

NEWSLETTER

June 2026

ABOUT NEWSLETTER



Welcome to this month's edition of our newsletter, featuring key developments shaping India's financial and regulatory landscape. In this issue, we explore the RBI's proposal to introduce polymer currency notes, the SEBI scrutiny surrounding Rajesh Exports, and SBI's strong FY26 performance marked by a significant dividend transfer to the Government of India. We also examine how artificial intelligence is becoming a critical tool in securing India's digital financial infrastructure. Alongside these updates, we bring you insights into the latest trends, policy changes, and innovations driving the future of banking, fintech, and financial services in the country.

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RBI'S Proposal For Polymer Currency Notes: A New Era For Indian Cash



The Reserve Bank of India (RBI) is once again evaluating the possibility of introducing polymer currency notes, commonly known as plastic notes. RBI Governor Sanjay Malhotra recently confirmed that the proposal is under consideration, although it remains at a preliminary stage. The move reflects the central bank's efforts to modernize India's currency system while addressing the growing challenges associated with traditional paper notes.



For decades, Indian banknotes have been printed on cotton-based paper. While these notes have served the economy well, they are prone to wear and tear due to frequent handling and India's diverse climatic conditions. Notes often become damaged, soiled, or unfit for circulation, creating a recurring need for replacement and increasing currency management costs. Polymer banknotes offer a potential solution to these challenges. Manufactured using a durable plastic substrate, these notes are designed to last considerably longer than conventional paper currency. Their resistance to moisture, dirt, and physical damage makes them particularly suitable for economies where cash remains an important medium of exchange.

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Beyond durability, security is another major factor driving interest in polymer currency. Counterfeit currency continues to be a concern for central banks worldwide. Polymer notes can incorporate advanced security elements such as transparent windows, complex holograms, and specialized printing techniques that are difficult to replicate.



These features can strengthen public confidence in the authenticity of currency and support efforts to curb counterfeiting.

The proposal is especially noteworthy at a time when India is witnessing rapid growth in digital payments. Despite the success of UPI and other digital platforms, cash continues to play a vital role in everyday transactions, particularly in rural and semi-urban regions. This demonstrates that while digital payments are expanding, the need for a secure and efficient cash ecosystem remains equally important. Many countries, including Australia, Canada, and the United Kingdom, have already adopted polymer currency and reported positive outcomes in terms of durability and operational efficiency. Their experiences provide useful insights for India as it evaluates the feasibility of a similar transition.

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Although the RBI has not yet announced a final decision, the discussion itself reflects a forward-looking approach to currency management. If implemented, polymer banknotes could reduce replacement costs, enhance security, and improve the overall lifespan of currency in circulation. The initiative would represent another step in India's broader journey toward modernizing its financial infrastructure while maintaining the relevance of cash in an increasingly digital economy.

Conclusion

While the proposal is still under review, polymer currency notes have the potential to transform India's cash management system by making banknotes more durable, secure, and cost-effective. As the country continues to balance rapid digitalization with the ongoing importance of cash transactions, such innovations could strengthen the resilience of India's financial infrastructure. The RBI's consideration of polymer notes reflects its commitment to modernizing currency management and preparing the financial ecosystem for future challenges.



Rajesh Exports Faces SEBI Scrutiny Over Alleged Financial Misreporting



One of India's largest gold exporters, Rajesh Exports Ltd., has come under intense regulatory scrutiny following allegations by the Securities and Exchange Board of India (SEBI) regarding significant discrepancies in its reported financial statements. In an interim order issued in June 2026, SEBI alleged that the company may have misrepresented revenues amounting to approximately ₹15.15 lakh crore across multiple financial years through transactions linked to its overseas subsidiary operations. According to the regulator, certain revenues reported by the company could not be adequately substantiated through available records and financial disclosures.



The investigation primarily focuses on the reporting of transactions involving the company's Swiss subsidiary, Valcambi SA, one of the world's leading precious metals refiners. SEBI has temporarily barred Rajesh Exports and its Chairman, Rajesh Mehta, from participating in the securities market while the investigation remains ongoing.

The company has strongly denied the allegations, stating that its financial disclosures were prepared in accordance with applicable accounting standards and that the regulator's assessment is based on an incomplete interpretation of consolidated financial statements.

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Rajesh Exports has indicated that it will pursue appropriate legal remedies and cooperate with the ongoing proceedings. The development has had a notable impact on investor sentiment, with the company's shares witnessing significant declines following the announcement. The case has also reignited discussions around corporate governance, financial transparency, and the importance of robust auditing practices within large business groups operating across multiple jurisdictions.



As the investigation progresses, market participants will closely monitor regulatory findings and any further disclosures from the company. The outcome of the case could have broader implications for investor confidence and reporting standards within India's corporate sector. Experts believe that stronger disclosure standards, enhanced auditing mechanisms, and improved regulatory oversight will be critical in maintaining investor trust and safeguarding market integrity.

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For the broader financial ecosystem, the developments surrounding Rajesh Exports serve as a reminder of the importance of corporate governance and accountability. Investors today are placing greater emphasis not only on financial performance but also on the quality and reliability of corporate disclosures. Regardless of the eventual outcome of the investigation, the case is expected to contribute to ongoing discussions around governance reforms, risk management practices, and the role of regulators in strengthening confidence in India's capital markets.

Conclusion

While the allegations remain under investigation and the company contests SEBI's findings, the case highlights the growing emphasis on corporate governance and financial accountability in India's capital markets. Investors and industry stakeholders will closely watch the proceedings, as the outcome may influence future regulatory standards and market sentiment. The episode also underscores the importance of robust auditing practices and transparent disclosures, particularly for companies with complex international operations.



SBI Transfers ₹8,813 Crore Dividend to Government Following Strong FY26 Performance



State Bank of India's transfer of ₹8,813 crore as dividend to the Government of India for FY2025 26 is a reflection of the bank's strong earnings and its growing contribution to the country's finances. As the largest shareholder in SBI, the Government receives a proportionate share of the profits generated by the bank. The dividend cheque was presented by SBI Chairman C. S. Setty to Finance Minister Nirmala Sitharaman, marking another year of healthy returns from one of India's most important financial institutions.

The dividend distribution follows an outstanding financial year for SBI. The bank delivered record profitability, supported by steady business expansion, growth in lending activities, and a strong deposit base.



Based on the annual results, SBI announced a dividend of ₹17.35 per share. Since the Government owns a majority stake in the bank, a substantial portion of the total dividend amount accrued to the public exchequer. The payment demonstrates how profitable public sector institutions can generate value beyond their core business operations. Rather than relying solely on taxes and borrowings, the Government is able to receive revenue from its investments in successful enterprises.

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Such earnings strengthen public finances and provide additional resources that can be utilized for development initiatives, infrastructure projects, social welfare programs, and other national priorities.

The ₹8,813 crore dividend payment is therefore more than a shareholder distribution. It represents the outcome of effective business management, sustained financial growth, and responsible banking practices. At the same time, it provides a direct financial benefit to the Government of India, reinforcing the value of its investment in the country's largest public sector bank and contributing to broader economic development objectives.

Conclusion

In SBI's substantial dividend payout underscores the bank's strong financial position and its vital role in supporting India's economic growth. The transfer not only rewards the Government as a major shareholder but also highlights the importance of efficient and profitable public sector institutions. As SBI continues to strengthen its balance sheet, expand its business, and improve asset quality, it remains well-positioned to contribute to the nation's financial stability and development goals. The dividend serves as a testament to the bank's operational resilience and its ability to create long-term value for both shareholders and the broader economy.



AI Against AI: India's Next Step in Securing Digital Financial Infrastructure



The Government of India is exploring an innovative "AI Against AI" framework to strengthen the security of the country's Digital Public Infrastructure (DPI), including critical financial systems such as UPI, digital lending platforms, banking networks, and payment ecosystems.

As artificial intelligence becomes increasingly integrated into financial services, cybercriminals are also leveraging advanced AI tools to launch more sophisticated fraud schemes, cyberattacks, and security breaches. To address this evolving threat landscape, policymakers and technology experts are evaluating the use of AI-driven defense mechanisms that can proactively identify, monitor, and neutralize malicious activities in real time. The proposed approach involves deploying artificial intelligence systems to continuously analyze transaction patterns, detect unusual behavior, identify potential vulnerabilities, and respond to threats before they can impact customers or financial institutions. Unlike traditional rule-based security systems, AI-powered security platforms can learn from vast amounts of data



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As regulatory expectations evolve, AI-driven security solutions are likely to become a critical component of compliance and risk management strategies across the industry. The initiative also highlights the government's broader commitment to ensuring trust, security, and stability within India's digital economy. By leveraging AI to combat AI-enabled threats, India aims to protect consumers, businesses, and financial institutions while supporting the continued growth of digital financial services. For fintech companies, the message is clear: investment in intelligent security systems is no longer just a competitive advantage it is becoming a strategic necessity.

Conclusion

As digital financial services continue to grow in scale and complexity, the adoption of AI-powered security solutions will play a crucial role in safeguarding India's financial ecosystem. The "AI Against AI" approach represents a forward-looking strategy that combines innovation with resilience, helping institutions stay ahead of evolving cyber threats. For fintechs, banks, and digital platforms, investing in intelligent fraud prevention and cybersecurity capabilities is becoming essential for maintaining customer trust and regulatory compliance. Ultimately, the initiative reinforces India's commitment to building a secure, reliable, and future-ready digital economy that can support sustainable financial inclusion and growth.

