



# IBS VIGYAN

## VISIONING BANKERS



### Evangelistically Speaking

Dear Stakeholders,

A youth narrated her experience in job hunting. The moment I mailed my CV, I was instructed to engage with an AI powered bot for a screening interview. "Did it have a face?" I asked. No, only a voice interaction. At the end, I was instructed to upload the video. The bot's assessment on my skill sets was also provided to me. I loved this process, as each question mostly followed from my previous response, summed up the youth.

This is only a beginning of where all we are going to witness the inroads of AI. The day may not be far when all the certification programmes of IIBF are handled by AI powered engines. This year's budget has allocated ₹ 4349 crores towards AI initiatives.

The budget has been well received for increasing the income tax exemption limit. The budget was closely followed by the Monetary Policy from the new Governor of RBI which commenced the repo rate reduction after a prolonged pause. This month's Curated Cube will make you ponder over the implications and timing of this complementary monetary policy move. Besides what has been articulated in that column, let me take your attention to the Deputy Governor Michael D Patra's speech of 15th November 2022 on transmission losses in Monetary Policy. When the Central Bank itself acknowledges that it may take at minimum one year for full transmission of the policy action, sans the losses, to what end is this rate cut done now, when the inflation target appears distant. In this speech, the Deputy Governor states that the role of RBI is not

endeavouring to sensitise the Nash Equilibrium, named after the 1994 Nobel winner in economics, John Forbes Nash Jr. But my mind immediately recalled the Nash equilibrium, which is broadly a set of strategies in a game where no player can improve his outcome by changing his strategy. While we have left it to the reader to conjecture if RBI is ahead of the curve with this rate action in our Curated Cube column, I am tempted to surmise that this time RBI has attempted to poke the Nash equilibrium. The speech is also interesting as it has drawn its theme from the film "Lost in Transmission" which won the Oscar award in 2003 for best screenplay.

Let us hope the Monetary Policy actions of RBI smoothen the anticipated frictions in the synaptic continuum across various segments in the market and does not align with the title of the film "Lost in Transmission".

Looking forward to a sustaining engagement with all.

Sincerely yours

**Sateesh Kumar. S**  
Managing Director

## Curated Cube

Rama requested Lakshmana to build a “parnasala” at Panchavati as per Lakshmana’s wish. Lakshmana began to cry. A perplexed Rama came to reassure him, when Lakshmana mentioned that he was a slave to Rama, ready to carry out his instructions and he no more carries “his own” wishes. Rama was highly impressed with his brother. The “parnasala” was built to perfection providing all privacy to Rama and Sitadevi.

Shri Sanjay Malhotra, the new RBI Governor began the first cut in interest rates in the monetary policy on 7th January 2025. This would definitely have pleased the Finance Minister, who had sent her Lakshmana to Mint Street. Surprisingly, the decision of the MPC was unanimous. In the previous meeting of the MPC in December 2024, Dr Nagesh Kumar, the external member, was the only one who voted for a reduction in repo rate. Two months and change in two RBI members including the Governor in the MPC was all that was needed for rest of the five members to turn aye for rate cut. The projections for real GDP growth and CPI inflation during the last three MPC meetings are tabulated.

Description	Oct 2024	Dec 2024	Feb 2025
Real GDP Growth rate	7.20	6.60	6.70
CPI Inflation rate	4.50	4.80	4.80

The Governor’s statements for all the three meetings do not mention any impactful geo political developments. Monsoon is expected to be normal and MPC has recorded that recovery in agriculture can be expected. The statement on inflation is that it is seen gradually aligning with target. The October 2024 meeting saw the shift in stance of the policy to “Neutral”. Therefore, the moot question is has a change of guard at Mint Street let the RBI jump the rate curve? Post-policy, the sovereign yield curve hardened on 7th February. Much against the apprehensions, the domestic currency held firm against US dollar on the same day.

The consolation is that RBI has complemented the fiscal policy that saw infusion of purchasing power in the middle class through a tax-friendly budget with a cut in rate in its monetary policy. As this column records adieu to former Governor Shri Shaktikanta Das, memories of two characters from the Kaurava clan in Mahabharata pop up. One, Vikarnan, who alone went on record that Dhritharashtra’s court should come up with a clear answer to Draupadi’s poser during her humiliation. Second, Yuyutsu, who alone shifted loyalty to the Pandava camp before the commencement of war, when such an offer was made to everyone, based on his inner call of Dharma!

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

### CAIIB HINDI, TAMIL, TELUGU BATCHES - JUNE 2025

ADMISSION STARTED

DATE OF COMMENCEMENT - 26/02/2025

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

### INSTITUTE OF BANKING STUDIES (IBS)

CORPORATE OFFICE, 3C, SI CAPITOL CENTER STATUE  
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## FOURTH PILLAR

**INDIA'S COMMERCIAL BANKING SECTOR:** At the end of 31.03.2024, the number of commercial banks operating in India is 141, out of which 137 were scheduled banks and 4 were non-scheduled banks. There are 12 Public Sector Banks, 21 Private Sector Banks, 45 Foreign Banks, 12 Small Finance Banks, 6 Small Payment Banks, 43 Regional Rural Banks and 2 Local Area Banks.

**CAPITAL ADEQUACY OF SCHEDULED COMMERCIAL BANKS IN INDIA:** The CRAR (Capital to Risk Weighted Asset Ratio) as on 30.09.2024 stood at 16.8% against the regulated requirement level of 11.5%, indicating Indian banks are strong in their capital structure which can absorb potential losses.

**ACCOUNT AGGREGATORS:** Account Aggregators are financial intermediaries, who gather and consolidate financial information from multiple financial accounts and provide the complete picture in a single and easy-to-understand overview format. Basically, AAs facilitate the sharing of financial data between Financial Information Providers (FIPs) and Financial Information Users (FIUs), with the consent of the data owner. Account Aggregators (AA) use technology to assist you in simple and secure exchange of your data between financial institutions like banks, insurance agencies or mutual fund companies. This information cannot be shared without your consent. With AA, you can use your financial data to access a vast array of financial services for your personal or business needs.

**NATIONALISED BANKS TO REVIEW THEIR UNDER-PERFORMING EMPLOYEES:** As per Govt. directives, Nationalised Banks can review the performance of their employees, and ask the under-performing employees to take early retirement. These performance reviews are based on employees' service history, health, responsibilities, leave record and annual performance reports.

**CHANGE IN RULES OF NBFCs & HOUSING FINANCE COMPANIES ACCEPTING FIXED DEPOSITS FROM PUBLIC:** With effect from 1st January 2025, depositors having fixed deposits with NBFC and HFC, can withdraw small deposits (i.e. up to ₹10000) within 3 months without any interest payable on it. For large deposits, depositors can withdraw up to 50% of the deposit amount or ₹5 Lakh whichever is higher, without any interest payable on it. Only in case of critical illness of the depositor, full amount of the deposit can be prematurely withdrawn without any interest payable on it.

### **SUPREME COURT'S JUDGEMENT - INTEREST CHARGED ON UNPAID CREDIT CARD DUES:**

Recently Supreme Court has overturned National Consumer Disputes Redressal Commission's (NCDRC) 2010 ruling of capping the interest rate charged by credit card issuing banks on overdue credit card dues at 30%. NCDRC's ruling was based on the reason that charging more than 30% interest is an unfair and exploitative trade practice which is detrimental to cardholders. However, in its recent judgement the Supreme Court has set aside NCDRC's ruling and expressed that banks are not bound by the cap of 30% rate on credit card overdues. This decision of Supreme Court clarifies that the banks issuing credit cards have the discretion to charge interest rate over 30% on credit card overdues, provided the card issuing banks operate within the bounds of law and regulatory framework of the Reserve Bank of India, and do so within the contractual nature of credit card agreement entered between them and respective card holders at the time of issuance of credit cards.

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

## INQUISITIVELY SPEAKING

1. Where a refund is claimed from DEAF account, Banks are required to preserve such records/documents in respect of said accounts & transactions for at least .... from the date of refund of such amount?

- a) 10 years                      b) 12 years  
c) 5 years                        d) 15 years

2. As per The Banking Companies (Period of Preservation of Records) Rules, 1985, every banking company shall preserve its books, accounts, ledgers, cash books, vouchers etc. to a period of not less than \_\_ years immediately preceding the current calendar year.

- a) 20                              b) 18  
c) 15                              d) 10

3. With reference to provisions of PML Act, Banks should maintain/preserve all necessary records of transactions between the Bank and the customer, the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship for at least \_\_ years from the date of transaction/ end of business relationship.

- a) 4                                b) 6  
c) 8                                d) 5

4. When a Bank detects fraud in any account/transaction, the bank shall then report the fraud to RBI within a period of \_\_ days of detection and also report the case to CBI/Police.

- a) 30                              b) 14  
c) 7                                d) Immediately

5. Country which has the largest number of bank branches in the world?

- a) India                              b) China  
c) USA                                d) Colombia

6. After issue of demand notice U/s 13(2) of SARFAESI Act, if the borrower makes any representation or raises any objection to the notice, the Authorized Officer shall reply within \_\_ days of such representation or objection.

- a) 7                                      b) 14  
c) 15                                  d) 21

7. Under Right to Information Act (RTI), CPIO is required to give reply within .... days from the date of receipt of request.

- a) 14                                  b) 21  
c) 30                                  d) 45

### ANSWER KEY

1. C    2. B    3. D    4. B    5. A    6. C    7. C

## Stretch n Speak

**SMILE:** Support for Marginalized Individuals for Livelihood & Enterprise.

**MFA:** Multi-factor Authentication

**DTAA:** Double Taxation Avoidance Agreement

**TPAP:** Third Party Application Providers

**FREE-AI:** Framework for Responsible and Ethical Enablement of Artificial Intelligence

**WADTDR:** Weighted Average Domestic Term Deposit Rate