

NEWS & VIEWS

MAY 2021

FINANCE

Second COVID-19 Wave's Impact on India's Economy Muted Compared To First: Finance Ministry



वित्त मंत्रालय
MINISTRY OF
FINANCE

As the country is currently witnessing the deadly outbreak of the second wave of the COVID-19 crisis, the finance ministry released its monthly economic report. The ministry said that the impact of the second wave on the economy is likely to remain muted as compared to the first wave. It admitted that in the first quarter of FY2021-22 the second wave has posed a downside risk to economic activity. It added that with a revival in the economic activities during the second half of FY2020-21, the central government's fiscal position has witnessed an improvement in recent months. According to the provisional figures, net direct tax collections for the year 2020-21 are 4.5 per cent higher than Revised Estimates (RE) and 5 per cent higher than collections in 2019-20. The significant growth compared to 2019-20 indicates economic recovery since the first wave. Owing to economic recovery, in each of the last six months, GST mop-up registered good growth and collections exceeded Rs 1 lakh crore. GST revenue registered another record high of Rs 1.41 lakh crore in April, indicative of continued economic recovery.

Centre expedites release of Rs 8,924 crore of rural local body grants to 25 states

The Centre has expedited the release of funds amounting to Rs 8,924 crore to 25 states for providing grants to rural local bodies. This marked the first installment of untied grants for the ongoing fiscal, released to the states for the village, block and district level of panchayati raj institutions. The grants, which were to be released in June on the basis of the recommendations of the 15th Finance Commission, can be used for prevention and mitigation measures needed to combat the COVID-19 pandemic. As part of its recommendation, the commission had imposed certain conditions for release of untied grants such as online availability of accounts of a certain percentage of rural local bodies in the public domain. "But taking into consideration the prevailing circumstances, this condition has been waived for release of the first instalment of untied grants". Uttar Pradesh received the largest amount at Rs 1,441 crore followed by Rs 861 crore transferred to Maharashtra and Rs 742 crore to Bihar.

PERSONS IN NEWS



Footwear Brand Bata India appoints Gunjan Shah as new CEO

Footwear company Bata India has appointed Gunjan Shah as its new Chief Executive Officer (CEO). He will join Bata in his new role from 21 June 2021, for a period of five years. Shah replaces Sandeep Kataria, who has been elevated as the Global CEO of Bata Brands in November 2020. Prior to this, Shah was the Chief Commercial Officer (COO) at Britannia Industries. Bata Corporation is a multinational footwear and fashion accessory manufacturer and retailer, with its headquarter located in Lausanne, Switzerland and an Indian branch based in Gurugram, Haryana.



T. Rabi Sankar named RBI Deputy Governor

Reserve Bank of India (RBI) Executive Director T. Rabi Sankar has been named as the fourth Deputy Governor of the central bank. The Appointments Committee of the Cabinet has approved his appointment. He is in charge of the payments system, fintech, information technology and risk management at the RBI. He succeeds BP Kanungo as the Deputy Governor, who retired on April 2 after getting a one-year extension in his position. Sankar has long experience across a wide spectrum of central banking functions, particularly, exchange rate management, reserves portfolio management, public debt management, monetary operations, development, regulation and surveillance of financial markets and payment systems, and managing the Bank's IT infrastructure.

Kotak Mahindra Life appoints Mahesh Balasubramanian as MD

Kotak Mahindra Life Insurance Company Limited on 1st May announced it has appointed Mahesh Balasubramanian as Managing Director of the company. He has been appointed following the retirement of G. Murlidhar. The company is in receipt of approval from the Insurance Regulatory Development Authority of India for the appointment of Balasubramanian. The appointment is for a period of three years. Suresh Agarwal has been elevated to MD & CEO of Kotak General Insurance.



PERFORMANCE EVALUATION

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Identify strengths and
pinpoint weakness



Invest in your
organisation's future

Methodology

Web - Based Customised
Questionnaires

Board Cultural Analysis

Qualitative Discussions with Promoters
Directors, Sr. Management, NEDs and IDs

Workshop/Training
Programmes

Evaluation Report with Actionable
results and Company specific
recommendations by the
Board experts

Key Areas Evaluated

- Board Structure, Diversity and Skill matrix
- Board's compliance with its legal, regulatory and fiduciary responsibilities
- Board Dynamics & Functioning
- Board Committees - Structure, Functioning & Effectiveness
- Corporate Governance Compliance Status and Disclosures
- Stakeholders Relationship Management
- Risk Management and Internal Controls

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INTERNATIONAL

Amazon's ad revenue is now twice as big as Snap, Twitter, Roku and Pinterest combined



The major growth in Amazon's advertising unit means its revenue contribution is now 2.4 times as large as Snap, Twitter, Roku and Pinterest combined, and it's growing 1.7 times as quickly. Amazon's "Other" unit, which is primarily made up of advertising but also includes sales related to other service offerings, grew revenue a massive 77% year over year to more than \$6.9 billion in the first quarter.



JPMorgan Chase launches new Health-Care business after winding down Amazon-Berkshire venture

JPMorgan is launching Morgan Health to improve the quality of medical care for the bank's 165,000 U.S. employees and their families. The business will be led by Dan Mendelson, a health consultant who served in the Clinton administration. The new unit will also have \$250 million to make venture investments in companies with promising healthcare solutions.

ARA partners SMBC after raising US\$500m equity funds



ARA Asset Management has raised US\$500 million in a round of equity financing, with Sumitomo Mitsui Banking Corporation (SMBC) as the lead investor. SMBC is now its new strategic shareholder. According to ARA, with the new support from SMBC, The company aims to strengthen its core asset management business and boost its expansion plans into new sectors such as logistics, data centres, infrastructure and private credit, and in key markets globally. "ARA Group stands to benefit from long-term market trends in the APAC (Asia-Pacific) region, such as the surge in demand for new economy real assets. We are very excited about the prospect of working with our new shareholders and hope to expand swiftly on our new partnership with SMBC," said ARA chairman Justin Chiu. The company expects to leverage the growing real estate investment trust (Reit) and alternative asset markets in the Asia-Pacific to support its expansion.

ECONOMY

CPI Inflation stood at 4.29% in April 2021 led by easing in food prices; CARE expects inflation over 5% in next 2-3 months

The Consumer Price Index (CPI) or retail inflation eased to 4.29% in April 2021, compared to 5.52% of the previous month. The Consumer Food Price index (CPFI) was 2.02% in April 2021 versus 4.87% in March 2021. The growth in inflation (year-on-year) for the month at 4.29%, was the lowest in three months. This decline has been facilitated by the favorable statistical base effect coupled with the fall in prices in food items viz. vegetables. At the same time, elevated level of prices in the certain food and non-food segments continue to exert upward pressure on headline inflation. Notably, CARE's note pointed that the retail inflation in April'21 has been closer to the lower band of the RBI inflation target (of 4% to 6%). Barring the fuel segment, price levels were lower/stable on a year-on-year basis across the other subsegments of the CPI.

REGULATORY

Alignment of CSR Expenditure of CPSE's with national priorities



Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India has approved "Health & Nutrition, with special focus on COVID related measures including setting up makeshift hospitals and temporary COVID Care Facilities" as common theme for undertaking CSR activities by CPSE's for the year 2021-22. All the administrative Ministries/Departments have been directed to bring this to the notice of CPSE's under their administrative control for information and necessary action.

SEBI extends timeline for REITs, InvITs regulatory compliances



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

SEBI extended the due date for regulatory compliances by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) by one month in the wake of the second wave of the COVID-19 pandemic. The extension of one month is over and above the timelines, as prescribed under Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) regulations and the regulator's circulars. The decision to extend the timeline was taken as the regulator received representations from InvITs and REITs requesting an extension of timelines for various regulatory filings and compliances for InvITs and REITs for the period ending March 31, 2021, due to the ongoing second wave of the COVID-19 pandemic and restrictions imposed by various state governments.



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HOW TO GET EMPANELMENT / REGISTERED

For registering with ONEID as an employer, please consider the following steps:

- Login to <https://iodglobal.com/certifiedcorporatedirectors/>
- Click on Sign up, Select Independent Director / Employer, create your User ID.
- Enter all the requisite details.
- Post verification, password shall be sent via registered mail.

OBJECTIVES

To implement its mission, ONEID has prescribed the following set of objectives for servicing its members:

- To prescribe the criteria, norms and standards for qualified Independent Directors, in conformity with legal requirements.
- To maintain a panel of qualified, eligible and willing - to - be independent directors, who meet the criteria, laid down by the Institute Of Directors, in addition to those specifically prescribed by the Ministry of Corporate Affairs.
- To obtain the requirements of companies and other organizations, and match them with the aspirants available in the qualified panel of ONEID's database of independent directors.
- To provide professional and non-partisan advice to the companies as well as to the independent directors.
- To provide all other services, including networking of independent directors, and keep them acquainted with changes in the law, the concerned rules and the best boardroom practices.



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REGULATORY



RBI sets up advisory group to assist regulatory review authority

The Reserve Bank said an advisory group has been constituted to assist the second Regulatory Review Authority (RRA 2.0) which was constituted by the central bank to streamline regulations and reduce the compliance burden of regulated entities. Headed by SBI Managing Director S. Janakiraman, the advisory group will assist the RRA by identifying regulations, guidelines, and returns that can be rationalized. The RBI has set up the second Regulatory Review Authority (RRA 2.0), initially for a period of one year from May 01, 2021, with a view to streamline regulations and reduce the compliance burden of regulated entities. The Reserve Bank said the RRA has constituted the advisory group, representing members from regulated entities, including compliance officers, to support the RRA in achieving the objective set forth in the terms of reference of RRA 2.0. The group will assist the RRA by identifying areas, regulations, guidelines, returns which can be rationalized and submit reports periodically to RRA containing the recommendations/suggestions.

MERGER AND ACQUISITION

Groww to acquire Indiabulls' mutual fund business for 175 crore



Groww

Online investment platform Groww has announced that it will acquire the mutual fund business of Indiabulls Housing Finance's subsidiaries, Indiabulls AMC and its trustee company, for ₹175 crore. The deal will be limited to mutual fund business and the AIF and PMS business will be demerged from Indiabulls AMC and will remain under Indiabulls Housing Finance.



India's Adani Green to buy SoftBank-backed SB Energy in \$3.5 billion deal

Indian renewable energy company Adani Green Energy would buy SoftBank Group Corp-backed SB

Energy Holdings Limited for an enterprise value of \$3.5 billion. It would buy the 80% stake held by SoftBank Group Capital Limited and the rest owned by Indian conglomerate Bharti Global Limited in a cash deal. The deal would allow Adani Green to achieve its targeted renewable portfolio of 25 gigawatts (GW) four years ahead of its expected timeline.

Verizon sells media businesses including Yahoo and AOL to Apollo for \$5 billion



AOL and Yahoo are being sold again, this time to a private equity firm. Verizon will sell Verizon Media, which consists of the pioneering tech platforms, to Apollo Global Management in a \$5 billion deal. Verizon will keep a 10 per cent stake in the new company, which will be called Yahoo. As part of the deal, Verizon will receive \$4.25 billion in cash, preferred interests of \$750 million and the minority stake. The transaction includes the assets of Verizon Media, including its brands and businesses such as Yahoo and AOL. The deal is expected to close in the second half of the year.