



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**November 19, 2022**

**NSE REVISES METHODOLOGY OF NIFTY EQUITY INDICES FOR MERGERS:** The NSE Indices, a subsidiary of the National Stock Exchange, announced changes in its methodology of Nifty equity indices for mergers. As per the proposed changes, "the index company will be excluded from the index on the ex-date of merger which is closing of T-1 day". In the case of indices which have a fixed number of constituents (stocks), the NSE Indices said on ex-date, a replacement of company would be made based on the eligibility criteria of respective indices in place of the transferor company which is being excluded. In the indices with a variable number of constituents, NSE Indices will not replace any stock, on ex-date, in place of the transferor company which is being excluded. As per existing rules, in the case of indices with a fixed number of constituents, the transferor company is excluded from the index and the same is replaced with another eligible stock soon after the equity shareholders' approval of a scheme of arrangement for the merger of a company.

**(Moneycontrol)**

**SENSEX RECONSTITUTION: DR REDDY'S DROPPED, TATA MOTORS INCLUDED EFFECTIVE DECEMBER 19:** Asia Index Pvt Ltd on November 18 announced a reconstitution of S&P BSE indices, with the stock of pharmaceutical major Dr Reddy's Laboratories to be dropped from Sensex, and automotive company Tata Motor's stock to be added to the 30-share index. From S&P BSE 100 and S&P BSE Sensex Next 50 indices, the stocks of Adani Total Gas and Hindustan Petroleum Corporation will be removed, and Adani Power and Indian Hotels Company will be added, the release noted.

**(Moneycontrol)**

**SECURITIES DEPOSITORY CDSL DETECTS MALWARE IN FEW INTERNAL MACHINES:** Central Depository Services (India) Ltd (CDSL) said on Friday it detected malware in a few of its internal machines and was working with cyber security advisors to analyse the impact. "As per initial findings, there is no reason to believe that any confidential information or the investor data has been compromised," the securities depository said in a stock exchange filing. CDSL has isolated the internal machines and disconnected itself from other constituents of the capital market, it said, adding that settlement activities would be completed after the resolution of the incident. The company facilitates holding and transacting in securities in the electronic form and settlement of trades on stock exchanges. Its clients include exchanges, issuers and investors.

**(Economic Times)**

**GOVT RAISES MAXIMUM TENURE OF PSU BANKS' CEO TO 10 YEARS:** The maximum tenure of CEO and MD of public sector banks has been increased to 10 years, a move



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that will help the government retain the best talent in the banking sector. As per a government notification dated November 17, 2022, the term for the appointment has been extended to 10 years, from the earlier 5 years, subject to superannuation age of 60 years. This is also applicable for whole-time directors of all Central Public Sector Enterprises (CPSEs). The amendment would be called Nationalised Banks (Management and Miscellaneous Provisions) Amendment Scheme, 2022.

*(Economic Times)*

**CO-FOUNDER MOHIT GUPTA 3RD TOP EXEC TO EXIT ZOMATO IN NOV:** Mohit Gupta, co-founder, Zomato has tendered his resignation, a filing with the Bombay Stock Exchange showed. Gupta was not designated as key managerial personnel under the companies act, 2013, the filing further said. Gupta's departure is the third top-level exit at Zomato this month. Earlier this month, Rahul Ganjoo, head of new initiatives at Zomato, had left the company.

*(Financial Express)*

**BANKS PREFER TO GIVE LOANS NOW THAN BUY BONDS:** Investments to deposits ratio of the Indian banking industry fell to a four-month low as banks allocate more of their existing funds to loans that yield higher returns than bonds. Data from the Reserve Bank of India (RBI) showed that the investments to deposits ratio is now closer to 29% compared with a recent peak of 30% recorded in August indicating that banks have started shifting their deposits to higher yielding loans as credit

*(Economic Times)*

**BANK LOAN GROWTH POSTS SLIGHT DECLINE IN NOV 4 FORTNIGHT:** Bank loans rose around 17% year-on-year (y-o-y) in the fortnight ended November 4, lower than the nearly 18% y-o-y rise in the fortnight ended October 21. Total advances stood at Rs 129.3 trillion as on November 4, up by Rs 42,432 crore from the previous fortnight. Total deposits rose 8.2% y-o-y to Rs 173.7 trillion as on November 4. They rose by Rs 1.7 trillion on fortnight, much higher than the fortnightly rise in loans.

Deposits had risen 9.5% y-o-y in the fortnight ended October 21.

*(Financial Express)*

**ADANI GROUP SAYS NO PLAN TO OPEN FAMILY OFFICE OVERSEAS:** Adani Group on Friday said the ports-to-energy conglomerate's Founder and Chairman Gautam Adani is not considering setting up a family office overseas to manage his wealth. With a USD 58 billion addition to his personal wealth propelling him to the throne of Asia's richest and world's third wealthiest man, it was reported that Adani was looking at Dubai or New York as the base for the office.

*(Financial Express)*



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### **ECONOMY RESILIENT, BUT STILL SENSITIVE TO GLOBAL HEADWINDS, SAYS**

**RBI IN LATEST BULLETIN:** RBI on Friday released the November 2022 issue of its monthly bulletin on state of the economy and said headline inflation is beginning to show signs of easing. With headline inflation beginning to show signs of easing, the domestic macroeconomic outlook appears to be resilient though it is still sensitive to global headwinds, the bulletin said on Friday. The article published in the latest RBI bulletin also said the outlook for the global economy remains clouded with downside risks. The article further said based on high frequency indicators, "our nowcasting and full information models peg" real GDP growth in the July-September quarter between 6.1 per cent and 6.3 per cent. "If this is realised, India is on course for a growth rate of about 7 per cent in 2022-23," it said and added that in the third quarter supply responses in the economy are gaining strength.

*(Business Today)*

### **LIC AIMS TO REACH A MIX OF 75:25 BETWEEN PAR AND NON-PAR IN INDIVIDUAL BIZ:**

State-owned insurance behemoth Life Insurance Corporation (LIC) is aiming to achieve a mix of 75:25 between participatory (par) and non-participatory (non-par) businesses in the individual segment in the next few years and once that happens, it will give a significant push to the value of new business (VNB) and VNB margins of the corporation, the management said in an analyst call after the company's Q2 results. As of H1FY23, the non-par share on an individual annualised premium equivalent (APE) basis of LIC stood at 8.99 per cent. Non-participatory life insurance contracts are such contracts where no policy dividends are paid to policyholders and the entire profit from non-par policies belongs to shareholders. On the other hand, participating policy enables the policyholder to share profits of the insurance company. These profits are shared in the form of bonuses or dividends.

*(Business Standard)*

### **INDIA ON ITS WAY TO BECOME \$30 TRN ECONOMY, DEVELOPED NATION BY**

**2047: GOYAL:** Union Minister for Commerce and Industry Piyush Goyal on Friday said India is on track to become a developed nation. He added that India will be a \$30 trillion economy by 2047, becoming one of the top economies of the world.

*(Business Standard)*

### **UK BACKS INDIA, GERMANY, JAPAN, BRAZIL AS PERMANENT MEMBERS OF**

**UNSC:** The UK has voiced support for India, Germany, Japan and Brazil to sit as permanent members in an expanded UN Security Council. Speaking during the General Assembly debate on Security Council reform on Thursday, UK Ambassador Barbara Woodward said that the United Kingdom has long called for the expansion of the Security Council in both the permanent and non-permanent categories.

*(Business Standard)*



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## **BANK STRIKE DEFERRED BY AIBEA AFTER MEETING WITH LABOUR**

**COMMISSIONER:** The call for a nationwide one-day bank strike by the All-India Banks' Employee Association (AIBEA) on November 19 has been deferred by the union after its meeting with the chief labour commissioner (CLC), Ministry of Labour, Indian Banks Association (IBA), and Department of Financial Services (DFS) of Ministry of Finance. The parties involved in the discussion on Friday reached an agreement on all issues. The IBA and bank managements have agreed to resolve their issues, which resulted in the calling for a strike, bilaterally with the AIBEA, Business Standard has learnt.

***(Business Standard)***



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## ***FINANCIAL TERMINOLOGY/CONCEPTS***

### **ESOPs**

- ❖ ESOPs or Employee Stock Ownership Plans are a remuneration benefit offered to employees by their employers other than the basic pay package.
- ❖ Under the scheme, companies grant employees part ownership in the form of shares, which they can sell after a certain time period.
- ❖ ESOPs usually come with vesting periods, which means employees have to work in the organisation for a specific period to own the shares at a preferential price, which is usually lower than the market price. Once the vesting period ends, employees can exercise their options and monetize the shares through a buyback or cash acquisition or even an IPO if the company is unlisted.
- ❖ ESOPs give employees a sense of ownership as their performance, in a way, impacts the stock value and they stand to gain if the company records rapid growth. Employees could also make significant monetary gains, much more than the bonuses and incentives, as the cash payouts are usually done at higher valuations.
- ❖ There are different types of ESOPs including Employee Stock Option Scheme (ESOS), Employee Stock Purchase Plan, among others. Under the Employee Stock Option Scheme, employees are granted options with a vesting period and once it ends, they can exercise options to buy shares at a predefined price. While, under the Employee Stock Purchase Plan, employers offer shares to the employees at a lower price than the market value with a clause of minimum service period.



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### **RBI KEY RATES**

Repo Rate: 5.90%  
SDF: 5.65%  
MSF & Bank Rate: 6.15%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 81.6975  
INR / 1 GBP : 97.2271  
INR / 1 EUR : 84.7078  
INR /100 JPY: 58.4200

### **EQUITY MARKET**

Sensex: 61663.48 (-87.12)  
NIFTY : 18307.70 (-36.20)  
Bnk NIFTY: 42437.45 (-20.65)

**(CMA Chittaranjan Chattopadhyay)**

**Chairman,**

**Banking, Financial Services & Insurance Board**

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