

(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.)

## Capital allocation for PSUs in interim budget is credit negative: Moody's

Government's allocation of Rs 11,200 crore for capital injection into state-run banks is credit negative as it is much smaller than estimated requirements, Moody's Investors Service said. The rating agency, in a report dated Thursday, said it estimates lenders would need Rs 25,000-36,000 crore to meet a minimum Tier 1 ratio of 8% in the fiscal year ending March 2015.

"Indian public-sector banks' need for significant external capital is a result of an increase in non-performing loans (NPLs) owing to the country's slowing economy and infrastructure bottlenecks, and profitability that is insufficient for internal capital generation to fund loan growth," it said.

*Business Standard - 21.02.2014*

[http://www.business-standard.com/article/economy-policy/capital-allocation-for-psus-in-interim-budget-is-credit-negative-moody-s-114022100132\\_1.html](http://www.business-standard.com/article/economy-policy/capital-allocation-for-psus-in-interim-budget-is-credit-negative-moody-s-114022100132_1.html)

## CPSE employees declined in 2012-13: Survey

The number of people working in the country's public sector enterprises declined in 2012-13, according to a government survey. CPSEs employed 14.04 lakh people (including contractual workers) in 2012-13 compared to 14.5 lakh in 2011-12, showing a reduction of 3.28 per cent in total employee strength. Moreover, hit by economic slowdown, the number of profit-making central public sector enterprises (CPSEs) in the country declined in 2012-13 even as loss-making PSUs rose during the same period.

During 2012-13, the number of profit-making CPSEs have come down to 149 while the number of loss-making CPSEs has increased from 64 to 79. Last year, 161 CPSEs had reported profit, according to the Public Enterprises Survey. However, salary and wages went up in all CPSEs to Rs 1,16,375 crore during 2012-13 from Rs 1,05,648 crore in the previous fiscal.

*Business Standard - 20.02.2014*

[http://www.business-standard.com/article/pti-stories/cpse-employees-declined-in-2012-13-survey-114022001247\\_1.html](http://www.business-standard.com/article/pti-stories/cpse-employees-declined-in-2012-13-survey-114022001247_1.html)

## Infrastructure spending raised 8.6%

In the interim Budget for 2014-15, Finance Minister P Chidambaram has raised allocation towards the infrastructure sector by as much as 8.6 per cent. The government will allocate Rs 1,81,134 crore to the sector, comprising power, coal, roads, civil aviation, ports and railways, against Rs 1,66,756 crore in 2013-14. During 2013-14, the government spent about Rs 20,000 crore less than what was allocated towards the sector.

For 2014-15, the Plan outlay for the coal ministry has been raised 15 per cent, while the power ministry recorded a 12 per cent rise in budgetary allocation. Allocation towards the shipping and ports sectors was cut two per cent.

*Business Standard - 18.02.2014*

[http://www.business-standard.com/article/economy-policy/infrastructure-spending-raised-8-6-114021701016\\_1.html](http://www.business-standard.com/article/economy-policy/infrastructure-spending-raised-8-6-114021701016_1.html)

## Govt earnings from PSU dividend, profit jump to Rs. 88k crore

Government pressure on public sector undertakings to pay more dividend seems to have worked as the exchequer got Rs 88,188 crore in this financial year, which is Rs 14,320 crore more than the earlier estimate. As per the budget document presented in Parliament, public sector enterprises, including banks, are expected to contribute Rs 88,188 crore in the form of dividend and profit to the government in the current financial year.

Originally, the government had expected to get Rs 73,866 crore, of which Rs 29,870 crore had been targeted from PSUs and Rs 43,996 crore from banks. The government estimates it will get Rs 77,229 crore from dividend and profits in 2014-15. Finance Minister P Chidambaram had repeatedly asked PSUs to increase spending or dole out higher dividend to shareholders. The government is the majority owner of PSUs.

*Economic Times - 17.02.2014*

[http://articles.economictimes.indiatimes.com/2014-02-17/news/47412209\\_1\\_more-dividend-dividend-distribution-tax-dividend-and-profit](http://articles.economictimes.indiatimes.com/2014-02-17/news/47412209_1_more-dividend-dividend-distribution-tax-dividend-and-profit)

## **Government plans to form new company to manage CSR funds of PSUs**

The union government is looking at a proposal to float a company to manage corporate social responsibility (CSR) funds of all central public sector enterprises, to ensure efficient implementation of this social initiative and to free companies from additional responsibility. The ministry of heavy industries and public enterprises is working on a proposal to set up a company under Section 25 on the ground that an independent entity will have the scale and resources to plan and execute CSR and sustainability activities, a ministry official said. "It (the proposal) is still in the works. We have sought some clarity from the ministry of corporate affairs," the person said.

*The Economic Times - 19.02.2014*

<http://economictimes.indiatimes.com/news/economy/finance/government-plans-to-form-new-company-to-manage-csr-funds-of-psus/articleshow/30642307.cms>

## **Sustainability is key to business success, say Indian CEOs**

According to the findings of a new survey by Global Compact Network India and Accenture, 63 percent of Indian CEOs believe that in the next few years communities will have the greatest impact on the way businesses will manage societal expectations, versus 28 percent of CEOs globally.

Two thirds of CEOs of Indian companies say that sustainability is very important to the future success of their business, but less than half (44 percent) think business is making sufficient efforts to address global sustainability challenges, according to a new report published today by Global Compact Network India (GCNI) and Accenture. The report, "UN Global Compact – Accenture CEO Study on Sustainability 2013: Insights from CEOs in the Global Compact Network India", was launched by Veerappa Moily, Minister of Petroleum and Natural Gas, Government of India, at Global Compact Network India's 9th National Convention at ITC Maurya.

*Information Week - 17.02.2014*

[http://www.informationweek.in/informationweek/news-analysis/287547/sustainability-key-business-success-indian-ceos?utm\\_source=reference\\_article](http://www.informationweek.in/informationweek/news-analysis/287547/sustainability-key-business-success-indian-ceos?utm_source=reference_article)

## **Airline industry heads for huge annual loss: CAPA**

The Indian airline industry has landed itself in dire straits due to mounting losses, and three airlines are expected to report a combined full year net

## **The growing public-private divide**

The results of 3,800 listed companies in the quarter ended December 2013 highlight the growing divide between government-owned companies and those belonging to the private sector. While private sector companies rode the recovery wave with net profit growth accelerating into double digits, state-owned firms saw their net profit shrink further.

The differential in the growth rates has been rising over the past three quarters. Net profit for private sector firms jumped 18 per cent in the December quarter over the same period a year ago, cementing the slight recovery in the September 2013 quarter. Public sector units (PSUs), however, saw net profit fall 17 per cent. Both private firms and PSUs were registering profit declines at the beginning of this fiscal year.

*The Hindu Business Line - 23.02.2014*

<http://www.thehindubusinessline.com/economy/the-growing-public-private-divide/article5719600.ece>

## **Private MFs to benefit if government relaxes investment norms for public sector enterprises**

*Market regulator SEBI has recommended to the government that Navratna and Miniratna Central Public Sector Enterprises (CPSEs) be allowed to invest in private sector mutual funds also.*

Private sector fund houses are hoping that the government will pay heed to SEBI's recommendation on allowing Central Public Sector Enterprises (CPSEs) to invest in private sector mutual funds. "Presently, Navratna and Miniratna Central Public Sector Enterprises (CPSEs) are permitted to invest in public sector mutual funds regulated by SEBI. It has been recommended that all CPSEs be allowed to choose from any of the SEBI registered mutual funds for investing their surplus funds," stated SEBI press release. Private sector fund houses have been lobbying with the government to relax this rule for a long time now.

*Café Mutual - 18.02.2014*

<http://www.cafemutual.com/News/Private-MFs-to-benefit-if-government-relaxes-investment-norms-for-public-sector-enterprises~2993~New~Industry~21>

## **Foreign Exchange Earning from Tourists rises to Rs 1,05,836 Crore in 2013**

The Foreign exchange earnings (FEEs) from tourism in India have registered an increase in

loss of \$1.2 billion, according to aviation consultancy Centre for Asia Pacific Aviation (CAPA). This includes a loss of \$700 million by Air India (AI). Earlier, CAPA had estimated full year loss of \$750-800 million for AI. "AI is once again expected to incur the largest loss... although this represents an improvement of 20 per cent year-on-year in local currency terms. Jet Airways and SpiceJet are likely to report record losses," CAPA said in its Indian Aviation Outlook for FY2015. It said GoAir would end the year with a break-even. IndiGo will report significantly lower than expected net profit.

*The Hindu - 18.02.2014*

<http://www.thehindu.com/business/Industry/airline-industry-heads-for-huge-annual-loss-capa/article5703031.ece?homepage=true>

### **Travel Fair offers exciting air fares**

Malaysia Airlines is offering exciting air fares through the Malaysia Airlines Travel Fair (MATF) campaign starting February 18, 2014. The campaign, which will run until February 28, 2014, will be for the travel period between February 19 and September 30 this year. Travellers booking their tickets during this campaign will enjoy discounts of up to 30% to more than 25 destinations around the world..

*The Times of India - 27.02.2014*

<http://timesofindia.indiatimes.com/city/bangalore/Travel-Fair-offers-exciting-air-fares/articleshow/30570177.cms>

### **DGCA disposes objections against Tata-AirAsia deal**

Get ready for low fares again. The government on Friday gave the final clearance to Tata Sons-AirAsia JV for a low cost airline. The directorate general of civil aviation (DGCA) Friday disposed off the objections raised against the proposed low cost carrier filed by other Indian airlines and some politicians too.

*The Times of India - 21.02.2014*

<http://timesofindia.indiatimes.com/business/india-business/DGCA-disposes-objections-against-Tata-AirAsia-deal/articleshow/30790759.cms>

### **Foreign tourist arrival on decline in India**

India has witnessed a steady decline in foreign tourist arrival and foreign exchange earnings since 2011. The growth rate of foreign tourist arrivals declined from 11.8 per cent in 2010 to 9.2

the last three years. The FEEs through tourism in India during 2011, 2012 and 2013 were Rs 77,591 crore, Rs 94,487 crore and Rs 1,05,836 crore, respectively. The Government of India has amended its Visa Manual to extend the collective landing permits facility with effect from 1st April 2013. The foreign tourists in groups of four or more arriving by air or sea and sponsored by Indian travel agencies approved by the Ministry of Tourism and with a pre-drawn itinerary will be granted Collective Landing Permit for a period not exceeding 60 days, with multiple entry facilities.

*Business Standard - 21.02.2014*

[http://www.business-standard.com/article/news-cm/foreign-exchange-earning-from-tourists-rises-to-rs-1-05-836-crore-in-2013-114022100760\\_1.html](http://www.business-standard.com/article/news-cm/foreign-exchange-earning-from-tourists-rises-to-rs-1-05-836-crore-in-2013-114022100760_1.html)

### **Foreign airlines can't have management control over domestic carriers: DGCA**

The Directorate General of Civil Aviation (DGCA) has mandated that no domestic scheduled passenger airline will enter into an agreement with foreign airlines or foreign investors which gives these foreign entities or others the right to control the management of the domestic operator on their behalf.

*The Hindu Business Line - 19.02.2014*

<http://www.thehindubusinessline.com/economy/policy/foreign-airlines-cant-have-management-control-over-domestic-carriers-dgca/article5706693.ece>

### **IRCTC launched E-wallet Scheme to make payment process fast**

Indian Railways Catering and Tourism Corporation (IRCTC) launched E-Wallet Scheme in the second week of February 2014. The scheme was launched to make payment process fast and to reduce transaction failures due to bank payment related problems. Under the scheme, user can deposit money in advance with IRCTC and the money can be used as payment option along with other payment options available on IRCTC website for the payment at the time of booking tickets.

*Jagran Josh - 21.02.2014*

<http://www.jagranjosh.com/current-affairs/irctc-launched-ewallet-scheme-to-make-payment-process-fast-1392985784-1>

### **Growing online retail industry a boon for logistics companies**

The race to sort, package and ship millions of products that Indians are buying online is becoming a hotly contested one in the Indian

per cent in 2011, 4.3 per cent in 2012 and 2.6 per cent till June 2013. Consequently, growth rate of foreign exchange earnings (US dollar) declined from 24.6 per cent in 2010 to 16.7 per cent in 2011 and 7.1 per cent in 2012. By 2016, the tourism ministry had set a target to double tourist arrivals in 2011.

*Deccan Herald - 22.02.2014*

<http://www.deccanherald.com/content/387908/foreign-tourist-arrival-decline-india.html>

### **Major ports FY'14 capacity expansion plan not rational: Parliamentary panel**

The port capacity addition targets fixed by the shipping ministry for the current fiscal are not rational, a Parliamentary panel has said while expressing apprehensions that these may not be achieved. "It appears that the targets... are being fixed routinely without any rational basis and no connection with the past performance. The committee is surprised at the confidence of the Ministry to achieve the target fixed for the year 2013-14," the Standing Committee on Transport, Tourism and Culture said in a report tabled in Parliament this month.

*The Economic Times - 23.02.2014*

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/shipping/-transport/major-ports-fy14-capacity-expansion-plan-not-rational-parliamentary-panel/articleshow/30893935.cms>

### **Corporate Social Responsibility rules soon, will include 10 major areas**

The government has identified 10 major areas including education, gender equality, environment, national heritage and the Prime minister Relief fund where India Inc can spend to claim credit for the mandatory 2% Corporate Social Responsibility (CSR) expenditure. Under the new Companies Act, mid and large companies have to spend 2% of their three-year annual average net profit on CSR activities.

*Times of India - 23.02.2014*

<http://timesofindia.indiatimes.com/business/india-business/Corporate-Social-Responsibility-rules-soon-will-include-10-major-areas/articleshow/30822317.cms>

logistics industry as several companies launch innovative services to grab the growing business. The race to sort, package and ship millions of products that Indians are buying online is becoming a hotly contested one in the Indian logistics industry as several companies launch innovative services to grab the growing business.

*The Economic Times - 21.02.2014*

<http://economictimes.indiatimes.com/news/merging-businesses/startups/growing-online-retail-industry-a-boon-for-logistics-companies/articleshow/30759156.cms>

### **Nabard Warehousing scheme finds many takers**

'NABARD Warehousing Scheme-2013-14' (NWS), announced in the Union Budget 2013-14, a dedicated scheme for providing assistance for creation of storage infrastructure with a corpus of Rs 5,000 crore has found many takers including private players. Nabard has already sanctioned Rs 2,200 crore for storage and warehousing under the scheme across India which will lead to creation of additional 8.62 million metric tonnes storage capacity.

*Business Standard - 21.02.2014*

[http://www.business-standard.com/article/economy-policy/nabard-warehousing-scheme-finds-many-takers-114022101191\\_1.html](http://www.business-standard.com/article/economy-policy/nabard-warehousing-scheme-finds-many-takers-114022101191_1.html)

### **Independent directors will have to give reasons to quit**

Independent directors will soon have to provide "detailed reasons" for their resignations from boards of listed companies and the same would need to be made public under new norms being finalised by regulator Sebi. In case of an independent director only citing "personal reasons" for his or her resignation from a company board, the individual may be required to explain the logic behind staying on boards of other companies.

*Deccan Herald - 23.02.2014*

<http://www.deccanherald.com/content/387924/independent-directors-have-give-reasons.html>