



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

**23 Jan 2024**

### **BANKING & FINANCE**



**Private banks face NIM compression amid higher cost of funds:** The net interest margin (NIM) of private banks has remained under pressure in the third quarter, reflecting the rise in their cost of funds. Most of the private lenders have reported year-on-year (YoY) decline in their net interest margin, impacted by the hike in term deposits and tight liquidity in the banking system. "The decline in NIM reflects the lagged impact of the increase in term deposit rates over the last one year and that is reflected in the cost of deposits. Overall, the NIM was in line with our expectations," said Sandeep Batra, executive director, ICICI Bank, in an earnings call on Saturday. "The full year (FY2024) NIM is probably going to be at the same level as FY2023."

**(Business Standard)**

**Lockton enters the Indian market; Sandeep Dadia appointed country CEO:** Lockton, a US-based insurance brokerage, enters the Indian market with Sandeep Dadia as its CEO. Dadia will focus on driving growth, building a risk solutions strategy, and attracting top talent in India. With over 20 years of experience in the insurance industry, Dadia brings expertise and knowledge to Lockton. The company aims to become one of the leading international brokers in India while maintaining its high client retention rate. Lockton's expansion reflects its commitment to fostering economic growth and creating opportunities in the local community.

**(Economic Times)**

**Bharti Group in talks with SBI Life, others to sell insurance business:** Bharti Group is in advanced talks with SBI Life and some other insurers to sell its now wholly owned life insurance venture Bharti AXA Life Insurance, people aware of the negotiations told ET. The move comes after Bharti Group in October 2023 announced plans to buy out its joint venture partner AXA Group's 49% stake in the life insurance business. "After acquiring the business from AXA, Bharti has been looking to exit the insurance business and focus on telecom," one of the people cited above said.

**(Economic Times)**



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## ECONOMY

**Sebi may allow AIFs to 'exclude' investors from certain investments:** The Securities and Exchange Board of India (Sebi) is planning to mandate the managers of alternative investment funds (AIFs) to exclude certain investors while making investments, in a bid to address concerns about the evergreening of loans at the fund level. Sebi first codified the 'excuse-exclude' norms in April 2023, giving AIFs an option to exclude investors in certain circumstances. Through the fresh proposal, Sebi is seeking to convert this discretion into an obligation for AIFs, said legal experts.

***(Business Standard)***

**Budget 2024: Rural jobs scheme may get 47% higher outlay of Rs 88,000 crore:** The government will likely allocate about ₹88,000 crore for the rural employment guarantee scheme in the interim budget for FY25 to be presented on February 1, as compared with ₹60,000 crore budgeted for this fiscal, a person aware of the details told ET. The government will allocate more should the demand exceed its initial expectation under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which is a demand-driven programme.

***(Economic Times)***

**Interim Budget: Govt may increase agri-credit target to Rs 22-25 lakh crore:** The government is likely to announce in the upcoming interim Budget a substantial increase in the agricultural credit target to Rs 22-25 lakh crore for the next fiscal and ensure every eligible farmer has access to institutional credit, according to sources. The government's agri-credit target is Rs 20 lakh crore for the current fiscal.

***(Economic Times)***



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## INDUSTRY OUTLOOK



**S&P revises Adani Ports, Adani Electricity credit outlook to 'stable' from 'negative':** As the investigations into Adani Group stocks found no wrongdoings, S&P Global on January 22 revised its outlook on Adani Ports and Special Economic Zone Ltd. (APSEZ) and Adani Electricity Mumbai Ltd. (AEML) to stable from negative while affirming their credit ratings. Regulatory investigations done by the market regulator SEBI and Supreme Court have mostly concluded without proving wrongdoing on alleged governance matters raised in a short-seller report released in January 2023. The report alleged non-compliance of minimum public shareholding, non-disclosures of related party transactions, or stock price manipulation, among others. All allegations were denied by Adani Group. “The stable outlook reflects strong business fundamentals and robust cash flows for AEML and APSEZ in the next 12 to 24 months.

**(Moneycontrol)**

**InterGlobe appoints Aditya Pande as group CEO:** InterGlobe Enterprises, promoter of IndiGo, has appointed Aditya Pande as its group Chief Executive Officer. He will take charge from March 1. . He joins InterGlobe Enterprises from B2B e-commerce company Udaan where he was the CFO. Except IndiGo, Pande will have overall responsibility for setting InterGlobe’s strategic agenda and to oversee the company’s line businesses and the corporate staff functions, the company said in a statement on Monday. He will report to InterGlobe group managing director Rahul Bhatia.

**(Business Line)**



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## REGULATION & DEVELOPMENT

**Modi's first decision after Ayodhya visit: Scheme to install solar rooftops on 1 crore houses:** After returning from Ayodhya following the consecration ceremony at the Ram temple, Prime Minister Narendra Modi on January 22 announced that his first decision is to launch a scheme to install solar rooftops in one crore houses. "The first decision I have taken after returning from Ayodhya is that our government will launch 'Pradhanmantri Suryoday Yojana' with the target of installing solar rooftops on 1 crore houses," Modi said, in a social media post on X, formerly Twitter. "This will not only reduce the electricity bill of the poor and middle class but will also make India self-reliant in the energy sector," the PM added.

**(Moneycontrol)**

**Govt notifies accounting, tax, financial crime compliance services as 'financial services' under IFSCA Act:** The government has notified book keeping, accounting, taxation, and financial crime compliance services as financial services under the International Financial Services Centres Authority Act of 2019. As per a government notification dated January 18, the aforementioned services shall qualify as financial services as long as they are offered by units in an International Financial Service Centre regulated by the International Financial Services Centres Authority (IFSCA) to non-residents whose businesses are not formed by the splitting up, reconstruction, or reorganisation of a business already in existence in India. Further, the units should not be offering these financial services by transferring or receiving existing contracts from their group entities in India. As per the government notification, financial crime compliance services include services related to complying with Anti-Money Laundering norms, Countering the Financing of Terrorism measures, and Financial Action Task Force recommendations, among others.

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## FINANCIAL TERMINOLOGY

### TREATY REINSURANCE

- ❖ When an insurance company enters into a reinsurance contract with another insurance company, then the same is called treaty reinsurance.
- ❖ In the case of treaty reinsurance, the company that sells the insurance policies to another insurance company is called ceding company. Reinsurance frees up the capital of the ceding company and helps augment the solvency margin. It also enables the ceding company to increase the underwriting abilities by reducing the underwriting costs. Under treaty reinsurance, the reinsurer assumes the insurance liability. However, in the event of a default by the reinsurer, the onus of settling the claims falls on the ceding company.
- ❖ Facultative reinsurance and reinsurance treaties are two types of reinsurance contracts. When it comes to facultative reinsurance, the main insurer covers one risk or a series of risks held in its own books. Treaty reinsurance, on the other hand, is insurance purchased by an insurer from another company. With facultative reinsurance, the reinsurer can review the risks involved in an insurance policy and either accept or reject them. But the reinsurer in a treaty reinsurance policy, on the other hand, generally accepts all the risks involved with certain policies.





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### **RBI KEY RATES**

Repo Rate: 6.50%  
SDF: 6.25%  
MSF & Bank Rate: 6.75%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

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

INR / 1 USD : 83.1338  
INR / 1 GBP : 105.5662  
INR / 1 EUR : 90.4457  
INR /100 JPY: 55.9000

### **EQUITY MARKET**

Sensex: 71423.65 (-259.58)  
NIFTY: 21571.80 (-50.60)  
Bnk NIFTY: 46058.20 (+357.00)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

For details please visit  
**BFSIB portal of the ICMAI  
website.**

### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
  - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
  - ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
  - ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
  - ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**
- To purchase please visit  
**BFSIB portal of ICMAI**

### **TEAM BFSIB**

**Banking, Financial Services & Insurance Board**  
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