

(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.)

## Two financial instruments that saved the rupee

Raghuram Rajan managed to successfully stem the rupee's fall through a series of measures announced on the day he took over as RBI Governor. Among his various announcements, the ones that are actually responsible for rupee appreciation are the ones where the central bank has offered a short term window for banks to swap fresh Foreign Currency Non-Resident (Banks) or FCNR (B) deposits and allowing overseas borrowing limit of Tier I capital for banks to be raised from 50% to 100%.

More importantly, the timeline of November 30, 2013 set by the Governor transmitted the sense of urgency in controlling the rupee. Since this move can see inflows of around \$10-15 billion over the next few months, short sellers wisely rushed to cover their position.

*Business Standard - 17.09.2013*

[http://www.business-standard.com/article/economy-policy/two-financial-instruments-that-saved-the-rupee-113091700110\\_1.html](http://www.business-standard.com/article/economy-policy/two-financial-instruments-that-saved-the-rupee-113091700110_1.html)

## Govt launches austerity drive, bans meetings in 5-star hotels

Government departments have been banned from holding meetings in 5-star hotels and officials barred from executive class air travel as part of a slew of austerity measures announced on Wednesday to cut non-plan expenditure by 10 per cent.

Aiming to restrict the fiscal deficit to 4.8 per cent of GDP in 2013-14, the Finance Ministry has ordered all ministries and departments not to buy new vehicles, create new jobs or fill posts lying vacant for over one year.

It has also directed that the size of delegations going abroad should be kept at the "absolute minimum." The government has been introducing austerity measures since 2008-09, most recently in November 2012.

*Times of India - 18.09.2013*

<http://articles.timesofindia.indiatimes.com/2013->

## Fitch slashes India growth forecast to 4.8% for FY14

Fitch Ratings cut India's growth forecast for the current financial year to 4.8 per cent, saying weak demand is a large drag on the economy. The new estimate compares with projections of 5.7 per cent made in June and 7 per cent in September, underlining the "severity of the growth shock," the rating agency said in its 'Global Economic Outlook' report released on Thursday. Fitch said prospects of a swift economic turnaround have been further dented by a 20 per cent fall in the domestic currency since the end of May due to increased concerns over the country's large current account deficit.

The sharp cut in the growth forecast comes when the country faces challenges such as slowing growth, exchange-rate woes and concerns about the current account deficit. India's economy expanded at a 4.4 per cent pace in the April-June quarter compared with 4.8 per cent in January-March.

*Economic Times - 20.09.2013*

[http://articles.economictimes.indiatimes.com/2013-09-20/news/42252648\\_1\\_growth-forecast-growth-rate-projection-agricultural-output](http://articles.economictimes.indiatimes.com/2013-09-20/news/42252648_1_growth-forecast-growth-rate-projection-agricultural-output)

## No new government jobs as UPA tightens belt

In an attempt to contain non-developmental expenditure and promote fiscal discipline, the Finance Ministry on Wednesday announced austerity measures, including a "total ban on creation of plan and non-plan posts" and cut in non-plan expenditure by 10 per cent.

To rein in the fiscal deficit to 4.8 per cent of the GDP in 2013-14, the most alarming measures it has taken, despite it being an election year, is a complete freeze on new appointments. Not even the Indian Railways, the biggest government job provider, has been kept out of the latest job-cut drive. Experts feel the middle class, already pinched by soaring inflation and rising interest rates, will now have to forget about reliable employment opportunity in the government sector.

*The Indian Express - 19.09.2013*

<http://newindianexpress.com/nation/No-new->

[09-18/india/42181554\\_1\\_austerity-drive-fiscal-deficit-ministries-and-departments](http://www.economictimes.indiatimes.com/2013/09/18/india/42181554_1_austerity-drive-fiscal-deficit-ministries-and-departments)

## **Govt proposes tough disclosure norms for executive salaries**

In a stringent set of executive pay disclosure norms, the government today proposed to make it mandatory for listed companies to give their rationale behind salaries and hikes given to top management personnel vis-a-vis the business performance.

The companies have already been asked to provide a ratio of the top management remuneration and the median employee salary on an yearly basis under the new Companies Act. Releasing detailed draft rules for the provision related to the appointment and remuneration of managerial personnel, the Corporate Affairs Ministry today proposed various measures like mandatory disclosure of parameters for any variable component of remuneration availed by the directors.

*Economic Times - 20.09.2013*

[http://articles.economictimes.indiatimes.com/2013-09-20/news/42252583\\_1\\_draft-norms-remuneration-median-compensation](http://articles.economictimes.indiatimes.com/2013-09-20/news/42252583_1_draft-norms-remuneration-median-compensation)

## **Govt approves 10 per cent DA hike, to benefit 50 lakh central employees**

The government today approved a proposal to hike dearness allowance to 90 per cent from existing 80 per cent, a move that would benefit about 50 lakh central government employees and 30 lakh pensioners. "The Union Cabinet approved the proposal to increase dearness allowance to 90 per cent at its meeting here. The hike would be effective from July 1, this year," a source said. According to the source, the increase in DA to 90 per cent would result in additional annual expenditure of Rs 10,879 crore. There would be additional burden of Rs 6,297 crore on exchequer during 2013-14 on account of this hike in DA.

This is a double digit hike in DA after about three years. It was last in September, 2010, that the government had announced a hike of 10 per cent to be given with effect from July 1, 2010.

*The Economic Times - 20.09.2013*

<http://economictimes.indiatimes.com/news/economy/policy/govt-approves-10-per-cent-da-hike-to-benefit-50-lakh-central-employees/articleshow/22797390.cms>

[government-jobs-as-UPA-tightens-belt/2013/09/19/article1791368.ece](http://www.financialexpress.com/government-jobs-as-UPA-tightens-belt/2013/09/19/article1791368.ece)

## **Govt staff may soon get to choose equity-debt mix in NPS investments**

The government staff enrolled in the National pension system (NPS) may soon get the freedom to opt for higher equity exposure and choose private fund managers to maximise their returns from the long-term investment. The Pension Fund Regulatory and Development Authority (PFRDA) is awaiting formal communication from the finance ministry to relax the investment norms for government staff, who are currently allowed to invest only in a specified NPS scheme that can invest up to 15% in equities.

The plan is to raise the equity investment limit to 50%, as in the case of private sector employees. Also, government staff has to mandatorily choose between the three pension fund managers (PFMs) promoted by PSUs: LIC, SBI and UTI AMC. PFRDA plans to allow government staff to choose from any of the three PSUs and five private firms.

*The Financial Express - 18.09.2013*

<http://www.financialexpress.com/news/govt-staff-may-soon-get-to-choose-equitydebt-mix-in-nps-investments/1170416>

## **Bringing in dollars: Oil PSUs to raise \$4 billion via ECBs**

To stem a widening current account deficit (CAD), the government has roped in public sector oil majors including Indian Oil Corp (IOC), Hindustan Petroleum Corp Ltd (HPCL) and Bharat Petroleum Corp Ltd (BPCL) to raise \$4 billion (about Rs. 25,000 crore) or more during the remaining six months of 2013-14 through the external commercial borrowing route. CAD refers to the difference between dollar inflows and outflows. The amount is likely to bring some relief to the government, which is currently battling a high fiscal and current account deficit.

The issue was first discussed at a recent meeting between Chidambaram and petroleum minister Veerappa Moily after which another meeting was held between Arvind Mayaram, secretary, Department of Economic Affairs and top executives of IOC, BPCL and HPCL besides petroleum ministry officials to work out the details of this exercise

*Hindustan Times - 19.09.2013*

<http://www.hindustantimes.com/business-news/WorldEconomy/Bringing-in-dollars-Oil-PSUs-to-raise-4-billion-via-ECBs/Article1-1124067.aspx>

## **Cut in duty refunds to negate rupee effect; EEPC for refixing of drawback rate**

The EEPC India today expressed a strong resentment and disappointment over the government's decision to effect a steep cut of 26-30 per cent in the duty drawback rates -a shocking development that will make negate the positive impact of rupee depreciation.

The EEPC India which represents the engineering exports contributing the second largest share to the country's total export basket said unfortunately, the drawback rates have been cut at a time when the export sector holds the most critical key to India's vulnerable current account deficit. It said the government should immediately refix the duty drawback rates on the basis of 33 per cent value addition in case of engineering goods.

*The Times of India - 17.09.2013*

<http://timesofindia.indiatimes.com/business/india-business/Cut-in-duty-refunds-to-negate-rupee-effect-EEPC-for-refixing-of-drawback-rate/articleshow/22659360.cms>

## **Overseas investments by India firms fall to \$ 1.94 billion in August**

Overseas investment by Indian companies declined sharply to \$ 1.94 billion in August, amid the Reserve Bank tightening norms for outbound investments by the domestic firms to contain rupee slide. A month ago in July, the Indian firms had invested \$ 3.24 billion in their various entities overseas.

*The Economic Times - 16.09.2013*

<http://economictimes.indiatimes.com/news/economy/indicators/overseas-investments-by-india-firms-fall-to-1-94-billion-in-august/articleshow/22633225.cms?adcode=100>

## **Postal Dept to bring RTI stamp soon**

RTI applicants will no longer have to wait to get their applications processed as the Department of Posts is all set to bring out an RTI stamp for sale soon and also set up special counters, according to a senior officer. "Under orders of the Central Information Commission, the Department will issue RTI stamps in the denomination of Rs 10. We will also introduce special counters to accept applications in all 1.5 lakh post offices across the country," the officer speaking on condition of

## **India to build world's largest solar power plant in Rajasthan**

India will build the world's largest solar plant to generate 4,000 mw from sunlight near the Sambhar lake in Rajasthan that will sell electricity at an estimated rate of Rs 5.50 per unit.

The proposed solar project's capacity is about three times India's total solar power capacity and comparable with coal-fired ultra-mega power projects of Tata Power and Reliance Power. "Being the first project of this scale anywhere in the world this project is expected to set a trend for large scale solar power development in the world," a government statement said. It would be set up and run by a joint venture of five public sector utilities Bhel, Powergrid Corporation of India, Solar Energy Corporation of India, Hindustan Salts limited and Rajasthan Electronics & Instruments Limited, the statement said.

*Economic Times - 21.09.2013*

[http://articles.economictimes.indiatimes.com/2013-09-21/news/42272580\\_1\\_solar-power-power-purchase-agreements-power-development](http://articles.economictimes.indiatimes.com/2013-09-21/news/42272580_1_solar-power-power-purchase-agreements-power-development)

## **Canteen allowance part of basic wages for PF deduction: High Court**

Canteen allowance paid by the employer to employees is part of basic wages and is required to be taken into account while computing the provident fund (PF) contribution, the Delhi High Court has said in a ruling.

The court said this in its recent judgement on a petition filed by Whirlpool Of India Ltd against an order of Regional Provident Fund Commissioner asking the company to pay PF contribution on canteen allowance provided to workers.

*Hindu Business Line - 17.09.2013*

<http://www.thehindubusinessline.com/economy/canteen-allowance-part-of-basic-wages-for-pf-deduction-high-court/article5138678.ece>

## **As airfares zoom TO NEW HEIGHTS, advance bookings slump 25%**

Advance purchases of air tickets for the October-December festival-and-holiday period, which is usually the peak season for airlines, have taken a hit as airfares continue to skyrocket. Industry observers said sales at some ticket-sellers, particularly online travel sites like yatra.com, have slumped as much as 20-25%. People book in advance in order to get better deals on prices.

anonymity, told PTI.

*Hindu Business Line - 17.09.2013*

<http://www.thehindubusinessline.com/news/postal-dept-to-bring-rti-stamp-soon/article5137421.ece>

## **Domestic air travel halts slide, jumps 20% in August**

After falling for several months, domestic air travel grew 20.4% in August, thanks to a holiday every week on the occasion of Eid, Independence Day, Rakhi and Janmashtmi. An impressive 52.6 lakh people flew within the country in August to celebrate the festivals with their loved ones or just to take a break against 43.6 lakh in August last year. This is one of the sharpest month-on-month growths recorded in Indian skies and defies the gravity of economic slowdown.

*The Times of India - 17.09.2013*

<http://timesofindia.indiatimes.com/business/india-business/Domestic-air-travel-halts-slide-jumps-20-in-August/articleshow/22642911.cms>

## **AirAsia offers 1mn free tickets for booking till September 22, 2013**

As part of celebrating 200 million customers, AirAsia is offering one million free seats from Kuala Lumpur to domestic and international destinations, as per a release. Tickets can be booked online at [www.airasia.com](http://www.airasia.com) and via AirAsia's mobile applications on iPhone, Android devices, Blackberry10, and the mobile site [mobile.airasia.com](http://mobile.airasia.com) from today (0001hrs GMT+8) to September 22, 2013 (2359hrs GMT+8).

*Travel Biz Monitor - 17.09.2013*

<http://www.travelbizmonitor.com/airasia-offers-1mn-free-tickets-for-booking-till-september-22-2013-21698>

## **Tata-SIA JV may finally take off**

Eighteen years on and after being three times unlucky, the diversified, \$100-billion Tata Group on Thursday announced a 51:49 joint venture with Singapore Airlines (SIA) for a full-service carrier under the government's new aviation policy, which allows foreign carriers to take up to 49% stake in Indian airline firms.

*The Financial Express - 20.09.2013*

<http://www.financialexpress.com/news/tatasia-jv-may-finally-take-off/1171435>

*DNA - 17.09.2013*

<http://www.dnaindia.com/mumbai/1889957/report-as-airfares-zoom-to-new-heights-advance-bookings-slump-25pct>

## **Mobile travel apps to see more growth in bookings**

While the web-based search is reaching a stage of maturity with a growing customer penetration, online travel agents (OTAs) feel the mobile platform is geared for a higher growth both in terms of ticketing and hotel bookings. The web market for online travel in the country is said to be approximately \$6 billion, of which, mobiles accounts for around 10 per cent. Over the next two years, the mobile market is likely to grow to 25-30 per cent of the total web market, according to industry experts.

*Financial Chronicle - 16.09.2013*

<http://www.mydigitalfc.com/news/mobile-travel-apps-see-more-growth-bookings-044>

## **Air India, SBI launch co-branded travel credit card**

Air India, the flag carrier airline of India, and leading credit card issuer SBI Card announced the launch of a travel credit card for Indian customers. The new Air India SBI Credit Card will provide travel experiences and benefits to business and leisure travellers. The travel card allows a customer spending Rs 5 lakh in a year to earn up to three Delhi-Mumbai return tickets on Air India.

*The Financial Express - 18.09.2013*

<http://www.financialexpress.com/news/air-india-sbi-launch-cobranded-travel-credit-card/1170767>

## **Container volumes: better outlook in second half**

Container volumes showed a marginal improvement in August on a month-on-month basis, but continued to decline year-on-year. The good news is that since May, container volumes at major ports have increased month-on-month. The Jawaharlal Nehru port, the country's largest container harbour, registered 1.9% monthly growth in August, helping the combined growth of all the major ports in the month. The port near Mumbai accounted for about 46% of the total volumes last month.

*Mint - 17.09.2013*

<http://www.livemint.com/Money/fAPPZjuFk5xFdbMFHbizEM/Container-volumes-better-outlook-in-second-half.html>

## **Rupee depreciation creates challenges for Indian logistics sector**

Depreciation of Indian Rupee against the US Dollar has created a challenging environment for the Indian logistics sector, owing to the increased costs of operation for both international shipping companies and the domestic transportation companies, and increased costs of services for end users (manufacturing and distribution companies) within the country.

*The Economic Times - 16.09.2013*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/shipping/-transport/rupee-depreciation-creates-challenges-for-indian-logistics-sector/articleshow/22618351.cms>

## **Vizag port to extend sops to boost traffic**

The Visakhapatnam port is facing stiff competition from private ports in the State such as Gangavaram and Krishnapatnam and the fall in iron ore exports in recent times has also made the going tough for the port which is mainly dependent on bulk cargoes. The port authorities at a recent board meeting decided to offer incentives to port users. The Krishnapatnam port is offering hefty discounts and therefore the Vizag port is also considering concessions for a period of six months.

*The Hindu Business Line - 16.09.2013*

<http://www.thehindubusinessline.com/industry-and-economy/logistics/vizag-port-to-extend-sops-to-boost-traffic/article5134911.ece>

## **New industry corridor to connect Delhi, Kolkata**

An industrial corridor connecting Amritsar and Delhi with Kolkata would be set up along the eastern dedicated freight corridor. Industrial clusters in 20 cities in the corridor would be set up at a cost of \$90 billion. The government would put in Rs 5,749 crore to develop initial infrastructure for the industrial corridor.

*Financial Chronicle - 19.09.2013*

<http://www.mydigitalfc.com/economy/new-industry-corridor-connect-delhi-kolkata-285>

## **Shipping policy to incentivise shift from roads to seaways**

The ministry of shipping is working on a coastal shipping policy that will incentivise modal shift of cargo movement from rail and road to seaways, according to capt PVK Mohan, chairman of the National Shipping Board (NSB), the statutory body that advises central government on matters related to Indian shipping.

*Financial Chronicle - 16.09.2013*

<http://www.mydigitalfc.com/news/shipping-policy-incentivise-shift-roads-seaways-067>

## **Major port at Sagar to be operational by 2019**

The first phase of the major port at Sagar in West Bengal will be operational by 2017 and the second phase will be completed by 2019 with the port handling of around 50 million tonnes of bulk and container cargo, said Kolkata Port Trust chairman R P S Kahlon. While the first phase will have eight berths, it will later be increased to 16 berths in the second phase, he added.

*The Times of India - 20.09.2013*

<http://timesofindia.indiatimes.com/city/visakhapatnam/Major-port-at-Sagar-to-be-operational-by-2019/articleshow/22811877.cms>

## **FedEx Trade Networks launches new premium service between India, US**

FedEx Trade Networks, the freight forwarding arm of logistics major FedEx, on Thursday said that the company has launched a priority ocean freight service between India and United States.

*Business Standard - 19.09.2013*

[http://www.business-standard.com/article/companies/fedex-trade-networks-launches-new-premium-service-between-india-us-113091900660\\_1.html](http://www.business-standard.com/article/companies/fedex-trade-networks-launches-new-premium-service-between-india-us-113091900660_1.html)