

(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.)

## **Lacklustre returns may stump govt's PSU ETF plans**

The government is looking to raise around Rs 3,000 crore this year through an Exchange Traded Fund (ETF) comprising 11 Public Sector Undertakings (PSUs) stocks, but investors may not bite reports Devangi Gandhi in Mumbai. To begin with, the market-cap weighted index of these stocks has underperformed the 50-share Nifty in the last three years. Although the PSU ETF index, put together by FE, traced Nifty returns fairly closely for two years since mid-2011, it lagged thereafter, because stocks such as Coal India, ONGC, IOCL and Power Grid, which account for nearly 79% of the index, lost anywhere between 10% and 30% in value during that period.

The index's performance is inferior not only in terms of capital appreciation but also in terms of total returns, which consider reinvestment of gross dividends. While six of the 11 index stocks have maintained an average dividend payout ratio of more than 30% in the last five financial years, the total return of the index has fallen behind that of the Nifty by a big margin.

*The Financial Express - 15.01.2014*

<http://www.financialexpress.com/news/lacklustre-returns-may-stump-govts-psu-etf-plans/1218388>

## **FM's solution to fiscal deficit: Earn now, spend next year**

Among the finance ministry's efforts to contain the fiscal deficit this year, it appears, is some financial jugglery. Much of the additional expenditure is being rolled over to next financial year, while the tax and dividend income to accrue next year is being brought forward into this year's books. The aim is to ensure the fiscal deficit 'red line' drawn by Finance Minister P Chidambaram — of 4.8 per cent of gross domestic product — is not breached.

Tax officers are reportedly asking companies to make higher advance tax payments and, if their actual profits turn out to be lower than projections, take refunds next year. If refunds are high, this would mean an extra burden on the next government, as the finance ministry pays interest at 0.5 per cent per month, or six per cent a year, on refunds to taxpayers. For companies,

## **Exchange-traded fund: The flip side**

India will, in a month's time, launch a new exchange-traded fund (ETF) that will comprise scrips of 11 public sector companies. The government hopes to raise Rs 3,000 crore in disinvestment proceeds through this mechanism. Goldman Sachs will be the asset management company for the fund.

An ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange. Its biggest advantage is that it provides diversification to an investor and is cheaper to invest in. That is, the brokerage fees paid will be the same as that for trading in an individual stock.

Apart from that, one can short an ETF just like an individual stock. This is a good initiative, with some proven, blue-chip stocks like ONGC, Coal India, GAIL, Power Grid, Indian Oil and BEL as part of the basket. However, economists and analysts say certain features of the proposed ETF negate the benefits of an ETF.

*The Financial Express - 15.01.2014*

<http://www.financialexpress.com/news/exchange-traded-fund-the-flip-side/1218325?rheditorpick>

## **How govt will meet its FY14 divestment target of Rs 54000cr**

The government has set its divestment target for FY14 at Rs 54,000 crore. Till a few weeks ago, meeting that target looked like a daunting task, but things have changed rapidly in the last few days. The fiscal deficit number will be met on the back of non-tax revenues and expenditure cuts, which is not the best way to achieve fiscal consolidation. The saving grace, however, is the fact that there is going to be no extra borrowing this year. Furthermore, there was a concern that private sector borrowing would be crowded out if the government did some year-end sudden borrowing, that too, won't be happening now.

The government had Rs 54,000 crore target on disinvestment of which about Rs 4,000 crore has already been done. With the Coal India

this means the money that could have been invested elsewhere lies idle.

*Business Standard - 15.01.2014*

[http://www.business-standard.com/article/economy-policy/fm-solution-to-fiscal-deficit-earn-now-spend-next-year-114011400872\\_1.html](http://www.business-standard.com/article/economy-policy/fm-solution-to-fiscal-deficit-earn-now-spend-next-year-114011400872_1.html)

## **Domestic air traffic up 3.4% in November**

India's domestic air traffic grew 3.4 per cent in November last year, in spite of significant volatility in the market which continues global airlines body IATA said today. "Indian domestic traffic rose 3.4 per cent in November compared to a year ago, after an 8.6 per cent rise in October, signalling that conditions remain volatile," the International Air Transport Association (IATA) said in a latest study.

*The Economic Times - 13.01.2014*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/domestic-air-traffic-up-3-4-in-november/articleshow/28744888.cms>

## **Four major ports witness growth in container traffic**

Container traffic at the Visakhapatnam Port Trust (VPT) has registered the maximum growth of 11% among 12 major ports during the April-December 2013-14 period as compared to the corresponding period of the previous fiscal. The container terminal, which is run by the Visakha Container Terminal Private Limited (VCTPL), has handled around 3.7 million tonnes of cargo during the last nine months as compared to the 3.3 million tonnes during the corresponding period of the last fiscal. The growth rate augurs well for the industry at a time when the overall container traffic at major ports has declined by nearly 4.4%, said sources.

*The Times of India - 13.01.2014*

<http://timesofindia.indiatimes.com/business/india-business/Four-major-ports-witness-growth-in-container-traffic/articleshow/28755686.cms>

## **Kolkata Port Trust to adopt new land policy**

The Kolkata Port Trust (KoPT) will soon start implementing a new land policy approved by the Union Cabinet that will allow it to set up townships and earn additional revenue. Under the new policy, land inside customs bonded area may be

special dividend where they will get close to Rs 24,000 crore and the Finance Ministry saying that the Cabinet Committee on Economic Affairs (CCEA) will take up the Hindustan Zinc - BALCO resident stake sale next week or the week after, they are likely to get another Rs 25,000 crore.

*Money Control - 15.01.2014*

[http://www.moneycontrol.com/news/cnbc-tv18-comments/how-govt-will-meet-its-fy14-divestment-targets-54000cr\\_1024769.html](http://www.moneycontrol.com/news/cnbc-tv18-comments/how-govt-will-meet-its-fy14-divestment-targets-54000cr_1024769.html)

## **Govt may ease norms for domestic airlines to fly abroad**

The government will seek the Union cabinet's approval by next month to scrap a rule that requires domestic airlines to be in operation for at least five years and have 20 aircraft to be eligible to fly international routes, aviation minister Ajit Singh said on Tuesday. The ministry is also looking into a proposal to allow Airbus's A380 planes to land in local airports, Singh said. Lifting a ban on Airbus SAS A380s from flying into the country may benefit Emirates and Deutsche Lufthansa AG to start services with the double-decker plane to India.

*Live Mint - 14.01.2014*

<http://www.livemint.com/Politics/V1m0DqDDcR6FXOu4Sd8mfP/Govt-may-ease-norms-for-domestic-airlines-to-fly-abroad.html>

## **Kolkata Port may also get to bring 2,500 acres under new land policy**

On the heels of the Union Cabinet giving its nod to convert 1,300 acres from leasehold to freehold at Gandhidham near the Kandla Port in Gujarat, the Centre has asked the Kolkata Port Trust (KPT), too, to devise a strategy for the 2,500 acres in the port's township area, which are under lease. KPT is in the process of drafting a proposal for renewal of leases, to soon be sent to the shipping ministry. "We want to have more freedom in dealing with these leases and more revenue," said R P Kahlon, chairman of KPT.

*Business Standard - 17.01.2014*

[http://www.business-standard.com/article/economy-policy/kolkata-port-may-also-get-to-bring-2-500-acres-under-new-land-policy-114011400304\\_1.html](http://www.business-standard.com/article/economy-policy/kolkata-port-may-also-get-to-bring-2-500-acres-under-new-land-policy-114011400304_1.html)

## **Major ports see 6% growth in Dec**

Major ports under the Central Government saw a growth of almost 6 per cent in cargo handled in December 2013 over the corresponding period last fiscal, according to data from Indian Ports Association. This is the highest growth booked by major ports in a month in the

allotted on short time licence for five years. Land outside can be leased out for up to thirty years. To lease out property for more than thirty years, the Centre's approval will be required. The property can only be leased out through tender-cum-auction.

*The Times of India - 17.01.2014*

<http://timesofindia.indiatimes.com/business/india-business/Kolkata-Port-Trust-to-adopt-new-land-policy/articleshow/28966782.cms>

### **Shipping ministry to soon meet port capacity target of FY14**

***JNPT is setting up a Rs 7,000-crore fourth container terminal***

The Ministry of Shipping, which is looking to increase the capacity of major ports by 250 million tonnes in this financial year, has already awarded 102 million tonnes capacity in April-December and will be awarding the balance in the next three months, Shipping Secretary Vishwapati Trivedi said on Sunday.

*Business Standard - 20.01.2014*

[http://www.business-standard.com/article/pti-stories/govt-cleared-port-projects-worth-rs-6-000-cr-this-fiscal-114011600540\\_1.html](http://www.business-standard.com/article/pti-stories/govt-cleared-port-projects-worth-rs-6-000-cr-this-fiscal-114011600540_1.html)

current fiscal till date.

*The Hindu Business Line - 16.01.2014*

<http://www.thehindubusinessline.com/industry-and-economy/logistics/major-ports-see-6-growth-in-dec/article5582960.ece>

### **New land policy unveiled for major ports**

The Shipping Ministry on Thursday unveiled the much-awaited land policy guidelines for 12 major ports in the country that will help them to undertake various development projects on a tender-cum-auction basis.

*The Hindu - 16.01.2014*

<http://www.thehindu.com/business/new-land-policy-unveiled-for-major-ports/article5582662.ece>

### **Oil firms may not gain from weak crude prices, stable rupee**

Marginally weaker international crude prices and a stable rupee may not bring much cheer for oil and gas companies in the third quarter due to rise in under-recoveries and fall in gross refining margins. Under-recoveries of oil marketing companies (OMC) would expand due to seasonally higher consumption of diesel and higher LPG prices.

*DNA - 16.01.2014*

<http://www.dnaindia.com/money/report-oil-firms-may-not-gain-from-weak-crude-prices-stable-rupee-1951617>