

(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.)

Centre turning dictator? Government orders PSU banks to cut rates immediately

The government has ordered state-run banks to lower lending rates immediately even before the ink has dried on the Reserve Bank of India's decision to cut interest rates, potentially adding to the corporate governance debate triggered by the imposition of its will on Coal India.

The direction from DK Mittal, secretary, financial services, may put many lenders in a tight spot as profitability and cost structures differ between banks, said two persons familiar with the development.

"With the reduction of CRR and repo rate, all lending rates be relooked at very quickly," Mittal wrote to state-run banks' chairmen. "Direct lending to agriculture has to be 13.5% and growth has to be 25% over 2011-12."

The RBI has cut cash reserve ratio twice and bought government bonds, releasing more than 2 lakh crore into the system to ease liquidity pressures. It cut repo rate - the rate at which it lends to banks - by 50 basis points to 8% on Tuesday. A basis point is 0.01 percentage point.

Economic Times - 19.04.2012

<http://economictimes.indiatimes.com/news/news-by-industry/banking/finance/banking/centre-turning-dictator-government-orders-psu-banks-to-cut-rates-immediately/articleshow/12723038.cms>

Government to launch a portal to facilitate setting up new businesses

The government is in the process of launching a portal that will provide entrepreneurs the opportunity to apply for all clearances to start a business at the click of a mouse.

Minister of State for Commerce and Industry Jyotiraditya Scindia said in all, around 57 approvals from authorities ranging from municipalities, state government agencies and the Centre are required to commence a business. "...the number offices and number of doors he (a new entrepreneur) has to bang to be able to get his business process approved.

Fresh MoU norms with new review mechanism for top PSUs: Praful Patel

Maharatna and Navratna Public Sector Enterprises (PSEs), which are finding it tough to meet their yearly MoU targets due to changes in the economic conditions, may soon get a breather from the Government. The Union Minister for Heavy Industries and Public Enterprises, Mr Praful Patel, said that fresh guidelines are being planned for such firms with a new review mechanism.

This will take in to account challenges such as delays in environmental clearances, power shortages, adverse oil price movement and raw material shortages. "MoUs are fixed, but sometimes they are not realistic and targets cannot be met. That is why for such companies some kind of more operational flexibility and guidelines will have to be brought in place," Mr Patel said. "Ultimately if these companies have to grow and become global, they will require this and we are very inclined to look at all these issues. These things will have to be looked at very objectively, so that they do not feel suffocated."

On Wednesday, the CMDs of several top PSUs had submitted their proposals to the Minister.

The Hindu Business Line - 18.04.2012

<http://www.thehindubusinessline.com/industry-and-economy/economy/article3327958.ece>

RBI may cut rates to arrest inflation

"Inflation expectations moderated in the fourth quarter of 2012-13 but remain high. With significant upside risks to inflation, monetary policy needs to keep them anchored, while shifting the balance of policy to arrest the declaration in growth momentum," the RBI said in a statement a day before presenting its annual monetary policy on Tuesday. Industry chamber ASSOCHAM on Monday said inflation slowing slightly in March supports expectations that the RBI will finally start cutting its policy rate to address a deepening growth crisis in the economy.

Though headline inflation remains high, it is

"So we are setting up a single vertical (E-Biz portal) where any entrepreneur can login for all the approvals he requires and within a time oriented process," Scindia said here at a CII function.

The e-biz portal would also deal with export and import related registrations, he said.

"We are putting in place many KPIs (key performance indicators) and if government officials do not abide by those KPIs, that approval have been deemed to be given," Scindia said.

Economic Times - 18.04.2012

http://articles.economictimes.indiatimes.com/2012-04-18/news/31361336_1_approvals-jyotiraditya-scindia-import-bill

Praful Patel, Stresses on ITI's Revival Through Hand-holding of PSUs

Mr. Praful Patel, Minister for Heavy Industries and Public Enterprises stressed on to revival of companies such as ITI Ltd. He called upon stronger and bigger PSUs to do the hand-holding and demonstrate the collective spirit as all PSUs function under one big umbrella. It is necessary to support each other in these competitive times, he said at the Public Sector Day function organized recently at New Delhi by Standing Conference of Public Enterprises (SCOPE). The week-long celebrations were held from April 10 to 16, 2012.

Ms Pratibha Devisingh Patil, President of India who graced the occasion endorsed the views of Mr. Patel and said supportive gesture and understanding from stronger PSUs will speed-up the revival of struggling PSUs.

Representatives of almost all CPSEs including Mr. K. L. Dhingra, CMD of ITI Ltd were present on the occasion. Some of the top PSUs of the country were felicitated during the occasion for their meritorious achievements.

4-traders.com - 16.04.2012

<http://www.4-traders.com/ITI-LIMITED-9743103/news/ITI-Limited-Union-Minister-Mr-Praful-Patel-Stresses-on-ITI-s-Revival-Through-Hand-holding-of-PS-14273647/>

PSUs lost Rs 2,160 crore in sops to private firms, says CAG

The comptroller and auditor general (CAG) in its report for 2010-11 has slammed state-run companies and corporations for incurring avoidable losses of Rs 2,160 crore. As many as 86 public sector undertakings (PSUs) gave largesse

within comfort zone of the markets, said secretary general D.S. Rawat. "There are fears that if high interest rates continue, then industrial production will sag due to high cost of borrowings, rising raw material costs and climbing crude oil prices globally," he said. India's headline inflation, based on monthly Wholesale Price Index (WPI), slipped to 6.89% in March 2012, driven by a softening of manufacturing goods prices, official data said on Monday. The official Wholesale Price Index for 'All Commodities' (Base: 2004-05 = 100) for the month March, 2012 rose by 0.9 percent to 159.8 (Provisional) from 158.4 (Provisional) for the previous month.

India Blooms - 17.04.2012

<http://www.indiablooms.com/BusinessDetailsPage/2012/businessDetails170412b.php>

India's monsoon and impact on economy

India's monsoon rains are likely to be within long-term averages in 2012, the weather office head said on Monday, reassuring farmers ahead of next week's official forecast from New Delhi. Global weather experts will gather in Pune on Thursday to assess the outlook for the overall south Asian monsoon at a meeting seen as a precursor to the official India prediction. The June to September rains are crucial for India with 60 percent of its arable land dependent on them. With the end of the La Nina weather pattern, associated with heavy rains in south Asia, and its opposite El Nino unlikely to start until August when much sowing is completed, neutral conditions are seen in India for the crucial first half of the season, a weather expert said on Wednesday.

'Normal rains are likely this year as the La Nina ended and has entered a neutral phase which is expected to continue till August,' said D. R. Sikka, former director of the Pune-based Indian Institute of Tropical Meteorology. India has had two consecutive years of monsoon rainfall within long-term averages after 2009's worst drought since 1972.

IBN Live - 18.04.2012

<http://ibnlive.in.com/generalnewsfeed/news/indias-monsoon-and-impact-on-economy/987601.html>

IOC looking to raise Rs 500 crore through a three year bond issue

Indian Oil Corporation Limited is looking to raise Rs.500 crore through a three year bond issue for book building purposes. IOCL has been one of the first few issuers to come to the debt market to raise bonds at competitive rates

to private firms in the last three years, resulting in the losses. CAG says these and bad investments of Rs 53 crore could have been controlled with "better management".

The losses led to a fiscal imbalance in state finances, affecting the pace of infrastructure projects. As many as 233 projects were left incomplete, with another 22 seeing cost overruns. Not only this, the government went ahead and invested public money in loss-making PSUs. CAG said returns from these investments were just 0.06-0.13%. This, while the government paid an interest of over 7% on the investments. "This was an unsustainable proposition," CAG said.

Economic Times - 19.04.2012

<http://economictimes.indiatimes.com/news/economy/finance/psus-lost-rs-2160-crore-in-sops-to-private-firms-says-cag/articleshow/12727930.cms>

Global tea production down 4.69%

Global black tea production so far this calendar has fallen by 4.69 per cent compared with the same period of last year, reveals an analysis of the latest information available with tea traders' organisations and tea boards. "According to our compilation, production of black tea has fallen to 150.19 million kg (mkg) from 157.23 mkg," Mr. Rajesh Gupta, Director, Global Tea Brokers and publisher of the annual Global Tea Statistical Diary, told Business Line.

The drop of 7.04 mkg so far marks a decline of 4.69 per cent. "Kenya has suffered considerable drop in production in February. We are waiting for more reliable data on Indian production from the districts, but we fear a major drop in the country's output in the first quarter of 2012," Mr Gupta said.

Till February, Kenya has lost 8.09 mkg to total 54.62 mkg. India has so far reported a crop loss of 2.24 mkg to total 18.69 mkg. Bangladesh has also suffered a marginal loss. Sri Lanka is posting a higher production. Till February, the latest period for which official data are available, the Island's production has risen by 2.10 mkg to touch 45.30 mkg. All other countries have posted marginal increase.

The Hindu Business Line - 20.04.2012

http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article3336507.ece?ref=wl_industry-and-economy

House panel seeks govt views on mandatory CSR

after the RBI cut the key rates by 50 basis points, while markets had only expected the RBI to cut key rates by 25 basis points. The IOCL issue which is a private issue will open and close on Tuesday, one of the debt dealers said.

Power Finance Corporation raised Rs.4330 crore on Thursday through a three year and five year bond issue, which was lapped up by foreign banks, mutual funds and foreign institutional investors. PFC offered 9.52% on the five year bond with two year put and call option, while the coupon on three year bond was 9.45% with no put and call option. HINDALCO also has proposed to raise Rs.1500 crore through a ten year bond issue at 9.70-9.80%.

Economic Times - 20.04.2012

http://articles.economictimes.indiatimes.com/2012-04-20/news/31374122_1_ioc-three-year-bond-issue

Global tourism industry eyes travellers from emerging nations

The global tourism industry, hit by natural disasters and economic turmoil, is eyeing potential travellers from emerging nations in hope that their growing middle and upper classes could spur growth. Delegates converged on disaster-struck Japan this week for the sector's major annual conference and were in an upbeat mood, encouraged by the prospect of the so-called BRICS nations: Brazil, Russia, India, China and South Africa.

"Our industry will grow despite all the crises of the last years," Michael Frenzel, head of German tourism giant TUI, said at the World Travel and Tourism Council summit in Tokyo, which wraps up Thursday. The summit began in the city of Sendai, one of the areas hit by last year's quake-tsunami disaster. Many visitors were scared away from travelling to Japan after the natural disasters and subsequent nuclear crisis.

While the tourism sector still grew 4.4 percent last year with about one billion international trips recorded by the World Tourism Organization, the industry has faced a series of obstacles in recent years.

Economic Times - 19.04.2012

http://articles.economictimes.indiatimes.com/2012-04-19/news/31367805_1_domestic-tourism-world-tourism-organization-global-tourism

S K Shrivastava to take over as CMD, OIL on May 1

Deliberating on the Companies Bill, a Parliamentary panel on Friday asked the government for its views on making corporate social responsibility (CSR) mandatory at two per cent of net profit for all companies above a threshold, which was suggested by it earlier but rejected by the Government in the revised Bill. This is the second time the Standing Committee is examining the Companies Bill, 2009. It gave a report in the 2010 monsoon session. When the government brought the Bill in Parliament, Opposition parties said there were 22 changes which again needed to be sent to the committee. The government had incorporated 157 of the 178 amendments.

Members feel CSR should be made mandatory, as public sector companies are already giving five per cent CSR on the total profit, while it is not known what private companies were doing. Interestingly, the committee in its report in August 2010, had recommended two per cent CSR but the government had diluted it. The revised Bill proposes the companies should take a call on CSR, but must give reasons in its accounts if it is not implementing these social obligations.

Business Standard - 21.04.2012

<http://www.business-standard.com/india/news/house-panel-seeks-govt-viewsmandatory-csr/472146/>

Power Corp MD sacked

State govt. sacked Power Corporation MD Shri A K Jain for Lapses and irregularities. Shri A K Johari, Director, Power Corporation to take the charge.

Shri S K Srivastava, DG, Directorate General of Hydrocarbons (DGH), who has been selected for the post of Chairman and Managing Director of Oil India Limited (OIL), is assuming the charge on May 1, 2012.

Dutt is new Member of PESB

Former CMD of the Bharat Electronics Ltd (BEL) Ashwani Kumar Dutt has taken over as new Member of the Public Enterprises Selection Board (PESB).

New RINL Director (Projects) assumes charge

Mr Nistala Sreenivasa Rao assumed charge as the new Director (Projects) at RINL, Visakhapatnam Steel Plant, on Thursday, 19th April according to a press release. Earlier, he was working as the Executive Director (Projects and Commissioning) in the steel plant.

PPT Chairman's sudden VRS stunned employee

Mr. G.Jagannath Rao who took over charge as chairman of Paradip Port Trust on 8th January 2011 has availed voluntary retirement from his service on Friday. Taking to media persons, Mr. Rao said 'he decided to avail VRS on my personal reason and his VRS has been approved by the ministry on today' he added. After availing VRS, Mr Rao has been handed over the charge to deputy chairman of PPT Mr Ananth Kumar Bose to act as chairman of PPT.