

(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.)

## **Government plans big-ticket PSU share sale to raise more than Rs 36,000 crore from disinvestment**

The government is drawing up an ambitious plan to sell shares in state-owned companies to raise a record amount from disinvestment this year as it looks to avert a major fiscal slippage, betting that a stock market boom and a brightening of economic outlook will lead to a blockbuster asset-sale programme. In addition, blue chip companies could be offered to retail investors at an attractive discount to persuade them to participate in the programme, widening stock market ownership. "We are looking at the quantum of discounts that could be offered," said a government official familiar with the plans that have been drawn up.

The government has in the past offered a 5% discount to retail investors in book-built offers. With disinvestment crucial to the government's pledge to deliver on fiscal consolidation in the current financial year, it would be looking to raise more than the Rs 36,000 crore targeted in the interim budget.

*Economic Times - 02.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-02/news/51030680\\_1\\_disinvestment-target-government-official-psu-index](http://articles.economictimes.indiatimes.com/2014-07-02/news/51030680_1_disinvestment-target-government-official-psu-index)

## **Disinvestment target likely to be revised upwards**

With stock markets on an upturn and Sebi pushing for minimum 25 per cent public holding in PSUs, the disinvestment department is likely to revise upwards the Rs 51,925 crore PSU stake sale target in the current fiscal. Sources said the new government is eyeing higher funds from PSU stake sales. The final budget for 2014-15 fiscal would be presented on July 10. There will be some companies which will be fast tracked for stake sale in the current fiscal in view of 25 per cent public holding norm, sources said.

The stock market barometer BSE sensex has rallied over 13 per cent so far this financial year. Sources said the PSUs shares are trading at good valuations and a divestment now would help garner more funds. Disinvestment proceeds are important to the exchequer in to lower the fiscal deficit. The deficit was 4.5 per cent of GDP in 2013-14 fiscal and is to be brought down to 4.1

## **Government needs to reform public sector units before divesting**

The government reportedly plans to raise huge amounts of money via disinvestment. Selling chunks of shares in state-owned enterprises is good for the companies, besides fetching useful monies for the government — there would be additional voices calling for better management of the company.

Outright privatisation would be appropriate for some companies, of course. But it would be a pity if the government were to sell off shares in public enterprises on an as-is-where-is basis. That would forgo a terrific opportunity to realise far superior value.

The thing to do is to reform the control structure of public enterprises before selling their shares. A chief constraint on corporate governance at public enterprises is the control exercised by some administrative ministry or the other over every one of them.

*Economic Times - 04.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-04/news/51076413\\_1\\_enterprises-holding-company-government](http://articles.economictimes.indiatimes.com/2014-07-04/news/51076413_1_enterprises-holding-company-government)

## **PSUs offer safety at cost of returns**

The popular market adage is the larger goal of every company is to maximise shareholder value. However, some of India's listed public sector units (PSUs) seem to be lagging on this front or, at the least, aren't generating value proportional to their potential. A key reason is many of these have ended up accumulating cash, which is deposited in banks and yield 8-10 per cent, compared to the high return on equity (upwards of 25 per cent) in their core businesses. And, this is hurting shareholder valuations.

Many of these companies are potentially running their business without any investment, considering the cash and bank balances are higher than their net worth. For instance, Coal India's FY13 net worth was Rs 48,472 crore, while its cash and bank balance stood at Rs 62,236 crore. The case is similar for construction company NBCC, which undertakes

per cent in current fiscal.

*The Times of India - 01.07.2014*

<http://timesofindia.indiatimes.com/union-budget/Disinvestment-target-likely-to-be-revised-upwards/articleshow/37586661.cms?>

### **Will look into all aspects of functioning of CPSEs: Geete**

Union Heavy Industries & Public Enterprises Minister Anant Geete today assured whole-hearted support to Central Public Sector Enterprises (CPSEs) and said he will examine all aspects of their functioning in a holistic manner. Geete, who was here to attend an interaction organised by apex public sector body SCOPE, acknowledged the contribution of CPSEs towards development of the economy and assured all support to them. Observing that public sector enterprises have been the pillars of Indian economy, the Minister assured that he will look into all aspects of functioning of CPSEs in a holistic manner, considering the nation's developmental needs.

*Business Standard - 03.07.2014*

[http://www.business-standard.com/article/pti-stories/will-look-into-all-aspects-of-functioning-of-cpses-geete-114070301281\\_1.html](http://www.business-standard.com/article/pti-stories/will-look-into-all-aspects-of-functioning-of-cpses-geete-114070301281_1.html)

### **Government provides clarity on social welfare spending for public sector enterprises**

The government has said CSR activities pursued by public sector enterprises (PSEs) would be covered under the social welfare spending provisions of the new Companies Act. Corporate Social Responsibility (CSR) spending by central public sector undertakings (CPSEs) is based on the guidelines issued by the Department of Public Enterprises and efforts are on to harmonise them with that of provisions in the new law.

Under the Companies Act, 2013, certain class of profitable entities are required to spend at least two per cent of their three-year average annual net profit towards CSR activities. The government has said CSR activities pursued by public enterprises would be covered under the social welfare spending provisions of the new Companies Act. The matter has been communicated to all Ministries and Departments by DPE through an office memorandum dated July 2.

*Economic Times - 04.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-04/news/51076175\\_1\\_csr-activities-social-welfare-spending-new-companies-act](http://articles.economictimes.indiatimes.com/2014-07-04/news/51076175_1_csr-activities-social-welfare-spending-new-companies-act)

### **May core sector growth slows to 2.3%**

The growth rate of eight core sectors decelerated

projects on behalf of the government.

*Business Standard - 02.07.2014*

[http://www.business-standard.com/article/markets/psus-offer-safety-at-cost-of-returns-114070200975\\_1.html](http://www.business-standard.com/article/markets/psus-offer-safety-at-cost-of-returns-114070200975_1.html)

### **Public purpose projects to get speedy green nod: Prakash Javadekar**

Long delayed 'public purpose projects' in sectors like highways, ports and railways are in for speedy green clearance on the lines of expeditious environmental nod that defence projects have got recently. Declaring this, Environment Minister Prakash Javadekar said the country needs infrastructure for progress and it can be ensured without compromising on environment as he is working with the slogan "development without destruction". He told PTI that after taking over as Minister, he first focussed on speedy clearance of defence projects, regarding which there was a huge pendency during the previous UPA government.

*The Economic Times - 06.07.2014*

<http://economictimes.indiatimes.com/news/politics-and-nation/public-purpose-projects-to-get-speedy-green-nod-prakash-javadekar/articleshow/37903226.cms>

### **CSR relief for CPSEs**

The government's recent move to expand the list of projects eligible for CSR spend has come as a relief to the CPSEs struggling to exhaust fund allocation under this head. Housing for economically weaker sections (EWS), slum re-development, activities undertaken for promotion of road safety, and social business projects for giving medical and legal aid, and treatment to road accident victims are some of the additional projects which the central public sector enterprises (CPSEs) now can take up under corporate social responsibility (CSR).

"These new categories will give CPSEs flexibility in selecting CSR projects and in expediting spending", says Ranjan Mohapatra, president, Vision Consulting, a management & CSR consultancy. Many such projects are being undertaken by major PSUs and these would now qualify for credit under the CSR guidelines.

*The Financial Express - 02.07.2014*

<http://www.financialexpress.com/news/csr-relief-for-cpses/1265868>

### **Budget 2014: Travel companies bat for FDI in railways, tax relief on jet fuel**

to a four-month low of 2.3 per cent in May due to decline in the output of crude oil, natural gas and steel production. The infrastructure industries had registered 5.9 per cent growth in May 2013. The growth rate in April this year was also higher at 4.2 per cent. According to official figures released on Monday, segments that recorded negative growth last month were crude oil (- 0.3 per cent), natural gas (- 2.2 per cent), refinery products (- 2.3 per cent) and steel (- 2 per cent).

The decline in the natural gas output has also had a cascading effect on the power sector as several projects have been held up due to the lack of adequate fuel supplies. The data, released by the ministry of commerce and industry, showed that the output of coal, fertilisers, cement and electricity went up by 5.5 per cent, 17.6 per cent, 8.7 per cent and 6.3 per cent, respectively. During April- May, growth in the eight core industries slowed to 3.3 per cent as against 4.9 per cent in the year ago period.

*Business Today - 01.07.2014*

<http://businesstoday.intoday.in/story/may-core-sector-growth-slows-to-2.3percent/1/207757.html>

### **India expects 400 million air passengers by 2020: report**

India has witnessed a growth in number of air travellers due to liberal aviation policy and entry of small air carrier, and is likely to touch 400 million mark by 2020, said Union Civil Aviation Minister P Ashok Gajapathi Raju "With the entry of small carriers the number of middle class passengers and the aviation income enabled by liberal policy was increased. In 2013-14, the number of passengers recorded was 169 million, which showed six per cent growth in comparison to 2012-13," the Minister said. This growth is expected to rise above 400 million passengers by the year 2020, the Union Minister said. India's aviation was fastest growing market in the world, being the 10th largest, he said.

*The Asian Age - 30.06.2014*

<http://www.asianage.com/business/india-expects-400-million-air-passengers-2020-report-528>

### **Indian air travel market grows by 'muted' 4 per cent in May**

Indian air travel market showed a "muted" four per cent growth in May, even as overall global air traffic rose by a strong 6.2 per cent, latest figures showed. While global air traffic performance was "consistent with signs of improvement in demand drivers", in India, "by contrast, growth was a muted 4.1 per cent in May," the International Air Travel Association (IATA) said. "Although there is

Lowering of taxes on jet fuel, hotels and holiday packages are among the top demands of the travel industry, which has asked the government to initiate bold measures like FDI in Railways to promote tourism and travel in a big way.

"We look forward to some fundamental changes that will give the travel and tourism market a big boost. There is a pressing need to review taxes on air travel, which is probably the most heavily-taxed product in the country, where the tax component of airfare often exceeds the underlying price of that ticket," said Rakshit Desai, Managing Director (India) of travel management firm FCM Travel Solutions. Sharat Dhall, President of travel portal Yatra.com, pleaded for moves to introduce foreign direct investment in Railways, saying it "will help infuse greater effectiveness and efficiency in India's dynamic tourism industry".

*Deccan Chronicle - 06.07.2014*

<http://www.deccanchronicle.com/140706/business-economics/article/budget-2014-travel-companies-bat-fdi-railways-tax-relief-jet-fuel>

### **Tourists from 40 countries may get Indian e-visa from Dec**

Tourists from as many as 40 nations are likely to apply for a visa to India from their home from the next year. The prime minister's office (PMO) has given nod for electronic visa for tourists from about 40 countries by December as part of the visa reforms. These countries include the USA, the UK, Russia, Canada, Germany, Australia, Malaysia, France and others. The authorities are planning to include 109 nations once the first phase is successfully implemented. The electronic travel authorization (ETA) enables foreign travellers to apply for a visa and receive online confirmation within five working days. The ETA will be available for a 30-day period from the day the tourists arrive in India.

*One India - 02.07.2014*

<http://news.oneindia.in/new-delhi/tourists-from-40-countries-may-get-indian-e-visa-from-dec-1476316.html>

### **Ministry fast-tracks creation of air freight stations**

The Ministry of Civil Aviation has fast tracked creation of air freight stations (AFS), an off-airport common user facility, to handle air cargo across the country. It is a key project to be highlighted in the 100-day achievement of the new government, according to sources. The AFS will help in penetration of international air cargo activities into manufacturing and

positive sentiment toward the incoming (Narendra Modi) government, inflation is high and consumer demand remains constrained," the global airlines body said in its latest analysis.

It said the expansion in air traffic volumes has started accelerating again after a slowdown in the growth earlier in the year, following developments in demand drivers. "Latest data show a pick-up in both trade and business activity, which is consistent with this recent spurt in air travel demand," the IATA said, as the figures showed a seven per cent rise in international traffic in May compared to that a year ago.

*The Economic Times - 03.07.2014*

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/indian-air-travel-market-grows-by-muted-4-per-cent-in-may/articleshow/37712662.cms>

### **India's aviation sector too small vis-à-vis its tourism potential: AirAsia Group CEO**

Tony Fernandes, CEO, AirAsia Group, has said that considering the population and the potential the country's tourism market has, the aviation industry of India is very small. "For the size of the population and for the size of the potential tourist market, the aviation industry is very small. There is huge scope for a fourth airline, I would tell my competitors this is not about one airline or two airlines or three airlines—that all of us should work together in making it more affordable for Indians to fly, to help lots of Indians to fly overseas for business and also to bring people to this wonderful country," Fernandes was quoted as saying in a PTI report. Fernandes was speaking at a press conference to celebrate the launch of AirAsia India, which was also attended by Ratan Tata and S Ramadorai. While Tata is the Chief Advisor to AirAsia India, Ramadorai is Chairman of the board of the airline.

*Travel Biz Monitor - 05.07.2014*

<http://www.travelbizmonitor.com/indias-aviation-sector-too-small-visvis-its-tourism-potential-airasia-group-ceo-24487>

### **Domestic and foreign tourist visits in India rise on year over 9% each in 2013**

Domestic tourist visits to various states and union territories of India stood at 1,145 million in 2013, an increase of 9.59 per cent over 2012. The top ten states that recorded the highest number of domestic tourist visits last year were Tamil Nadu (244.2 million), Uttar Pradesh (226.5 million), Andhra Pradesh (152.1 million), Karnataka (98 million), Maharashtra (82.7 million), Madhya Pradesh (63.1 million), Rajasthan (30.3 million), Gujarat (27.4 million), West Bengal (25.5 million) and Chhattisgarh (22.8 million), as per a release. The contribution of these states was about 84.9

consumption clusters located in the hinterland, as well as decongest air cargo terminals.

Better planning by airlines for export will be facilitated as advance information about Customs clearance will now be available. The idea is to cut down transaction costs for companies, improve productivity, efficiency and enhance competitiveness. By providing AFS closer to production/consumption hubs, the air cargo industry would get the required support and boost, said sources.

*The Hindu Business Line - 04.07.2014*

<http://www.thehindubusinessline.com/economy/policy/ministry-fasttracks-creation-of-air-freight-stations/article6178023.ece>

### **SpiceJet seeks nod for non-refundable fares**

Will low-cost flying be allowed to enter the next phase in India with airlines offering ultra-low fares with one condition - no refunds in case of cancellation? Budget carrier SpiceJet has sought the aviation ministry's nod to bring this global practice to India by offering "restricted non-changeable, non-refundable" fares. These would be at least half of spot or last-minute fares and these low fares will be not just for advance purchase but "saleable at any time". India has made it mandatory for airlines to refund at least the taxes and surcharges to passengers when they cancel a ticket. Recently, the directorate general of civil aviation (DGCA) made AirAsia India Pvt Ltd (AAIPL) do the same when this low-cost carrier (LCC) wanted to have non-refundable tickets.

*The Times of India - 07.07.2014*

<http://timesofindia.indiatimes.com/business/india-business/SpiceJet-seeks-nod-for-non-refundable-fares/articleshow/37930832.cms>

### **Odisha in pact with IWAI, PPT & DPCL for NW-5**

*The project would connect the ports at Dhamra and Paradeep with the steel and coal hinterlands at Kalinganagar and Talcher respectively*

The Odisha government today inked a memorandum of understanding (MoU) with Inland Waterways Authority of India (IWAI), Dhamra Port Company Ltd (DPCL) and Paradeep Port Trust (PPT) for developing the National Waterway (NW)-5. The project would connect the ports at Dhamra and Paradeep with the steel and coal hinterlands at Kalinganagar and Talcher respectively. The NW-5, targeted for completion by June 2017, is

per cent to the total number of domestic tourist visits during 2013. Foreign tourist visits to states and union territories of India during 2013 was 19.95 million, a rise of 9.24 per cent from that in 2012.

*Travel Biz Monitor - 04.07.2014*

<http://www.travelbizmonitor.com/domestic-and-foreign-tourist-visits-in-india-rise-on-year-over-9-each-in-2013-24477>

### **A N Rai given interim charge of BSNL CMD**

Government has given interim charge of BSNL Chairman and Managing Director to AN Rai, following retirement of RK Upadhyay who completed his term Monday. "AN Rai has been appointed as interim CMD for BSNL till further orders," a government official said. Rai at present is director for enterprise division at BSNL.

*Economic Times - 01.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-01/news/51002516\\_1\\_bsnl-cmd-pesb-mtnl-cmd](http://articles.economictimes.indiatimes.com/2014-07-01/news/51002516_1_bsnl-cmd-pesb-mtnl-cmd)

estimated to cost Rs 2,000 crore. In the first phase, 201 km stretch of the waterway would be developed, connecting Jokadia (Kalinganagar) with Dhamra and Paradip ports.

*Business Standard - 01.07.2014*

[http://www.business-standard.com/article/economy-policy/odisha-in-pact-with-iwai-ppt-dpcl-for-nw-5-114063000771\\_1.html](http://www.business-standard.com/article/economy-policy/odisha-in-pact-with-iwai-ppt-dpcl-for-nw-5-114063000771_1.html)

### **AMK Sinha entrusted additional charge as Chairman, IndianOil**

Mr. AMK Sinha has taken over the additional charge of the post of Chairman, Indian Oil Corporation Limited. Mr. Sinha continues to discharge his function as Director, Planning and Business Development in IndianOil.

*Free Press Journal - 02.07.2014*

<http://freepressjournal.in/fpjgallery/picture.php?/2682>