

(This document comprises news clips from various media in which Balmer Lawrie is mentioned, news related to GOI and PSEs, and news from the verticals that we do business in. This will be e-mailed on every Monday.)

## **Govt zeroes in on six firms for divestment**

The finance ministry, having lined up half a dozen companies to sell the government's stake in, is also planning to tweak the disinvestment strategy by reviving Specified Undertaking of Unit Trust of India (Suuti) and launching public-sector exchange-traded funds (ETFs).

Ministry officials agree the Budget target of raising Rs 40,000 crore through disinvestment this year may be difficult to meet but say the proceeds may be around Rs 24,000 crore, if some big-ticket issues, such as those of Indian Oil Corporation (IOC) and Coal India Ltd (CIL), hit the market. The government, which raised Rs 23,920 crore in 2012-13, has also set a target of Rs 14,000 crore through sale of its stake in some private companies.

Among the companies likely to be divested in this year, the first could be Power Grid Corporation of India Ltd (PGCIL) or IOC — in December. The public issue for Engineers India Ltd (EIL) is scheduled for January, while that for Hindustan Aeronautics Ltd is likely to come after that.

*Business Standard - 27.11.2013*

[http://www.business-standard.com/article/economy-policy/govt-zeroes-in-on-5-6-psus-for-disinvestment-admits-rs-40-000-cr-target-a-difficult-task-113112600582\\_1.html](http://www.business-standard.com/article/economy-policy/govt-zeroes-in-on-5-6-psus-for-disinvestment-admits-rs-40-000-cr-target-a-difficult-task-113112600582_1.html)

## **Public sector ETFs likely by Jan**

The Finance Ministry is expected to launch Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF) in next two months. On May 2, the Cabinet Committee on Economic Affairs approved setting up of the fund.

This instrument will comprise listed CPSE stocks, each with a fixed weightage in the basket. The instrument aims to minimise market disruptions seen in public offerings of listed CPSEs. It will also increase the Government's ability to monetise partial stakes in listed CPSEs, some of which have low liquidity and free float.

It will broad base retail participation of shares of CPSEs, and also help deepen the market for

## **Govt may cut Plan expenditure by Rs 80K cr to meet fiscal target**

Committed to contain fiscal deficit within the redline drawn by Finance Minister P Chidambaram, the government may trim planned expenditure by over Rs 80,000 crore or about 15 per cent of the budgeted amount in the current fiscal.

"The revised estimates for various departments are on. There is likely to be about 15 per cent cut in overall Plan expenditure," a top government official told PTI. The cuts in allocation to various ministries are being affected due to lower utilisation of allocated funds so far this fiscal.

"We have evaluated the amount spent by various ministries in the seven months of the fiscal. On that basis the cuts are being affected in the revised estimates," the official added.

The government has budgeted total plan expenditure at Rs 5.55 lakh crore in the current fiscal. The total expenditure, including non-plan, is budgeted at Rs 16.65 lakh crore.

*The Hindu Business Line - 26.11.2013*

<http://www.thehindubusinessline.com/economy/govt-may-cut-plan-expenditure-by-rs-80k-cr-to-meet-fiscal-target/article5393746.ece>

## **Finance Ministry to seek special dividend from profit-making PSUs**

In order to stick to its fiscal deficit target, the Finance Ministry will seek special dividend from profit-making public sector entities to rake in around Rs 30,000 crore for the exchequer. "We will meet the heads of central public sector entities in January. We will seek special dividend from PSUs that have not utilised their capex drawn for the current fiscal," a senior Finance Ministry official told PTI.

In the 2013-14 Budget, the Government had estimated that it would garner Rs 29,870 crore as dividend from PSUs. Further, Rs 43,996 crore is estimated to flow in from PSU banks and Reserve Bank of India under the same

equity-based products. It is also considered beneficial to the Government from a pricing perspective, as part of the discounts could be back-ended.

ETF is a trading instrument like shares on stock exchanges. ETFs were first introduced in India in 2001 with the launch of Nifty BeES. At present, there are 33 ETFs with assets under management of over Rs 11,500 crore, held by 6.2 lakh investors. Gold ETFs dominate the market in the country, as of now.

*The Hindu Business Line - 25.11.2013*

[http://www.thehindubusinessline.com/markets/public-sector-etfs-likely-by-jan/article5390642.ece?ref=wl\\_companies](http://www.thehindubusinessline.com/markets/public-sector-etfs-likely-by-jan/article5390642.ece?ref=wl_companies)

## **Q2 economic growth at 4.8% signals recovery**

Sending the first signs of a recovery, the economy grew at a higher-than-expected 4.8 per cent in the second quarter, mainly on the back of a robust 4.6 per cent increase in farm output and a good showing by the electricity (7.7 per cent), construction (4.3 per cent) and financial services (10 per cent) sectors.

The agriculture sector had recorded modest 1.7 per cent growth in the same quarter of the last fiscal year. However, a poor showing by the manufacturing and mining sectors kept the GDP growth under 5 per cent for the fourth straight quarter. Manufacturing grew just 1 per cent, while mining output shrank 0.4 per cent, according to official data released on Friday. The latest GDP growth is higher than the 4.4 per cent rise recorded in the first quarter this fiscal, but much lower than the 5.2 per cent recorded in July-September last fiscal. For the six-months ended September 30, the economy grew 4.6 per cent, lower than 5.3 per cent growth in same period last fiscal.

*Hindu Business Line - 29.11.2013*

<http://www.thehindubusinessline.com/economy/q2-economic-growth-at-48-signals-recovery/article5405161.ece>

## **IOC disinvestment likely by December 10**

The finance ministry is likely to go ahead with the disinvestment of Indian Oil Corporation (IOC) by December 10, despite a lukewarm response from overseas investors and shares touching an all-time low. IndianOil share prices have dropped down close to 50 per cent since it was first conceptualised in 2010.

head. "We have budgeted Rs 73,866 crore. We will achieve it," the official added. In the last fiscal, the Government had originally budgeted dividend income of Rs 27,178 crore from PSUs. However, this went up to Rs 29,996 crore in the revised estimates as companies paid higher dividend on demand from the Finance Ministry.

In order to boost industrial production, the Finance Ministry has been pressing all the public sector entities to make investments in line with their capex plans for the current fiscal. The Finance Ministry believes dividend from CPSUs is a return on investment made by the Government and it should be commensurate with profits.

*The Hindu Business Line - 28.11.2013*

<http://www.thehindubusinessline.com/economy/finance-ministry-to-seek-special-dividend-from-profitmaking-psus/article5400906.ece>

## **India's GDP growth halved in the last 2 yrs, 2014 may be worse**

India's economic growth likely picked up slightly in the July-September quarter as improved manufacturing activity steered it from a four-year low in the previous three months, a Reuters poll showed on Tuesday. Any improvement would be welcome news for the government as a string of opinion polls forecast a poor performance for the ruling party in general elections which must be held by next May.

Indian economic growth has nearly halved in the last two years Indian economic growth has nearly halved in the last two years Economic growth virtually halved in two years to 5 percent in the last fiscal year – the lowest level in a decade – and most economists surveyed by Reuters last month expect 2013/14 to be worse.

*First Post - 26.11.2013*

<http://www.firstpost.com/economy/indias-gdp-growth-halved-in-the-last-2-yrs-2014-may-be-worse-1250367.html>

## **Repeating an error**

The Centre's disinvestment programme demonstrates the danger of marrying economic policymaking with government fiscal imperatives. In the last few years, the Union government has increasingly turned towards unorthodox measures, such as stake sales in central public sector undertakings (PSUs), to plug the widening gap between revenues and

While the Dubai roadshow was cancelled, no big investors from Hong Kong and Singapore or the United States showed interest in the roadshows. The offer for sale is likely to be at a discounted price of around Rs 190 a share. The ministry of petroleum and natural gas and the IndianOil management had approached the finance ministry twice, asking to put the offer on hold till the share prices revived.

*Business Standard - 27.11.2013*

[http://www.business-standard.com/article/companies/indianoil-issue-likely-by-dec-10-low-valuation-concerns-remain-113112600683\\_1.html](http://www.business-standard.com/article/companies/indianoil-issue-likely-by-dec-10-low-valuation-concerns-remain-113112600683_1.html)

### **Indian air carriers can't have over one-third foreigners on board**

With a view to ensure control of domestic airlines does not slip into the hands of foreign airlines and investors, the Directorate General of Civil Aviation (DGCA) on Friday, amended the minimum requirements for issuing an scheduled air operator's permit.

The changes, part of the Civil Aviation Requirements (CAR), were put up by the DGCA on its website, late on Friday evening. The amendments now clearly stated that a foreign investing institution or foreign airline cannot have more than one-third representation on the board of directors of an Indian carrier.

*The Economic Times - 30.11.2013*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/indian-air-carriers-cant-have-over-one-third-foreigners-on-board/articleshow/26598456.cms>

### **One more free seats campaign from Air Asia**

AirAsia's free seats campaign is back again, this time with three million promotional seats available in its route network. This comes after its offer of one million free seats in September from Kuala Lumpur to domestic and international destinations to celebrate 200 million guests using the airline. In the latest promotional offer, guests will be able to travel from May 5, 2014, up to January 31, 2015. These seats are available for booking at [www.airasia.com](http://www.airasia.com) from November 25 until December 1, 2013. Free Seats are from 0 base fares with applicable taxes and fees from Rs 500 one way, according to a press release.

*The Hindu Business Line - 25.11.2013*

[http://www.thehindubusinessline.com/industry-and-economy/logistics/one-more-free-seats-campaign-from-air-asia/article5389339.ece?ref=wl\\_industry-and-economy](http://www.thehindubusinessline.com/industry-and-economy/logistics/one-more-free-seats-campaign-from-air-asia/article5389339.ece?ref=wl_industry-and-economy)

its various expenditure commitments. And, as the gap has widened, so has the government's desperation. The result has been a financial and economic disaster. In the last four years, the government has cumulatively raised just over Rs 61,000 crore by selling minority stakes in various PSUs, little more than 40 per cent of the target.

*Business Standard - 28.11.2013*

[http://www.business-standard.com/article/opinion/repeating-an-error-113112800986\\_1.html](http://www.business-standard.com/article/opinion/repeating-an-error-113112800986_1.html)

### **Yatra.com launches e-gift card**

Yatra.com has launched e-gift cards in collaboration with QwikCilver. The e-gift card will facilitate the customers to make travel reservations and gift holiday packages to their dear ones in just a couple of clicks.

This partnership between QwikCilver and Yatra.com will drive the gifting category for travel and tourism fans in India. QwikCilver has association with close to 100 leading brands of the country. The Yatra.com gift cards can be personalized according to the customer's need and occasion. These e-gift cards are available in denominations varying from Rs 1,000 to Rs 10,000 and more.

*The Hindu Business Line*

<http://www.thehindubusinessline.com/industry-and-economy/travel/yatracom-launches-egift-card/article5397916.ece>

### **AirAsia is 'World's leading low cost airline'**

AirAsia has been named 'World's Leading Low Cost Airline' at the World Travel Awards 2013 held in Doha, Qatar. The award is referred to as the 'Oscars' of the travel industry. It recognizes companies and brands that 'push the boundaries' of industry excellence. AirAsia emerged the winner in the 'World's Leading Low Cost Airline' category, receiving the highest votes from travel professionals from around the globe, surpassing other nominees in the category, namely Air Arabia, Air Berlin, easyJet, JetBlue Airways, Precision Air and Southwest Airlines, says a press release issued by AirAsia.

*The Hindu Business Line - 02.12.2013*

<http://www.thehindubusinessline.com/industry-and-economy/logistics/airasia-is-worlds-leading-low-cost-airline/article5413467.ece>

## **Amazon to also handle logistics for other retailers**

World's largest ecommerce firm Amazon Inc, which runs an ecommerce marketplace in India through Amazon.in, will now offer its in-house logistics services, for order fulfilment for retailers running other ecommerce sites, sources told Techcircle.in. This would be akin to what Rocket Internet-backed Jabong implemented last year by handling third-party logistics for others through JaVAS, a short form for Jabong Value-Added Services. JaVAS is independent from Jabong in operations and has a separate team and doesn't use Jabong's resources like warehouses, etc.

*Tech circle - 26.11.2013*

<http://techcircle.vccircle.com/2013/11/26/amazon-to-also-handle-logistics-for-other-retailers/>

## **NTPC chief Arup Roy Choudhury gets additional charge of DVC**

Arup Roy Choudhury, chairman of India's biggest generation firm NTPC, has been given additional charge of heading Damodar Valley Corporation Ltd till appointment of a regular incumbent or until further orders.

*Times of India - 29.11.2013*

[http://articles.timesofindia.indiatimes.com/2013-11-29/delhi/44574613\\_1\\_arup-roy-choudhury-cmd-ntpc-additional-charge](http://articles.timesofindia.indiatimes.com/2013-11-29/delhi/44574613_1_arup-roy-choudhury-cmd-ntpc-additional-charge)

## **Online services proves to be big business for portals like Flipkart, MakeMyTrip and Myntra**

As disposable incomes steadily rise, young Indians prefer to access services from within the comfort of their homes. Numerous ventures are jumping onto the opportunity, giving consumers the convenience of ordering food, renting apartments and planning holidays online.

*The Economic Times - 29.11.2013*

<http://economictimes.indiatimes.com/news/emerging-businesses/startups/online-services-proves-to-be-big-business-for-portals-like-flipkart-makemytrip-and-myntra/articleshow/26542489.cms>

## **No relaxation: Companies have to spend on CSR initiatives, rotate auditors**

The corporate affairs ministry has rejected the industry's demand for a relaxation in the norms on mandatory CSR spending and rotation of auditors outlined in the new Companies Act. A senior official told ET that the ministry has decided to stick to the original draft of rules despite intense lobbying by industry bodies. The new Companies Act, which replaces the Companies Act of 1956, requires firms above a certain threshold to spend 2% of their average net profit on so-called corporate social responsibility (CSR) initiatives. The Act also requires companies to rotate the auditors they use periodically.

*Economic Times - 25.11.2013*

[http://articles.economictimes.indiatimes.com/2013-11-25/news/44449989\\_1\\_new-companies-act-national-financial-reporting-authority-auditors](http://articles.economictimes.indiatimes.com/2013-11-25/news/44449989_1_new-companies-act-national-financial-reporting-authority-auditors)