

(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.)

## **Big Win, Small Government: Narendra Modi's Cabinet Takes Shape**

Hours before Narendra Modi is sworn in as the Prime Minister along with his council of ministers, there is now some idea emerging of how his Cabinet will look.

Of the big four ministries that form the Cabinet Committee for Security or CCS along with the PM, Arun Jaitley is tipped to be Finance Minister, BJP president Rajnath Singh is expected to get the Home Ministry as Mr Modi's number 2 in government and Sushma Swaraj could get External Affairs.

Mr Modi, said sources, could keep the Defence portfolio for the time being or then give additional charge to Mr Jaitley. Former BJP chief Venkaiah Naidu's name has also reportedly cropped up as a possible defence minister, as Mr Modi explores options.

A list of ministers was sent to Rashtrapati Bhavan this morning and Mr Modi hosted his ministers-to-be at tea. Sources said he is expected to have a 44-member council of ministers, the smallest ever. The outgoing Manmohan Singh government had over 70 ministers.

*NDTV - 26.05.2014*

<http://www.ndtv.com/elections/article/election-2014/big-win-small-government-narendra-modi-s-cabinet-takes-shape-530873?pfom=home-lateststories>

## **Divestment target may be hit if Narendra Modi revives public sector undertakings**

While every department is ready with plans to welcome the new government, the disinvestment department is unsure on the mandate awaiting it. Narendra Modi's emphasis on strong public sector units in Gujarat means the incoming prime minister may choose to revive state-run companies rather than selling them off. Any deviation from the outgoing government's strategy of raising money through disinvestment would pose a major challenge to the finance ministry, because it would have to then find other resources to plug the budget gap - that too at a time when many expect the new government to loosen its purse strings to help quicken economic growth. The interim budget presented in February

## **Ministries to be minimised through mega mergers**

In keeping with his leadership style in Gujarat, Narendra Modi is likely to reorganise some major economic ministries in order to ensure greater synergy. While there is some ambivalence over the contours of an infrastructure ministry — chances are this will not take place immediately — a larger energy ministry is almost certain.

The merger of the coal, power and petroleum ministries will allow well-coordinated policymaking and quick implementation of projects, BJP sources said. This will, for instance, ensure that these ministries are not at cross purposes as they are today. The coal ministry today, for instance, has not pushed Coal India enough to supply to new power plants, something that would probably not happen under a combined energy ministry. Similarly, the quarrel between the power and petroleum ministries over gas pricing, or allocation of gas, would also be something of the past, were they to be a unified entity.

Combining the ministries would also result in a situation where policymaking is common across sectors.

*Financial Express - 21.05.2014*

<http://www.financialexpress.com/news/ministries-to-be-minimised-through-mega-mergers/1252912>

## **Finance ministry reviews capital expenditure plans of big PSUs**

The finance ministry today reviewed capital expenditure plans of 13 big PSUs, including ONGC, SAIL and BHEL, so that proposals to kick start the investment cycle could be placed before the new minister for further action soon. "Finance secretary Arvind Mayaram today reviewed the capital plan of 13 big PSUs. The whole idea is to prepare ground for the new finance minister and the new government to foster growth," a senior finance ministry official said.

"There will be separate review of capital expenditure plans of power and telecom sector PSUs before May 26," the official added.

had projected as much as Rs 52,000 crore in proceeds from stake sales.

A senior official said the new government may not abort the proposed sale of minority stakes in Hindustan Zinc and Bharat Aluminium Co, because it already has all the approvals. But, he isn't that sure on the rest of the companies that are lined up for stake sales. "The Modi model could be to continue with vanilla disinvestment (keeping majority holding while selling stakes) in profitable PSUs, and strategic sale in some firms which are beyond revival or the government has already diluted stake," he said.

*The Economic Times - 20.05.2014*

<http://economictimes.indiatimes.com/news/economy/policy/divestment-target-may-be-hit-if-narendra-modi-revives-public-sector-undertakings/articleshow/35359014.cms>

### **Department of Disinvestment suggests strategic sale for non-core PSUs**

The new government could look at the possibility of strategic sale of state-owned enterprises in the non-core sectors like steel and cement, the disinvestment department said in its presentation to the Cabinet Secretary. The move to divest entire stake in the non-strategic PSUs, the official said, will also help in meeting the ambitious disinvestment target of Rs 51,925 crore this fiscal.

Alternatively, the official suggested, the government could follow the existing practice of piecemeal stake sale in state-owned companies. The strategic sale, however, could be a better option as it would help the government in realising the true value of the investments made in setting up of the PSU. These views formed part of the suggestions made by the disinvestment department to Cabinet Secretary Ajit Seth, who is collecting inputs from various ministries for the new government which will assume office on May 26.

*The Economic Times - 22.05.2014*

<http://economictimes.indiatimes.com/news/economy/policy/department-of-disinvestment-suggests-strategic-sale-for-non-core-psus/articleshow/35483161.cms>

### **Adopt integrated risk management processes in CPSEs: SCOPE**

To safeguard CPSEs against potential risks, public sector body SCOPE has advocated adoption of integrated risk management processes in the country's public sector entities. "In today's globalized and market driven environment, risk management has become very crucial as the companies are exposed to various financial and natural risks in business. If risks are not identified and monitored properly, these can affect their

Narendra Modi, who steered the BJP-led NDA to a stunning victory, will be sworn in as Prime Minister on May 26 at the Rashtrapati Bhavan. The official further expressed the hope that the PSUs' capital expenditure plans in the current fiscal year will be higher than their capital expenditure plan in 2013-14. "Last fiscal, we had capital expenditure plans of 2.57 lakh crore for all the PSUs. We achieved 2.48 lakh crore capital expenditure. This year we should look to better it," he said.

*The Times of India - 21.05.2014*

<http://timesofindia.indiatimes.com/business/india-business/Finance-ministry-reviews-capital-expenditure-plans-of-big-PSUs/articleshow/35441797.cms>

### **PSUs to seek greater operational freedom from Modi government**

As the Narendra Modi-led National Democratic Alliance coalition assumes office, top state-run companies want to raise the problem of the government's interference in their functioning with the new political dispensation.

These firms have been demanding a separation of ownership from management and plan to take up the issue with the prime minister through the department of public enterprises.

With full-time board positions and independent director posts often lying unfilled at state-run companies, politicians have used the situation to dole out largesse and influence operations.

Also, there have been allegations that agencies such as the Central Vigilance Commission and the Central Bureau of Investigation (CBI) have been used to settle scores with such firms that refuse to comply.

*Live Mint - 26.05.2014*

<http://www.livemint.com/Companies/1d4dG8KNHAJEEPimq47tTK/PSUs-to-seek-greater-operational-freedom-from-Modi-governmen.html>

### **Modi effect: PSU stocks surge to record highs**

Stocks of public sector units (PSUs) and state-owned companies from Gujarat are surging on the bourses, courtesy the Modi effect. Shares of more than a dozen Central government PSUs and companies promoted by the Gujarat government hit their 52-week highs on Tuesday. The BSE PSU index has soared 13.7% in the past week alone — the best performance among sectoral and benchmark indices. Shares

performance goals and sustainability before they become redundant," SCOPE Director General U D Choubey said. There is a need to build adequate risk management mechanism as contained in the Companies Act 2013, SEBI Guidelines, and Guidelines on Corporate Governance issued by the Department of Public Enterprises as returns are directly linked to the level of risk, he added.

*The Economic Times - 22.05.2014*

<http://economictimes.indiatimes.com/markets/regulation/adopt-integrated-risk-management-processes-in-cpses-scope/articleshow/35481492.cms>

## 'Infrastructure will propel growth in 12-18 months'

There is unison in thought among India Inc that accelerating infrastructure projects is the way forward for the new Government to recoup growth to the 8-10 per cent levels. However, experts feel the recovery will take 12-18 months. "We see infrastructure as an early cycle and we expect a potential \$25-billion (about Rs 30,000 crore) in projects to be finalised in the next 12-18 months. Order pipeline for power (except for ultra-mega power projects) and industrial projects is, however, weak," a Barclays equity research report said.

Vishwas Udgirkar, Senior Director, Deloitte in India, said an impetus has to be given to key sectors such as the railways and ports that have been lagging behind as well as to roads and highways, where growth has significantly slowed down. Common issues plaguing the sector such as land acquisition, environment clearance, need for innovative financing mechanisms and lack of FDI need to be addressed, he added.

*The Hindu Business Line - 25.05.2014*

<http://www.thehindubusinessline.com/economy/infrastructure-will-propel-growth-in-1218-months/article6046565.ece>

## India's economy to grow at 5% in 2014, 5.5% in 2015: UN report

The Indian economy will grow 5 per cent in 2014 and record a slightly higher expansion of 5.5 per cent next year on stronger consumption and investment, a UN report said today. The UN World Economic Situation and Prospects (WESP) 2014 mid-year update said India's economy would grow by 5 per cent in 2014 and 5.5 per cent in 2015, only slightly up from 4.8 per cent in 2013 and 4.7 per cent in 2012. It said average economic growth in South Asia is projected to pick up gradually in the forecast period, after remaining near a two-decade low in 2013. GDP is estimated to expand

of PSU behemoth BHEL have jumped 27% in the last one week. PSUs such as NTPC, NMDC and Power Grid Corporation have also seen a sharp increase in their share prices. Shares of Gujarat PSUs rallied sharply in the run-up to the general elections after opinion polls predicted the BJP is within striking distance of capturing power. With Narendra Modi all set to take over as Prime Minister, the rally in PSU stocks has gathered further momentum.

*Times of India - 21.05.2014*

<http://timesofindia.indiatimes.com/business/india-business/Modi-effect-PSU-stocks-surge-to-record-highs/articleshow/35400522.cms>

## Assocham Suggests Action Plan for Boosting Growth

Outlining an action plan for the new government, industry body Assocham has pitched for liberalisation of ECB norms, GST implementation, incentives for investments and easing of processes for companies planning to set up manufacturing units. The action plan also suggests that government introduce single-window clearance for pending projects, relax FDI limits across key sectors, privatise sick PSUs, divest its holding in top 10-15 PSUs to generate over Rs. 1 lakh crore of capital, among others.

The blueprint is aimed at achieving economic growth of 9 to 10 per cent over the medium term and sustaining the high-growth path, it said. "Policy framework needs to be defined for simpler business regulations to create an environment for investments leading to economic growth. A long term approach to fiscal consolidation is urgently needed along with clear policies addressing structural bottlenecks and high inflation," Assocham President Rana Kapoor said.

*NDTV Profit - 22.05.2014*

<http://profit.ndtv.com/news/economy/article-asso-cham-suggests-action-plan-for-boosting-growth-389161>

## Govt readies plan for FDI in railways and e-commerce

The commerce and industry ministry is ready with proposals to allow foreign direct investment in railways and e-commerce, while easing the rules for overseas investors to enter the defence production space, which has seen zero participation despite the recent opening up. Sources said the department of industrial policy and promotion (DIPP) is ready with the cabinet notes but will await cues from the new government on the level of FDI to be allowed. "It's just a matter of filling up the percentages," said a senior government official,

by 4.6 per cent in 2014 and 5.1 per cent in 2015, up from 3.9 per cent in 2013. "The moderate recovery is expected to be underpinned by stronger consumption and investment in the context of enhanced macroeconomic stability. Several of the region's economies, including India, have seen lower inflation, stronger external balances and more stable currencies in recent quarters, conditions that are expected to support business and consumer confidence," the report launched here today said.

*Economic Times - 21.05.2014*

<http://economictimes.indiatimes.com/news/economy/indicators/indias-economy-to-grow-at-5-in-2014-5-5-in-2015-un-report/articleshow/35442847.cms>

### **Fare hike may be Rail Minister's first stop as fuel bill soars**

The Railways may have backtracked on its decision to increase fares, but the next Minister from the BJP-led Government will have to deal with a sharp jump in fuel costs. The total fuel cost for the Railways shot up 28 per cent to Rs 28,471 crore in 2013-14 against Rs 22,282 crore in the previous fiscal, according to revised estimates. Of this, only the rise in costs till July 2013 (the first four months of the last fiscal) was factored in the fare hike of October last year. So, as on date, 10 months of fuel price hike has not been factored in the fares. The Railways had put in place a fuel adjustment cost mechanism, which allows increases in both freight and passenger tariffs in sync with hikes in fuel cost. But the Railways were refrained from increasing freight and passenger fares as there were general elections.

*The Hindu Business Line - 18.05.2014*

<http://www.thehindubusinessline.com/economy/policy/fare-hike-may-be-rail-ministers-first-stop-as-fuel-bill-soars/article6026242.ece>

### **SpiceJet, GoAir bring back transaction fee model for travel agents**

Low-cost carriers SpiceJet and GoAir have agreed to pay booking agents a minimum transaction fee of two per cent starting June 1, a move that could lead to a proportional increase in fares. The new transaction fee, which would be applicable on the base fare and fuel surcharge, is to be inbuilt in the final airfare starting June 1, the Travel Agents Association of India (TAAI) said. The fee will be credited in the following month to the travel agents.

*The Hindu Business Line - 19.05.2014*

<http://www.thehindubusinessline.com/companies/spicejet-goair-bring-back-transaction-fee-model-for-travel-agents/article6026272.ece>

who did not wish to be identified.

The issues are going to be presented before Narendra Modi, when he meets secretaries from the key ministries to take stock of the situation. He is also expected to state the BJP government's stand clear on FDI in multi-brand retail, which the party has repeatedly opposed, including in its election manifesto.

*The Times of India - 23.05.2014*

<http://timesofindia.indiatimes.com/business/india-business/Govt-readies-plan-for-FDI-in-railways-and-e-commerce/articleshow/35493053.cms>

### **BJP manifesto: Tourism awaits new lease of life**

With tourism high on the agenda of the new government, industry is hoping the sector would get a "fresh lease of life" if the promises made in the Bharatiya Janata Party (BJP) manifesto are kept. The BJP, in its policy document, had stated tourism plays a key role in socio-economic progress through creation of jobs, enterprise, infrastructure development, and foreign exchange earnings. The party had said it would use tourism to revive Brand India. "To achieve all of these things, they would need to simplify the tax regime, make the licensing process easy and transparent, and boost the hotel sector by granting infrastructure status to all hotels with an investment above Rs 25 crore," said S M Shervani, president, Federation of Hotels and Restaurants Association of India.

*Business Standard - 20.05.2014*

[http://www.business-standard.com/article/economy-policy/tourism-high-on-bjp-s-agenda-114051900865\\_1.html](http://www.business-standard.com/article/economy-policy/tourism-high-on-bjp-s-agenda-114051900865_1.html)

### **IndiGo maintains lead in domestic sector**

Domestic airlines carried 53.18 lakh passengers this April, registering an increase of 4.75 per cent over the 50.77 lakh passengers flown in April 2013. The latest data released by the Directorate General Civil Aviation (DGCA) show that low-cost airline IndiGo continued to be the market leader at 31.6 per cent, followed by Air India at 18.3 per cent, SpiceJet (17.9 per cent) and Jet Airways (17.5 per cent).

*The Hindu Business Line - 20.05.2014*

<http://www.thehindubusinessline.com/companies/indigo-maintains-lead-in-domestic-sector/article6030162.ece>

## **Domestic air passenger traffic grows 4.75 percent in April**

Domestic air passenger traffic rose 4.75 percent in April to 53.18 lakh passengers -- up from 50.77 lakh ferried during the corresponding month last year, data showed Tuesday. According to data furnished by the civil aviation ministry, passengers carried by domestic airlines during January-April, 2014 was up 2.02 percent at 206.99 lakh from 202.90 lakh passengers in the corresponding period of last year.

*Deccan Herald - 20.05.2014*

<http://www.deccanherald.com/content/408262/domestic-air-passenger-traffic-grows.html>

## **Refiners processed 2.2% less crude in April vs year ago: Govt**

Refiners processed 2.2 per cent less oil in April than a year earlier at 4.29 million barrels per day (bpd), according to government data published on Friday, mainly due to maintenance shutdowns at some plants and soft demand. The government data included estimated crude processing by Reliance Industries' 580,000-bpd export-focused plant. Reliance's two refineries at Jamnagar account for about 30 per cent of the country's refining capacity.

The country's crude oil output during the month declined marginally to about 758,500 bpd, accounting for a fraction of the overall needs of the world's fourth-biggest crude importer. Natural gas output fell 7.7 per cent to 2.77 billion cubic metres in April from a year earlier.

*The Economic Times - 23.05.2014*

<http://economictimes.indiatimes.com/industry/energy/oil-gas/refiners-processed-2-2-less-crude-in-april-vs-year-ago-govt/articleshow/35517642.cms>

## **PE/VC flow in logistics sectors drops by 80%**

Private equity (PE)/venture capital investment in logistics space has dropped to \$32.94 million in 2014 (January-May 20), as compared to \$166.53 million a year ago - registering a drop of around 80 per cent. In the last five years, 2011 saw the highest PE investment into the sector at \$288.32 million. Experts link the drop to economic slowdown, as this sector is linked to economy.

*Business Standard - 22.05.2014*

[http://www.business-standard.com/article/companies/pe-vc-flow-in-logistics-sectors-drops-by-80-114052200066\\_1.html](http://www.business-standard.com/article/companies/pe-vc-flow-in-logistics-sectors-drops-by-80-114052200066_1.html)

## **Budget carrier AirAsia plans flights in India soon**

Asia's leading budget carrier, AirAsia, is hoping to begin operations in India in two to three months, the airline's CEO said today. The carrier this month won court approval to operate in India after delays because of domestic airlines' opposition. AirAsia India will begin flying with two planes, Tony Fernandes, AirAsia group chief executive officer, told reporters.

*Economic Times - 23.05.2014*

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/budget-carrier-airasia-plans-flights-in-india-soon/articleshow/35522897.cms>

## **Cabotage rules may be eased for movement of empty containers**

The Shipping Ministry, as part of formulating a coastal shipping policy, is considering a proposal to relax cabotage rules for movement of empty containers along ports, a top Ministry official said. Cabotage rules prevent foreign-flagged ships from picking and dropping domestic cargo between various Indian ports. It protects the domestic cargo market for Indian-flagged shipping firms.

Indian-flagged shippers, led by the Indian National Shippers Association (INSA), are against any form of cabotage relaxation. But, freight forwarders say they want ships to run on a time-table format, or regular intervals so that it can form a part of their logistics network.

*The Hindu Business Line - 25.05.2014*

<http://www.thehindubusinessline.com/economy/policy/cabotage-rules-may-be-eased-for-movement-of-empty-containers/article6046552.ece>

## **Ravi M. Parmar, IAS appointed Chairman of Mumbai Port**

Shri Ravi M. Parmar, IAS has taken over as the Chairman, Mumbai Port Trust with effect from 21st May, 2014. Shri Parmar was Dy. Chairman, MbPT since February, 2013. He has done MA in Public Administration from Maxwell School of Citizenship and Public Affairs, Syracuse University, New York, USA. During his career spanning more than 22 years, Shri Parmar has held several key posts in the Central/State Government.

*The Daily Shipping Times - 22.05.2014*

[http://www.dailyshippingtimes.com/news-upload/upload/fullnews.php?fn\\_id=7481](http://www.dailyshippingtimes.com/news-upload/upload/fullnews.php?fn_id=7481)

## **M. T. Krishna Babu takes charge as VPT Chairman**

Mr M. T. Krishna Babu, a 1993 Indian Administrative Service-batch graduate, took charge as Chairman of Visakhapatnam Port Trust (VPT) on May 12, 2014. He succeeds Mr Ajeya Kallam. Until recently, Mr Babu was Secretary, Infrastructure and Investment Department in the government of Andhra Pradesh. He was also in charge of minor ports of the state and also a Board Trustee Member of VPT (on behalf of state government).

*Exim India - 12.05.2014*

<http://www.eximin.net/NewsDetails.aspx?name=75704>

## **From today get your mails in BSNL's XGen**

MOVE over Gmail or Yahoo. Here comes BSNL XGen. Having problem every time you try to log in to your e-mail account? No longer so as state-run telecom major BSNL is all set to introduce a locally developed and designed e-mail service from today. Now, BSNL will emerge the country's largest email service provider. If you are a BSNL customer, you can access the e-mail service developed by Jaipur-based IT company Data Infosys. BSNL XGen personal and enterprise e-mail service will be initially free for the company's broadband customers across the country and paid for other.

*India Public Sector - 17.05.2014*

<http://www.indiapublicsector.com/2014/05/from-today-get-your-mails-in-bsnls-xgen.html#more>

## **Neeru Abrol appointed CMD of National Fertilizers**

Neeru Abrol has been appointed as Chairman and Managing Director of state-owned National Fertilizers Ltd (NFL). Abrol, who had been given additional charge as CMD in August last year, has been Director Finance at NFL since 2007. "Neeru Abrol has been appointed as Chairman and Managing Director of the company with effect from May 15," the company said in a BSE filing.

*Economic Times - 19.05.2014*

<http://economictimes.indiatimes.com/industry/indl-goods/svs/chem/-/fertilisers/neeru-abrol-appointed-cmd-of-national-fertilizers/articleshow/35343412.cms>

## **'Son of soil' CIL boss leaves for Telangana**

Coal India Ltd (CIL) chairman S Narsing Rao on Tuesday said he would be quitting his post to serve the government in the new state of Telangna, where he hails from. While confirming the reports about his plans to return to Hyderabad, Rao told Business Standard that as a 'son of the soil', he was looking forward to working in Telangana, as the new state requires a lot of dedication and effort by men in government to meet the aspirations of its people.

*Business Standard - 21.05.2014*

[http://www.business-standard.com/article/politics/coal-india-chairman-is-quitting-to-join-new-government-in-telangana-114052000553\\_1.html](http://www.business-standard.com/article/politics/coal-india-chairman-is-quitting-to-join-new-government-in-telangana-114052000553_1.html)