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DAILY NEWS DIGEST BY BFSI BOARD

24 December 2024



ECONOMY

India, ADB sign \$500 million loan to aid sustainable infrastructure projects: The Union government and the Asian Development Bank (ADB) signed a \$500-million loan on December 20, with a target to support green and sustainable infrastructure projects aligned with India's climate commitments. The loan from ADB, with a sovereign guarantee, will be extended to the India Infrastructure Finance Company Limited (IIFCL), according to a government statement on December 23. The project will build the institutional capacity of IIFCL to integrate green and best practices into the infrastructure projects. A sustainability unit and an environmental sustainability framework and scoring method to assess the sustainability rating of the projects will also be established, the statement added. "ADB financing will help IIFCL provide long-term capital for infrastructure projects focusing on connectivity and energy transition as well as under-resourced sectors.

(Moneycontrol)

Govt may peg FY26 fiscal deficit lower than 4.5% of GDP: Finance Ministry: The Union government is committed to pursuing the glide path of fiscal consolidation, as announced in Budget for FY22, and to attain a level of fiscal deficit "lower than 4.5%" of GDP by FY26, the finance ministry said. Going forward, the thrust will be on improving the quality of public spending, while at the same time, strengthening the social security net for the poor and needy. "This approach would help further strengthen the nation's macro-economic fundamentals and ensure overall financial stability," the ministry said.

(Financial Express)

All-India consumer price index numbers for agricultural and rural labourers – November, 2024: The All-India Consumer Price Index for Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) (Base: 1986-87=100) registered an increase of 5 points each in the months of November 2024, reaching levels of 1320 and 1331, respectively. The year-on-year inflation rates based on CPI-AL and CPI-RL for the month of November, 2024 were recorded at 5.35% and 5.47%,



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respectively, compared to 7.37% and 7.13% in November, 2023. The corresponding figures for October, 2024 were 5.96% for CPI-AL and 6.00% for CPI-RL.

(PiB)

BANKING & FINANCE



India's insurance penetration dips from 4% to 3.7% in 2023-24: Insurance penetration in the country slowed down from 4 percent in 2022-23 to 3.7 percent in FY24, despite a strong push from the sector regulator to get the entire 1.4-billion population under cover by the time India turns 100. The Insurance Regulatory and Development Authority of India (IRDAI) has urged all cover companies to work towards 'Insurance for All' by 2047 and expand the reach of insurance across the country, according to the regulator's annual report for 2023-24.

(Moneycontrol)

Aditya Birla Capital becomes first BFSI firm to offer full suite of financial services on ONDC platform: Aditya Birla Capital has become the first BFSI company to offer all three core financial services lending, insurance, and mutual fund investments on the Open Network for Digital Commerce (ONDC) platform. This move aims to provide broader access to financial products, particularly in underserved markets, and support financial inclusion across the country. Vishakha Mulye, CEO, Aditya Birla Capital Limited said, "Our integration with the ONDC Network will help us reach out to 'Bharat' to fulfill the financial needs and aspirations of consumers who may have previously lacked access to formal credit, insurance, and investment opportunities.

(Financial Express)

Banks urge RBI to extend deadline for overlapping lending rules: Banks have requested the Reserve Bank of India (RBI) to extend the timeline for adhering to new guidelines that prohibit overlapping lending activities between banks and their group entities. In their feedback submitted through the Indian Banks' Association (IBA), banks have sought an extension beyond the proposed two-year timeframe. According to sources, some banks have sought a relaxation of up to five years to fully comply with the regulations. "Bankers have expressed concerns that the two-year timeline for complying with the new guidelines is insufficient," a senior bank official said.

(Financial Express)



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INDUSTRY OUTLOOK



NTPC to establish green hydrogen infrastructure in Odisha under MoU: State-run power giant NTPC on Monday said it has signed an initial pact with GRIDCO and CRUT to set up green hydrogen infrastructure in Odisha. NTPC has signed a Memorandum of Understanding (MoU) with GRIDCO, a Government of Odisha undertaking for Energy and Capital Region Urban Transport (CRUT), the public transit agency of the state government, on Monday, as per a statement. The tripartite MoU intends to further green energy technologies in Odisha, especially green hydrogen mobility scheme. As per the MoU, NTPC will set up a green hydrogen fuelling station in Bhubaneswar, along with hydrogen buses for short-haul and long-haul operations.

(Business Standard)

Banks lobby RBI to approve new benchmark for overnight indexed swaps: A group of Indian lenders has asked the central bank to approve a new benchmark for overnight indexed swaps, according to people familiar with the matter. The banks want the swaps to reference the newly-proposed Secured Overnight Rupee Rate (SORR) instead of the prevailing Mumbai Interbank Outright Rate (MIBOR), the people said, asking not to be named as the discussions are private. The move is intended to improve price discovery in the interest-rate swap market, an opaque but important part of the financial system that helps banks and corporations manage their risks. An industry body reached out to banks this month to start work on the formulation of the SORR, the people said. Swap trades linked to the new rate could start once deliberations on the SORR are complete and the industry body publishes the market conventions, they said.

(Business Standard)



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REGULATION & DEVELOPMENT

Prime Minister distributes more than 71,000 appointment letters to newly appointed recruits in Central Government departments and organisations under Rozgar Mela:

The Prime Minister Shri Narendra Modi addressed the Rozgar Mela and distributed more than 71,000 appointment letters to newly appointed youth in Government departments and organizations via videoconferencing today. Rozgar Mela highlights the Prime Minister's commitment to prioritizing employment generation. It will empower the youth by providing them with meaningful opportunities to contribute to nation-building and self empowerment. Rozgar Mela will be held at 45 locations across the country. The recruitments are taking place for various Ministries and Departments of the Central Government. The new recruits, selected from across the country will be joining various Ministries/Departments including Ministry of Home Affairs, Department of Posts, Department of Higher Education, Ministry of Health and Family Welfare, Department of Financial Services, among others.

(PiB)

Claims ratio of non-life insurers dips to 82.52% in FY24: Irdai report: Net incurred claims to net earned premium (claims ratio) of non-life insurance industry stood at 82.52 per cent during 2023-24 as against 82.95 per cent in the preceding fiscal year, as per the Irdai's annual report. According to the Annual Report 2023-24 of the Insurance Regulatory and Development Authority of India (Irdai), during 2023-24, the non-life insurance industry underwrote a total direct premium of Rs 2.90 lakh crore in India registering a growth of 12.76 per cent from previous year. The contribution of public sector general insurers increased 8.88 per cent from Rs 82,891 crore in 2022-23 to Rs 90,252 crore in 2023-24. Private sector insurers, including standalone health insurers, have underwritten Rs 1.88 lakh crore as against Rs 1.58 lakh crore in 2022-23.

(Economic Times)



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FINANCIAL TERMINOLOGY

UNDERCAST

- ❖ Undercast is a type of forecasting error that occurs when estimates turn out to be below realized values. These estimates could apply to sales, an expense line item, net income, cash flow, or any other financial account.
- ❖ Undercast estimates can occur because of a conservative management team or a volatile or unpredictable market.
- ❖ Dishonest undercast estimates can occur because management purposefully lowered estimates to ensure that the actual performance would outperform the lower numbers.
- ❖ Continuous undercasting indicates that a company is ineffectively deploying its resources based on poor estimates.



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 : 85.0713
INR / 1 GBP : 106.9295
INR / 1 EUR : 88.7810
INR /100 JPY: 54.3200

EQUITY MARKET

Sensex: 78540.17 (+498.58)
NIFTY: 23753.45(+165,95)
Bnk NIFTY: 51317.60 (+558.40)

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by BFSI Board**

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Board**

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- ❖ 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 2nd Edition)

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