

(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.)

## Cash-rich PSUs can now buy stakes in peers

As part of the government's efforts to balance demand and supply in the market on the disinvestment front, cash-rich public sector companies have been allowed to buy equities of other central public sector enterprises (CPSEs). Disinvestment Secretary Mohammad Haleem Khan told Business Standard that till now, public sector companies were only allowed to invest in mutual funds, apart from putting money in bank fixed deposits, but the Cabinet had now approved the proposal to allow these companies to buy equities of other CPSEs.

"There are some companies having cash in hand that is more than their annual turnover. They have to park those funds for a while. They are putting it in bank fixed deposits. In 2007, the government decided they could also put money in mutual funds. But the capital market being what it is, at this time, investment in mutual funds has its own limitations with regard to those cash-rich companies. The other attractive option is to buy equities of some good performers, which are being sold at very interesting prices. This option is now available to them," said Khan.

*Business Standard - 19.03.2012*

<http://business-standard.com/india/news/cash-rich-psus-can-now-buy-stakes-in-peers/468234/>

## Govt to relook at PSEs' mini-ratna status

The government has asked all administrative ministries and departments to ensure that mini-ratna CPSEs continue to fulfil the laid down criteria, Parliament was informed today. In a written reply to the Rajya Sabha, Minister of Heavy Industries and Public Enterprises Praful Patel said, "The Department of Public Sector Enterprises has written to concerned 25 Ministries/Departments on December 2011 requesting them to ensure that mini-ratna CPSEs under their respective administrative control, continue to fulfill the laid down criteria."

Patel was replying to a query whether government has issued any direction for re-examination of the mini-ratna status to the existing units.

On the details of the action taken so far, he said

## Budget urges private sector to spend more

A drop in private investments, especially in the manufacturing sector, has been one of the core reasons for slowing GDP growth. From a robust 24 per cent in 2009-10, capital formation by private companies is estimated to be a mere 5.2 per cent this fiscal. Higher cost of projects, made expensive by rupee depreciation (in case of imported machinery), as well as high interest rates have been the key factors that have kept private players from incurring significant capital expenditure.

Customs duty cut - The Budget therefore is sending a signal to companies to spend more by addressing these issues. And how? Since, cost of projects primarily comprises of spending on equipment and machinery, the Budget has resorted to a cut in customs duty in a number of imported capital equipment. Imported capital goods used in iron ore industry, agro processing companies, textile and infrastructure to name a few, will now cost less.

*The Hindu Business Line - 16.03.2012*

[http://www.thehindubusinessline.com/industry-and-economy/banking/article3003307.ece?ref=wl\\_industry-and-economy](http://www.thehindubusinessline.com/industry-and-economy/banking/article3003307.ece?ref=wl_industry-and-economy)

## Re-Examination of the Mini-Ratna Status of CPSEs

The Department of Public Enterprises has written to concerned 25 Ministries/Departments on 20th December, 2011 requesting them to inter-alia, ensure that the Miniratna Central Public Sector Enterprises (CPSEs) under their respective administrative control, continue to fulfil the laid down criteria for grant of Miniratna status on the basis of their performance during last three years.

Since CPSEs fulfilling the laid down criteria are eligible to be considered for grant of Miniratna status, it has to be ensured that CPSEs once granted Miniratna status continue to fulfil the criteria laid down in this regard.

The reports have been received from 10

reports from 10 ministries and departments have been received so far. "The Department of Space, Ministry of Civil Aviation, Ministry of Coal, Department of Fertilisers, among others are yet to submit complete reports," he added.

*Business Standard - 20.03.2012*

<http://business-standard.com/india/news/govt-to-relook-at-pses-mini-ratna-status/161006/on>

### **PSU employee's annual pay rises 13.7% in FY11**

The annual pay of a PSU employee on an average increased by 13.7% to Rs 6.6 lakh in 2010-11, the Public Enterprises Survey for 2010-11 has revealed. According to the survey tabled in Parliament today, the per capita emoluments of state-owned units' employees increased to Rs 6.6 lakh in 2010-11 from Rs 5.8 lakh in the previous fiscal. Despite the increased payouts, the profit-making Central Public Sector Enterprises (CPSEs) managed to increase their net profits by 4.92% to Rs 1.13 lakh crore in the fiscal, compared to Rs 1.08 lakh crore in 2009-10, it said.

Of the total 220 operational CPSEs, 158 units were profit-making as on March 2011. However, in 2010-11, salaries in all PSUs grew by 9.5% to Rs 96,210 crore from Rs 87,792 crore in 2009-10, the survey said. The CPSEs have also trimmed their workforce by 46,000 during the period covered in the survey.

*Business Standard - 22.03.2012*

<http://business-standard.com/india/news/psu-employees-annual-pay-rises-137-in-fy11/161219/on>

### **Govt plans to raise retirement age for sick PSUs' employees**

The Department of Public Sector Enterprises (DPE) today said it is formulating a policy to raise retirement age to 60 years for employees of sick units whose revival packages have been approved by the government.

The Board for Reconstruction of Public Sector Enterprises (BRPSE) had recommended to the department for increasing the retirement age of employees of loss-making Central Public Sector Enterprises (CPSEs).

"...DPE is formulating a policy for enhancement of superannuation age from 58 years to 60 years for employees of sick CPSEs whose revival packages have been approved by the government," Heavy Industries and Public Enterprises Minister Praful Patel said in a written reply to the Lok Sabha.

Besides, he said, these PSUs would continue to be in public sector after implementation of the revival package. The policy would be notified after

administrative Ministries/Departments so far. The above information was given by the Minister for Heavy Industries & Public Enterprises Shri Praful Patel in a written reply in the Rajya Sabha.

*Press Information Bureau - 21.03.2012*

<http://pib.nic.in/newsite/erelease.aspx?relid=81331>

### **PSU losses up 34% to Rs 21,693 cr in FY11**

Losses of public sector units increased by 33.57% to Rs 21,693 crore in FY11 over the previous fiscal, Parliament was informed today. "Loss of loss incurring CPSEs stood at Rs 21,693 crore in FY11 compared to Rs 16,231 crore in FY10..." said a survey of CPSEs for FY11, tabled in Parliament today. However, profits of Central Public Sector Enterprises (CPSEs) increased 4.92% to Rs 1,13,770 crore during the last fiscal, compared to Rs 1,08,434 crore in FY10.

The contribution of CPSEs to the government by way of duties, taxes, interest payments and dividends increased 11.58% to over Rs 1.56 lakh crore in FY11. The CPSEs had paid Rs 1,39,918 crore to the central exchequer in FY10. The survey said the total turnover of all CPSEs during FY11 was Rs 14,73,319 crore, as against Rs 12,44,805 crore in the previous year -- up 18.36%.

*Business Standard - 22.03.2012*

<http://business-standard.com/india/news/psu-losses34-to-rs-21693-cr-in-fy11/161178/on>

### **PSU reserves up 10% at Rs 6.65 lakh cr in FY'11**

The reserves and surplus of Central Public Sector Enterprises (CPSE) jumped about 10 per cent year-on-year to Rs 6.65 lakh crore last fiscal, according to the Public Enterprises Survey 2010-11. In 2009-10, these reserves and surplus of state-owned units stood at 6.05 lakh crore, it said. The government, hard-pressed for funds, approved the proposal for expediting disinvestment through the buyback route, under which blue chip state-owned companies will buy its stake. Through this mode, the government can raise money by selling its equity in the company to the PSU itself.

The survey also said profits of 158 PSUs increased about 5 per cent to Rs 1.13 lakh crore during the last fiscal compared to Rs 1.08 lakh crore in the previous year. Among the PSUs which registered profits, the ONGC topped the charts, followed by NTPC, NMDC, GAIL, IOC, BHEL, CIL and Oil India. There were

inter-ministerial consultations and approval of competent authority.

*Financial Chronicle - 22.03.2012*

<http://www.mydigitalfc.com/news/govt-plans-raise-retirement-age-sick-psus-employees-713>

## **Cash-rich PSUs shower dividends on govt**

The cash-strapped government has received a windfall of more than Rs 16,000 crore by way of interim dividends from public sector undertakings (PSUs) in the current financial year 2011-12. The government's coffers have received a boost worth Rs 16,767 crore from interim dividend declared by 17 state-owned companies. This is up 36.8 per cent compared with Rs 12,254 crore in the previous financial year.

Listed PSUs had paid aggregate dividend of about Rs 26,057 crore to the government for the entire financial year 2010-11. India's widening fiscal deficit, on account of a shortfall in disinvestment target and drop in tax collections because of slowdown in economic growth, forced the government to ask profit-making state-owned enterprises to pay additional dividend.

*Business Standard - 26.03.2012*

<http://www.business-standard.com/india/news/cash-rich-psus-shower-dividendsgovt/469010/>

## **Global Online Travel Report 2012**

In its latest "Global Online Travel Report 2012" Hamburg-based secondary market research firm yStats.com gives a detailed overview of the international online travel market. In addition to information about the global market, the report covers individual regions and 37 countries in America, Europe, the Asia-Pacific region, the Middle East and southern Africa. Last but not least, it lists online travel news about important players in the market.

The trend to book travel arrangements online will continue in 2012 - especially in emerging economies such as China, India and Brazil. In line with this trend the share of the online segment compared to the total travel market is expected to increase to almost one third worldwide. However, in 2011 the value of the US online travel market was still higher than that of Great Britain, China, India and Brazil combined.

*Business Review - 19.03.2012*

[http://www.businessreviewindia.in/press\\_releases/global-online-travel-report-2012](http://www.businessreviewindia.in/press_releases/global-online-travel-report-2012)

## **Lufthansa Cargo Offers New Express Service For All Size Shipments**

248 CPSEs of which 220 were in operation and the rest were under—construction, till March 2011.

*The Hindu Business Line - 25.03.2012*

[http://www.thehindubusinessline.com/industry-and-economy/article3222952.ece?ref=wl\\_opinion](http://www.thehindubusinessline.com/industry-and-economy/article3222952.ece?ref=wl_opinion)

## **Govt may continue to opt for the 'auction method'**

Despite the ONGC fiasco, the Government may still use 'offer for sale on stock exchange' or 'auction method' for divesting its stake in Steel Authority of India (SAIL), BHEL and NALCO.

On the other hand, proposal for SAIL divestment is being revised to cover only disinvestment by the Government as the company's board has decided it does not require raising capital. This method, if decided to be used for other companies, will be open for all categories of investors be it institutional, high net-worth individuals, retails and employees like ONGC issue. However, Government officials have ruled out any discount for retail or employee investors or suspension of trading in the secondary market during the auction method.

*The Hindu Business Line - 25.03.2012*

[http://www.thehindubusinessline.com/industry-and-economy/article3223445.ece?ref=wl\\_opinion](http://www.thehindubusinessline.com/industry-and-economy/article3223445.ece?ref=wl_opinion)

## **Shell Lubricants appoints Nitin Prasad as India head**

Shell Lubricants announced the appointment of Nitin Prasad as its new India country head. Prasad will replace Donald Anderson, who served this position for the last three years, the company said in a statement here. "Under Prasad's leadership, Shell Lubricants will further its focus on growth, through brand building, technology partnerships with key customers and introduction of new, differentiated and innovative offerings that cater to the India Lubricants consumer," it said.

Prasad's previously was Shell's Asia Pacific and the Middle East regional head for the Chemicals Supply Chain.

*The Economic Times - 21.03.2012*

<http://economictimes.indiatimes.com/news/news-by-company/corporate-announcement/shell-lubricants-appoints-nitin-prasad-as-india-head/articleshow/12356481.cms>

## **New tea season opens with high prices**

Dry weather and high cumulative inventory

Lufthansa Cargo is offering its customers worldwide a new express service for very urgent shipments. Courier.Solutions provides the fastest transit and shortest delivery times in the Lufthansa Cargo portfolio plus constant surveillance and custody of consignments and is designed for customers with extremely time-critical and sensitive cargo. There are no weight limits: entire pallets or containers can be transported with the Courier.Solutions service.

Lufthansa Cargo is offering this new product in close cooperation with time:matters, a Lufthansa Cargo Group company that specialises in Special Speed Logistics services.

*Logistics Week - 23.03.2012*

<http://logisticsweek.com/air/2012/03/lufthansa-cargo-offers-new-express-service-for-all-size-shipments/>

### **Present Status of Tea Industry in India**

Exports of tea from India are stagnating around 200 million kgs. over the last few years. However, during the current financial year, for the period April to December, 2011, the estimated exports show a sharp decline over corresponding period of last year. The decline in exports is due to political disturbances in Afghanistan, Egypt and a few other Middle East countries, payment problems associated with exports to Iran, non-tariff barriers regarding exports to Iraq, lesser demand from big importing countries like Russia etc.

The export target of tea including Darjeeling tea for the current financial year is 220 m. kgs. The targets proposed for the years 2012-13 and 2013-14 are 196 m. kgs. and 199 m. kgs. respectively and are based on factors like production, import, export and demand for domestic consumption.

*Invest India - 19.03.2012*

<http://investinindia.com/news/present-status-tea-industry-india-12c3>

### **ONGC emerges top investor among PSUs for FY11**

ONGC has emerged as the top investor among PSUs for 2010-11 fiscal with pumping a sum of Rs 1.95 lakh crore to create assets during the period. Loss-making BSNL was the second largest investor PSU during the fiscal, according to a government survey.

Investment in terms of gross block (assets) for ONGC stood at Rs 1.95 lakh crore in 2010-11 and its net profit was Rs 18,924 crore, the Public Enterprises Survey for 2010-11, which was tabled in Parliament today, revealed. In fiscal 2008-09, the maharatna oil and gas producer had Rs 1.71 lakh crore as investment in gross block. Gross block (GB) is the value of a company's fixed

deficit have ensured better opening prices at tea auctions this year. Good quality tea was quoted higher by Rs 60-80 a kg this year. Last year, good quality Assam tea was quoted at Rs 150-180 a kg and went up to Rs 200 a kg. This year, prices are at Rs 220-280 a kg and may even go up to Rs 300 a kg.

"The new season tea has just come in. We have sold it privately at prices higher by Rs 50-60 a kg," said Aditya Khaitan, managing director of McLeod Russel India, the world's largest bulk producer.

*Business Standard - 21.03.2012*

<http://www.business-standard.com/india/news/new-tea-season-openshigh-prices/468456/>

### **Tea import bill slides 6.62%**

Tea import bill in calendar 2011 was 6.62 per cent lower than 2010, reveals an analysis of the latest data available with Tea Board and the importers. This happened despite a marginal increase in the price of imported tea because of decrease in volume. In all, 18.60 million kg (mkg) was imported in 2011 against 20.04 mkg in 2010. The price had risen to Rs 92.84 a kg from Rs 92.26. The higher price restricted imported volume.

Consequently, the country's import bill slid to Rs 172.96 crore from Rs 184.94 crore. This drop of Rs 12.25 crore marked a decline of 6.62 per cent.

*The Hindu Business Line - 22.03.2012*

[http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article3154958.ece?ref=wl\\_industry-and-economy](http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article3154958.ece?ref=wl_industry-and-economy)

### **CVC cracks down on Corruption in private sector**

The Central Vigilance Commission has come out with a stunning report on the 'public-private partnership' model of the nexus between corporates, politicians and bureaucrats to perpetrate large-scale corruption.

In its latest monthly newsletter on its official website, the CVC has highlighted a recent report by Transparency International India documenting the unholy partnership of the government and the private sector in graft in mining, oil and power sectors.

In scathing comments, the report says, "The



assets plus depreciation. Telecom player BSNL's investment on the same lines was Rs 1.72 lakh crore, despite a huge loss of Rs 6,384 crore in the fiscal.

NTPC was at the third position. Its investments, expressed in GB, stood at Rs 1.11 lakh crore and net profit at Rs 9,102 crore, respectively, in 2010-11. IOC and Power Grid Corporation ranked fourth and fifth, in this respect. SAIL and NHPC were at sixth and seventh ranks, respectively, while Air India was at the eighth position. Nuclear Power Corporation and HPCL were at ninth and tenth rank, respectively.

*Economic Times - 22.03.2012*

[http://articles.economictimes.indiatimes.com/2012-03-22/news/31225289\\_1\\_public-enterprises-survey-second-largest-investor-top-investor](http://articles.economictimes.indiatimes.com/2012-03-22/news/31225289_1_public-enterprises-survey-second-largest-investor-top-investor)

### **Talking CSR in boardrooms**

If the Companies Bill, 2011 is passed, Corporate Social Responsibility (CSR) would have a board-level mandate in companies across the country. And it will be part of a company's annual financial statement approval process and reporting procedures.

Role of committee - The Companies Bill mandates in Clauses 34 and 35 that every company with a net worth of Rs 500 crore or more, or turnover of Rs 1,000 crore or more, or a net profit of Rs 5 crore or more in a financial year, will have to form a CSR committee under its board, consisting of three or more directors, of which, one should be an independent director.

The role of the committee will be to formulate and propose the company's CSR policy to the board, recommend the amount of expenditure to be incurred and, from time-to-time, monitor the CSR policy. The board's key roles are to approve the policy and to ensure the activities mentioned therein are implemented.

*The Hindu Business Line - 25.03.2012*

<http://www.thehindubusinessline.com/industry-and-economy/taxation-and-accounts/article3223211.ece>

private sector is no more a victim of corruption in India. Instead, it is instrumental and hand-in-glove with public officers. Collusive corruption, where officials from public sector undertakings join hands with the private sector, is greatly present in the Indian business environment, particularly in the power, mining and oil sectors."

*Rediffmail.com - 23.03.2012*

<http://www.rediff.com/news/slide-show/slide-show-1-cvc-cracks-down-on-corruption-in-private-sector/20120323.htm>

### **Cost-cutting saved Air India Rs 800 cr in 2010-11**

Various cost cutting measures implemented by Air India have resulted in savings of approximate Rs 800 crore during 2010-11, Civil Aviation Minister Ajit Singh said today.

He was replying to a question in the Lok Sabha and also listed the measures which resulted in reduction of expenses. Rationalisation of routes, phasing out of old fleet, closure of overseas offline offices, dismantling of the Frankfurt hub and establishment of Integrated Operations Control Centres were some of the measures that Singh said had reduced Air India losses.

In response to another question Singh said that Air India had issued a tender for Computerised Face Recognition Biometrics system in 2006 which was scrapped three years later. Singh said that the tender was not pursued because the expenditure was not bearing sufficient value to passengers.

*Economic Times - 21.03.2012*

[http://articles.economictimes.indiatimes.com/2012-03-21/news/31220441\\_1\\_frankfurt-hub-ajit-singh-air-india-rs](http://articles.economictimes.indiatimes.com/2012-03-21/news/31220441_1_frankfurt-hub-ajit-singh-air-india-rs)