

(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.)

## **Targets for PSUs: New norms ready, to be vetted by high-power panel**

The Department of Public Enterprises has finalised new guidelines for providing greater operational flexibility to PSUs in achieving their annual targets and the same would be sent to the High-Power Committee (HPC) for its consideration this week. A Working Group on MoU norms for CPSEs headed by P. G. Mankad was set up by the Department of Public Enterprises (DPE) in May 2012 to examine the current system of setting targets and suggest measures to improve the MoU system. Recently, the Group submitted its draft report.

"We have finalised it (report). This week, the MoU report will be submitted to the HPC, which is headed by Cabinet Secretary Ajit Kumar Seth," Secretary in DPE O. P. Rawat told PTI. The MoUs are signed between the Central Public Sector Enterprises (CPSEs) and their administrative ministries/departments and is facilitated by DPE. The move comes in the backdrop of problems faced by public sector units (PSUs), mainly Maharatnas and Navratnas, in achieving targets fixed under MoUs.

*The Hindu Business Line - 21.05.2013*

<http://www.thehindubusinessline.com/companies/targets-for-psus-new-norms-ready-to-be-vetted-by-highpower-panel/article4736072.ece>

## **Finance Ministry asks cash-rich PSUs to buy equity in other govt**

The Finance Ministry has asked cash-rich PSUs such as Coal India, ONGC and Oil India to consider buying government equity in other state-run firms to help achieve Rs 40,000 crore disinvestment target in the current fiscal.

"We have written to all cash-rich PSUs enquiring about their cash balance and capex plans. We have told them if they do not have sufficient capex plans they should buyback government share or pay higher dividend," a top government official told PTI.

The share sale of Coal India is the biggest disinvestment proposal for the government in the 2013-14 fiscal. The Government plans to raise about Rs 17,000 crore through the stake sale. The proposed 10 per cent CIL stake sale may be split into offer-for-sale and government equity buyback

## **Govt working on norms on investment of surplus funds available with CPSEs**

The government is working on norms for utilisation of surplus funds with cash-rich public sector units (PSUs), estimated at around Rs. 2.8 lakh crore, with a view to boost investment and promote growth. "Recently, a panel has submitted its report to the finance ministry. Once the report is finalised, the Department of Public Enterprises will go ahead with the new norms," an official said.

Last year, a panel headed by Department of Economic Affairs additional secretary Shaktikanta Das, was constituted to review guidelines on investment of excess funds available with cash-rich central public sector enterprises (CPSEs).

"CPSEs need to make gainful investment as India is facing the issue of high fiscal deficit. Also, the government is relying on surplus-cash available with PSUs to stimulate economic activity," he said.

*Hindustan Times - 26.05.2013*

<http://www.hindustantimes.com/News-Feed/Business/Govt-working-on-norms-on-investment-of-surplus-funds-available-with-CPSEs/Article1-1066383.aspx>

## **Cabinet to look at new rules for acquisition, investment by PSUs**

The policy for Central Public Sector Enterprises (CPSEs) to set up joint ventures or acquire companies is set to change. This was among various measures that were approved on Wednesday by a Group of Ministers (GoM) under the Chairmanship of Finance Minister P. Chidambaram. The group, in its two meetings on April 23 and Wednesday, agreed on various recommendations of the expert panel headed by former Chairman of SAIL S.K. Roongta.

"Based on these recommendations and the deliberations of the GoM, we will move to the Cabinet and come out with a fresh set of guidelines to help CPSEs function in a more competitive and transparent environment," Heavy Industries and Public Enterprises Minister Praful Patel told reporters after the meeting.

by the company, the official said.

*The Hindu Business Line - 22.05.2013*

<http://www.thehindubusinessline.com/economy/finance-ministry-asks-cashrich-psus-to-buy-equity-in-other-govt-cos/article4739327.ece>

## **PSU heads to have fixed tenure of 3 years: Praful Patel**

Heads of state-run firms may soon have three-year fixed tenure to provide more stability to companies. Heavy industries and public enterprises minister Praful Patel on Wednesday said that a group of ministers (GoM) set up to deliberate on public sector reforms has approved the minimum tenure for PSU chiefs. The GoM decision came following recommendations by a panel led by former SAIL chairman SK Roongta.

"Based on these recommendations and the deliberations of the GoM, we will move (proposals) to the Cabinet and come out with a fresh set of guidelines that will help CPSEs function in a much more competitive and transparent environment," Patel said. He said that the GoM had two extensive rounds of deliberations and one of the major recommendations was to have a strong set of independent directors on the board of PSUs.

*Economic Times - 23.05.2013*

[http://articles.economictimes.indiatimes.com/2013-05-23/news/39475581\\_1\\_gom-decision-cpses-praful-patel](http://articles.economictimes.indiatimes.com/2013-05-23/news/39475581_1_gom-decision-cpses-praful-patel)

## **Govt plans Rs 43,000-cr 'green corridor' for renewable energy**

The Government plans to roll out a Rs 43,000-crore 'green energy corridor' project to facilitate the flow of renewable energy into the national grid.

The blueprint for the project has been submitted to the Power Ministry by Power Grid Corporation of India Ltd (PGCIL). For implementation, the project would be split into intra- and inter-State, said a senior Power Ministry official.

The 'green energy corridor' is aimed at synchronising electricity produced from renewable sources, such as solar and wind, with conventional power stations in the grid. "Germany has committed developmental and technical assistance of €1 billion for the project," the official said.

*The Hindu Business Line - 26.05.2013*

<http://www.thehindubusinessline.com/industry-and-economy/govt-plans-rs-43000cr-green-corridor-for-renewable-energy/article4753478.ece>

*The Hindu Business Line - 22.05.2013*

<http://www.thehindubusinessline.com/industry-and-economy/cabinet-to-look-at-new-rules-for-acquisition-investment-by-psus/article4740083.ece>

## **New pricing norm must to offset under-recovery**

The finance ministry has said that it will release the amount claimed as under recovery by the state-owned oil marketing firms for 2012-13 only after the petroleum ministry accepts its revised pricing formula which does not account for the cost of fuel transportation and customs duty.

As per estimates, the finance ministry may cut down its payments by Rs 15,000 to Rs 17,000 crore under its proposed formula from the Rs 1,61,029 crore claimed by the fuel retailers as under recovery for 2012-13. It has also asked the petroleum ministry to ensure that the state-owned firms achieve operational efficiency and margins of their private counterparts. The finance ministry decided to pay for under recovery only at the price at which diesel and kerosene can be exported.

*Economic Times - 21.05.2013*

<http://economictimes.indiatimes.com/news/news-by-industry/energy/oil-gas/new-pricing-norm-must-to-offset-under-recovery/articleshow/20161596.cms>

## **Final composition of PSU ETF basket to be decided soon**

The department of disinvestment is likely to finalise the composition of the companies which will be part of PSU ETF basket by end of June. The Cabinet has earlier this month cleared setting up of a PSU Exchange Traded Fund (ETF) which would, among other things, help in tackling post stake sale volatility in share prices.

"The DoD will decide on the final composition of the PSU ETF in consultation with the asset management companies by next month," official sources said.

The empowered Group of Ministers (EGoM) on disinvestment will then take a final call on the composition and structure of the basket, they said, adding that the meeting is likely only by end June.

*The Hindu Business Line - 21.05.2013*

<http://www.thehindubusinessline.com/industry-and-economy/final-composition-of-psu-etf-basket-to-be-decided-soon/article4736176.ece>

## **CPSEs likely to be asked to pay special dividends**

The Prime Minister's office (PMO) has cautioned Central PSUs that the finance ministry may soon ask them to pay "special dividends" if they failed to meet their annual capital expansion targets.

Chairing a meeting with chairman and managing directors of 17 central public sector enterprises (CPSEs) on May 13, Prime Minister's principal secretary Pulok Chatterji described some CPSEs as "laggards" and directed them to expressly ramp up their expenditure to avoid paying special dividends. The finance ministry is understood to be already doing due diligence on CPSEs perpetually lagging behind in capex execution.

*Indian Express - 26.05.2013*

<http://www.indianexpress.com/news/cpses-likely-to-be-asked-to-pay-special-dividends/1120742/>

## **48 pvt cos likely to raise \$1.8 bn to meet free float norms: BoAML**

The stock market may see near term headwind as 48 private companies are likely to raise \$1.8 billion in the next two weeks to meet the deadline for meeting public shareholding norms, Bank of America Merrill Lynch (BoAML) said a report.

Market regulator SEBI has mandated that all private companies should have at least 25 per cent public shareholding by June 30 and for PSUs 10 per cent by August this year. "We estimate that there could be supply of \$1.8 billion by June 30 and \$2.5 billion by August to comply with the Sebi guidelines. This could be near term headwind to the market rally," BoAML said the report on investment strategy.

*The Hindu Business Line - 21.05.2013*

[http://www.thehindubusinessline.com/markets/48-pvt-cos-likely-to-raise-18-bn-to-meet-free-float-norms-boaml/article4736291.ece?ref=wl\\_companies](http://www.thehindubusinessline.com/markets/48-pvt-cos-likely-to-raise-18-bn-to-meet-free-float-norms-boaml/article4736291.ece?ref=wl_companies)

## **Indian Oil Corporation says no to government share buyback plan**

Indian Oil Corporation (IOC) has turned down a proposal to buy back shares as part of government's 10 per cent disinvestment plan saying that the company already has a huge debt, and no money to spare. The Department of Disinvestment (DoD) will now float a Cabinet note next month in which it will propose 10 per cent

## **India Inc has to offload shares worth 14k crore**

Despite a flurry of offers for sale (OFS) from companies, which have been hitting the market to comply with the market regulator Sebi's norms on minimum public shareholding, 87 actively traded companies are yet to reduce promoter stakes to the threshold levels. India Inc has to offload shares worth more than \$2.5 billion (nearly Rs 14,000 crore) to meet the new norms.

The deadline for compliance ends in June for private sector companies and in August for public sector (PSU) firms. In all, 75 private sector companies have to sell shares worth about \$2 billion at current market prices in a little over a month to meet the norms.

*The Economic Times - 25.05.2013*

<http://economictimes.indiatimes.com/markets/stocks/market-news/india-inc-has-to-offload-shares-worth-14k-crore/articleshow/20255411.cms>

## **Cash-rich PSUs may team up to launch new-generation bank**

With the Reserve Bank of India (RBI) expected to issue banking licences to a host of prospective companies, a fresh licence may be given to a consortium of cash-rich public sector enterprises (PSUs). "The finance ministry is keen that one new bank licence be given in the public sector space to a consortium of say three-four cash-rich PSUs," a top government official, who did not wish to be identified, told HT.

"This will be in addition to the all-women public sector bank that was announced by finance minister P Chidambaram in his budget speech," he added. The RBI, in its guidelines issued in February, stated that applications from public and private sector companies for setting up banks must come in by July 1.

*Hindustan Times - 26.05.2013*

<http://www.hindustantimes.com/business-news/Sectors/Cash-rich-PSUs-may-team-up-to-launch-new-generation-bank/Article1-1066381.aspx>

## **Finance Ministry to soon notify 30% investment cap for LIC**

The government will soon notify the increased equity exposure limit for LIC to 30 per cent following green signal from the sectoral regulator IRDA, a top Finance Ministry official has said.

"The issue (of increasing equity investment cap

government stake sale in the oil company through the offer for sale (OFS) route, officials said.

"DoD had written to IOC for a buy back. IOC replied saying it already has a huge borrowing and cannot buy back shares as it would require it to do further borrowing," a top official told PTI. The government plans to sell 10 per cent stake or over 19.16 crore shares in the the nation's largest oil firm to rake in between Rs 6,000-7,000 crore to the exchequer.

*Economic Times - 26.05.2013*

<http://economictimes.indiatimes.com/news/economy/finance/indian-oil-corporation-says-no-to-government-share-buy-back-plan/articleshow/20272325.cms>

### **Govt plans to divest 10% stake in THDC Ltd**

The Government proposes to divest 10 per cent equity of THDC Ltd via initial public offering (IPO). The proposed share sale would fetch Government Rs 500 crore towards meeting its divestment target of Rs 40,000 crore. The Cabinet Committee on Economic Affairs (CCEA) is likely to give its go-ahead for the IPO shortly. No timeline have been determined for the public issue yet. The government's stake would come down to 65 per cent post the divestment.

*The Hindu Business Line - 21.05.2013*

[http://www.thehindubusinessline.com/economy/govt-plans-to-divest-10-stake-in-thdc-ltd/article4736412.ece?ref=wl\\_industry-and-economy](http://www.thehindubusinessline.com/economy/govt-plans-to-divest-10-stake-in-thdc-ltd/article4736412.ece?ref=wl_industry-and-economy)

### **Domestic airlines register decline in passenger traffic**

Domestic passengers flown by Indian carriers declined marginally in the first four months of this year compared to last year, even during peak season operations. Official statistics released today showed that domestic passenger traffic between January and April this year fell to 202.89 lakh as against 203.60 lakh during the same period last year, registering a negative growth of 0.35 per cent.

*The Economic Times - 20.05.2013*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/airlines/-aviation/domestic-airlines-register-decline-in-passenger-traffic/articleshow/20154859.cms>

### **Jet Airways launches first of its kind airline mobile app**

Jet Airways recently announced the launch of its first mobile application for Windows Phone in association with Nokia. This makes it India's first native airline mobile application across any platform, which allows customers to effortlessly

for LIC from 10 per cent in a listed company to 30 per cent) has been taken up with the regulator and it will get notified soon. It was addressed to IRDA at the last broad meeting," Financial Services Secretary Rajiv Takru told reporters over the weekend, after the board meeting of the insurance giant.

Justifying the decision to treble LIC's investment limit, Takru said the Corporation was sitting on trillions of rupees which have to be invested.

*The Hindu Business Line - 26.05.2013*

<http://www.thehindubusinessline.com/companies/finance-ministry-to-soon-notify-30-investment-cap-for-lic/article4753107.ece>

### **Planned tax on flyers may help fuel flights to small towns**

The aviation ministry may impose a new cess on flyers to help increase connectivity to smaller towns. An Essential Services Fund could be created with the money collected through the new tax that would help provide subsidy to airlines operating to smaller cities and areas like the northeast.

*Hindustan Times - 20.05.2013*

<http://www.hindustantimes.com/News-Feed/SectorsAviation/Planned-tax-on-flyers-may-help-fuel-flights-to-small-towns/Article1-1063158.aspx>

### **Air India's asset monetisation plans may take wing soon**

In what would finally kick-start the monetisation of Air India's real estate assets, public sector undertakings IDBI Bank, State Bank of India (SBI), Oil and Natural Gas Corporation (ONGC) and Power Finance Corporation (PFC) have evinced interest in securing the airline's prime plot of land on Baba Kharak Singh Marg here.

*Business Standard - 21.05.2013*

[http://www.business-standard.com/article/companies/air-india-s-asset-monetisation-plans-may-take-wing-soon-113052000700\\_1.html](http://www.business-standard.com/article/companies/air-india-s-asset-monetisation-plans-may-take-wing-soon-113052000700_1.html)

### **IRCTC site upgraded to book more than four lakh e-tickets daily**

Catering to the growing demand for train tickets during the summer rush, Indian Railway Catering and Tourism Corporation (IRCTC) has upgraded its website for booking

book tickets, check flight status, manage their JetPrivilege account and avail special offers among other features.

*EFYTimes - 23.05.2013*

<http://efytimes.com/e1/106853/Jet-Airways-Launches-The-First-Of-Its-Kind-Airline-Mobile-App-For-Windows-Phone-In-Association-With-Nokia>

### **Maintaining profitability a challenge in logistic sector: Franck Dedenis**

In an exclusive interview with SME Times, Franck Dedenis, Managing Director, Maersk Line India said it is a challenge today in the logistics sector to maintain profitability and market share in a scenario flanked by a global economic slowdown, rising operational costs and infrastructural bottlenecks.

*SME Times - 21.05.2013*

<http://www.smetimes.in/smetimes/face-to-face/2013/May/21/maintaining-profitability-a-challenge-in-logistic891992.html>

### **Shashi Kant Sharma sworn in as CAG**

Shashi Kant Sharma was on Thursday sworn in as CAG by President Pranab Mukherjee in the Rashtrapati Bhavan here. The 61-year-old 1976 Bihar cadre IAS officer replaced Vinod Rai, who superannuated on Wednesday after a five-and-a-half year eventful tenure as the head of the Comptroller and Auditor General of India (CAG). "Shashi Kant Sharma will have a tenure up to September 24, 2017," an official statement said.

*The Hindu - 23.05.2013*

<http://www.thehindu.com/news/national/shashi-kant-sharma-sworn-in-as-cag/article4742600.ece>

more than four lakh e-tickets daily. Currently, the ticketing site is able to handle about 1.2 lakh concurrent connections on web servers and can book about 2000 tickets per minute.

*NDTV - 22.05.2013*

<http://www.ndtv.com/article/india/irctc-site-upgraded-to-book-more-than-four-lakh-e-tickets-daily-370192>

### **PHDCCI sends recommendations on warehousing, cold chain infrastructure**

PHD Chamber of Commerce and Industry (PHDCCI) submitted the recommendations that evolved from the conference titled Warehousing and Cold Chain Infrastructure, which was held recently at PHD House, New Delhi to K V Thomas, minister of state (independent charge) for consumer affairs, food and public distribution, Government of India.

*FnB News - 22.05.2013*

<http://www.fnbnews.com/article/detnews.asp?articleid=33728&sectionid=1>

### **A K Manocha selected as CMD, IRCTC**

Mr A K Manocha, Chief Operations Manager (COM) in the Ministry of Railways (MoR) has been selected for the post of CMD, Indian Railway Catering & Tourism Corporation Limited (IRCTC) at a PESB meeting held on May 21, 2013.

*PSU Connect - 22.05.2013*

<http://www.psuconnect.com/a-k-manocha-selected-as-cmd-irctc.html>