different than the issuer's domestic currency. It acts like a bond by making regular coupon and principal payments, which has the special feature that gives the bond holder the option to convert the bond into stock. The main difference between FCEBs and FCCBs is that FCCBs convert into shares of the company that issued them, while FCEBs are exchanged for shares in another company.

*(Fourth Pillar strives to position beyond the three pillars of Basel and is culled from the Four Estates)*

## INQUISITIVELY SPEAKING

1. In Capital market parlance, '\_\_\_\_\_' defines a system to curb excessive speculation in the stock market, applied by the Stock Exchange authorities, when the index ascends or plunges by more than a specified percent. Trading is then suspended for some time to let the market cool down.

- a) Close-out session      b) Closing-out  
c) Circuit Breaker      d) Stop Circuit

2. The \_\_\_\_\_ sector has the highest number of cases filed for resolution under the Insolvency and Bankruptcy Code (IBC) at the National Company Law Tribunal (NCLT) in FY 2024.

- a) Manufacturing      b) Infrastructure  
c) Heavy Industries      d) Real Estate

3. Under External Commercial Borrowings (ECB) framework, all eligible borrowers can raise ECB up to US\$ \_\_\_\_\_ million or equivalent per financial year under the automatic route.

- a) 500      b) 750  
c) 1000      d) 1500

4. In terms of Section 13(1) of the Act, if any person contravenes any provision of FEMA, 1999, or any rule, regulation, shall be liable to a penalty up to \_\_\_\_\_ in such contravention where the amount is quantifiable.

- a) 2 times of sum involved  
b) 3 times of sum involved  
c) 5 times of sum involved  
d) Equal amount of sum involved

5. In terms of Section 15 of the FEMA, 1999, any contravention under Section 13 of FEMA 1999 may, be compounded within \_\_\_\_\_ from the date of receipt of such application by RBI.

- a) 180  
b) 120  
c) 90  
d) 60

6. Any borrower who has raised ECB will be treated as 'untraceable entity', if entity/auditor(s)/director(s) or promoter(s) of entity are not reachable/responsive/reply in negative over email/letters/phone for a period of not less than \_\_\_\_\_ with documented communication:

- a) 30 days  
b) One Quarter  
c) Two Quarters  
d) Four Quarters

### ANSWER KEY

**1.C    2.D    3.B    4.B    5.A    6.C**

## Stretch n Speak

**GHI:** Global Hunger Index

**RB-CRIS:** Reserve Bank Climate Risk Information System

**IOSCO:** International Organisation of Securities Commissions

**CICRA:** The Credit Information Companies Regulation Act 2005

**SECC:** Stock Exchange and Clearing Corporation

**CPENGRAMS:** Centralised Pension Grievances Redressal & Monitoring System