



I-CAN
COMMUNIQUÉ

MAY
2021





MONTHLY NEWSLETTER – MAY 2021

Sensex : Down 1.5%	
Nifty : Down 0.4%	
Best performing sector: Metal (24.2%)	Worst performing sector: Realty (-7.6%)
Best performing Global index: Taiwan Weighted (6.9%)	Worst performing Global index: S&P BSE Sensex (-1.5%)
Indian Rupee: -1.3%	Gold (International): 3.2%

In the month of April the daily Covid-19 case count showed a sharp spike. On 30th April India became the first country to report more than 4 lakh cases in a single day. Localised restrictions and lockdowns have been announced in different parts of the country where the case load is relatively higher. Starting from 1 May, the age group of 18 years plus will be eligible for vaccination. In the first two phases of the vaccination programme more than 2.6 crore people were vaccinated – one of the fastest rates in the world.

Nifty 50 and S&P BSE Sensex fell by 0.4% and 1.5% respectively. The S&P BSE Mid Cap Index was flat at 0.6% return for the month. However, the S&P BSE Small Cap index clocked in gains of 4.9% for the month. The yield of the benchmark 10-year government bond eased by 15 basis points to 6.03%. International Brent Crude oil prices shot up by 9.3% last month.

The Finance Ministry said that capital raised through public and rights issues shot up by 115% and 15% respectively in FY21 despite the Covid crisis. As per a report by Mergermarket, mergers and acquisitions jumped by 17.4% in the January-March'21 quarter to \$25.3 billion across 97 deals.

The Reserve Bank of India (RBI) in its monthly bulletin said that India's economy has held up well against the sharp increase in Covid-19 cases recently. However, the second wave brings the risk of protracted restrictions and inflationary pressures. Deloitte CEO Punit Renjen said that India will come out of the Covid crisis with flying colours and the 21st century is India's century.

Various agencies released their revised projections for India's growth in FY2021-22:

Agency	FY22 GDP Projection (%)
Brickwork Ratings	9
India Ratings	10.1
Care Ratings	10.2
SBI	10.4
ICRA	10.5
S&P Global Ratings	11
Asian Development Bank (ADB)	11
Nomura	12.6
Fitch Ratings	12.8

The gross GST revenue collection in April touched a new high of Rs. 1.41 lakh crore –



higher than Rs. 1 lakh crore for the seventh consecutive month.

PWC released its 24th Global CEO Survey. It was found that 88% of global CEOs are confident about global economic growth improving over the next 12 months and 70% of them are confident about their revenue growth in the same period.

Index of industrial production (IIP) fell by 3.6% in February - second consecutive monthly fall on account of poor performance of manufacturing and mining sectors. India's Manufacturing Purchasing Managers' Index (PMI) remained stable at 55.5 in April. In March it was at a 7-month low of 55.4. The Services PMI declined to 54 in April from 54.6 in the previous month.

Retail inflation (measured by consumer price index) increased to 5.64% in March compared to 4.48% in February, 2021. Wholesale inflation (measured by wholesale price index) increased to more than eight-year high of 7.39% in March from 4.17% in February, 2021. This is because of a substantial increase in prices of crude oil, petroleum products and basic metal from March'20.

The Indian Meteorological Department (IMD) expects a 'normal' south-west monsoon this year with rainfall at 98% of the long period average.

Reforms

- The government permitted import of 17 medical devices for three months with mandatory declarations immediately post custom clearance and before sale of such products in the domestic market.
- SEBI asked mutual funds to disclose scheme risk-o-meter, performance and portfolio details to investors for only the particular plans in which they are

invested so as to avoid unnecessary information overload on investors.

- RBI issued guidelines for appointment of statutory auditors of banks and NBFCs (non-banking finance companies). It made it mandatory for commercial banks and urban co-operative banks with asset size of more than Rs. 15,000 crore to appoint a minimum of two auditors.
- RBI capped the tenure of the managing director, chief executive officer and whole time directors of commercial banks at 15 years.
- AMFI (Association of Mutual Funds of India) slashed the ARN (AMFI Registration Number) registration and renewal fees for most distributor categories by 50% with effect from 1 May, 2021.
- The Centre asked all Indian major ports to forgo charges levied for ships carrying oxygen and oxygen-related equipment cargo.
- The government, agreeing to the demand from states, decided to distribute 8 million tons of food grain free of cost to all the 81 crore ration card holders under Prime Minister Garib Kalyan Anna Yojana (PMGKAY) in the May-June period. This is double of the allocated quantity.
- The Cabinet Committee on Economic Affairs (CCEA) approved subsidy for urea to be produced by state-run Talcher Fertilizers (TFL) at its soon-to-be-commissioned plant at Odisha.
- RBI set up a Regulatory Review Authority (RRA 2.0) in order to streamline regulations and reduce the compliance burden of regulated entities.
- IRDAI allowed insurance companies to invest in debt securities of infrastructure investment trusts (InvITs)

and real estate investment trusts (REITs).

- SEBI asked institutional investors like banks, insurance companies and pension funds to follow 'transparent' Stewardship Code to be truly accountable to their clients.
- RBI will provide lending support of Rs. 50,000 crore to NABARD, NHB and SIDBI as fresh lending in 2021.

- The central government allowed state governments to borrow 75% of their annual borrowing limit of 4% of their respective GDP in the first nine months of the current financial year.
- The maximum sum assured payable under the Employees' Deposit Linked Insurance Scheme, 1976 was increased from Rs. 6 lakh to Rs. 7 lakh by the Labour Ministry.

What are ESG Funds?

ESG investing stands for Environmental, Social and Governance focused investing. ESG Funds are mutual funds which invest in companies which follow sustainable practices which are eco-friendly, socially responsible and managed with good governance and code of ethics. All over the world this theme has grown in popularity in recent times. The ongoing Covid-19 crisis has further accentuated the



significance of building robust and sustainable business models.

Investor surveys conducted in some countries revealed that a rising number of investors have higher awareness levels and want their asset managers (even non-ESG) to consider the impact of their investment choices on the environment and society.

The global flows in the December'20 quarter increased by 29% from the previous quarter.

Region	Q4 2020 Flows		Assets		Funds	
	\$ Billion	% Total	\$ Billion	% Total	Number	% Total
Europe	120.8	79.3	1,342.8	81.3	3,196	77
United States	20.5	13.4	236.4	14.3	392	9.4
Asia ex-Japan	5.0	3.3	25.4	1.5	208	5
Australia/New Zealand	1.2	0.8	19.8	1.2	126	3
Japan	3.7	2.4	17.7	1.1	138	3.3
Canada	1.2	0.8	10.2	0.6	93	2.2
Total	152.3		1,652.3		4,153	

Even in India the theme is picking up. A number of ESG fund launches happened in the second half of 2020. Out of the 9 open-ended ESG focused funds in India, 7 were launched last year. The Indian ESG funds garnered an inflow of Rs. 103.78 crore in March (Source: Morningstar). The current total AUM across the 9 funds is Rs 10,367 crore (as on 30th April, 2021).

Companies that fit in the ESG framework have lower long-term risk due to more sustainable business models. ESG funds are also typically diversified across sectors which provides reasonable risk management.

Did you know?

Warren Buffet made 99.6% of his current fortune after age 52

Cartoon of the Month

Investments and Financial Services



**“All of my money is tied up in futures:
Next month’s mortgage payment, next week’s
car payment, tomorrow’s groceries...”**



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- 2) NPS Account Opening: On-boarding facility through online Aadhaar e-KYC introduced: [Click here](#)
- 3) How winnings on fantasy sports apps like Dream11 and MPL are taxed: [Click here](#)
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