

(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.)

Six-point reform agenda for governance

There are six key issues facing the public sector enterprises (PSEs) that require immediate reform, and incidentally, all are linked to governance. These are (i) ownership policy; (ii) autonomy of board; (iii) succession planning; (iv) capacity building; (v) minimizing/relinquishing control of the administrative ministries; and (vi) community relations. The micro issues are project clearances, environment and forest clearances, size of the board, risk management and the overall decision-making process, which are again linked to governance.

In the more than six decades of its existence, public sectors in India have witnessed two distinct phases: (i) Pre-; and (ii) Post-1991. The "commanding heights" in pre-1991 became "demanding height", and "temples of India" became 'Samples of India.' In the post-1991 period, PSEs proved their mettle by increasing their profitability by over 50 times and turnover by more than 16 times.

The Financial Express - 04.06.2014

<http://www.financialexpress.com/news/sixpoint-reform-agenda-for-governance/1256985>

Narendra Modi seeks to give govt secretaries greater role in policy issues

In a first, Prime Minister Narendra Modi on Wednesday met secretaries of all the government departments collectively and asked them to directly get in touch with him to resolve policy issues and expedite decision-making. Modi held a three-hour-long marathon meeting here with them with intent of giving the bureaucracy a greater role in decision-making with thrust on transparency and speedy and effective governance. To ensure that implementation of decisions and programmes are not stuck in "red-tape", he asked secretaries to call him or e-mail him directly for suggestions or intervention required in resolving issues or expending decisions, sources said.

Live Mint - 04.06.2014

<http://www.livemint.com/Politics/17P14qxBjGUK3eWN4J1i9J/Narendra-Modi-meets-government-secretaries-to-outline-his-po.html>

Appraisal system for Modi mantris?

The work of ministers in the Narendra Modi government will be annually appraised in a 'corporate style' evaluation, according to media reports. TOI could not independently verify the reports. Former PM Manmohan Singh had started Results Framework Document (RFD) for all ministries in UPA-2.

However, the exercise took place only once and was junked after fierce resistance from some senior Congress ministers. However, the mechanism has now apparently been revived after PM Modi was briefed about it and liked the concept. It is understood that performance targets will be set for ministries, based on inputs received from respective departments. An RFD is basically a record of understanding between a minister and the secretary of a department. It includes not only agreed objectives and projects but also success indicators and targets.

Times of India - 03.06.2014

<http://timesofindia.indiatimes.com/india/Appraisal-system-for-Modi-mantris/articleshow/35977746.cms>

PSUs may have to hike public float to 25%: Sinha

Public shareholding norms for public sector companies would be brought on a par with their private sector peers, said Sebi chairman UK Sinha, which would unlock sizeable funds for the government with estimates suggesting the cache could be in the order of Rs 50,000 crore. "We are talking to the government that the minimum public shareholding guidelines should not depend on who the owner is," said Sinha on the sidelines of a capital market summit organised by industry chamber CII in Mumbai. Under current rules, while the private sector companies have to maintain minimum public shareholding of 25 per cent, government owned companies are required to have only 10 per cent public shareholding.

The Indian Express - 05.06.2014

<http://indianexpress.com/article/business/companies/psus-may-have-to-hike-public-float-to-25-sinha/>

Public sector companies lead the way on earnings upgrades

Public sector companies have driven the earnings charge in May 2014 after a dismal run for some time, with state-owned financial and energy companies boosting earnings growth for FY15. After being downgraded in the second half of the last fiscal year, prominent PSU stocks such as Bharat Petroleum Corporation (BPCL), Canara Bank, Gas Authority of India (GAIL), Steel Authority of India (SAIL), Power Finance Corporation (PFC) and State Bank of India (SBI) have all registered an earnings upgrade of around 2-8 per cent during the last month.

Backed by strong performance by PSU companies in May, the overall earnings growth for FY15 has clocked its first positive projection since it was introduced in June last year. CLSA, in its recent note, highlighted that the PSU firms are leading the upgrades. "After the consistent trend of earnings downgrades, May saw consensus upgrading estimates for domestic plays for FY15 by a small 0.3 per cent and for FY16 by 1.3 per cent. PSU financials have witnessed the highest upgrades for FY15 and FY16 of 4 per cent and 9 per cent, respectively, over the last three months.

The Economic Times - 07.06.2014

<http://economictimes.indiatimes.com/news/news-by-company/earnings/earnings-analysis/public-sector-companies-lead-the-way-on-earnings-upgrades/articleshow/36172792.cms>

Sebi seeks parity for pension funds; wants PSU cash in MFs

To help channelise more funds for long-term investment purposes, capital market regulator Sebi has suggested to the government that it allow all PSUs to park their surplus cash in mutual funds, and has sought a uniform tax treatment for all pension funds. Besides making available large amounts of funds for long-term investments and helping revive the economy, the proposals are also aimed at bringing down the Indian markets' over-reliance on foreign money.

According to senior officials, the proposals are being actively considered by the government and a final decision can be announced in the Union Budget next month. It has been suggested that there is a need for uniform tax treatment of retirement related investments irrespective of the investment routes - pension products launched by mutual funds or the retirement funds managed by the government's EPFO (Employees' Provident Fund Office).

The Financial Express - 08.06.2014

<http://www.financialexpress.com/news/sebi-seeks-parity-for-pension-funds-wants-psu-cash-in-mfs/1258391>

Dalal Street expects PSU, power companies to rally on government steps

Dalal Street investors are pinning their hopes on a strong revival in non-banking PSU companies as they believe that the new government will take bold decisions — and at a greater pace — that will help these companies become more competitive. A section of the market is also expecting that after these companies are put on a strong pedestal, the government is most likely to start their divestment process.

Along with PSUs, power companies too are attracting strong investor interest as they believe that the new government will address the issue of fuel — coal and gas — for the power generators and also the environmental issues weighing on hydro-power producers. Already there are strong signs of investor preference for these companies. Consider this: Companies like HPCL and BPCL, which have been burdened for long to share heavy subsidies on behalf of the government, have given returns of 88% and 77% respectively this year.

The Times of India - 06.06.2014

<http://timesofindia.indiatimes.com/Business/India-Business/Dalal-Street-expects-PSU-power-companies-to-rally-on-government-steps/articleshow/36120576.cms>

SEBI Proposal Can Help Govt Get 50k-Cr Via PSU Stake Sale

The government can rake in more than 50,000 crore through stake sales in about 30 PSUs, if a new SEBI proposal requiring minimum 25 percent public holding in all listed firms passes muster with the Finance Ministry. While private sector listed companies are already required to maintain minimum 25 percent public shareholding, this limit for state-run listed entities currently stands at 10 percent.

Capital markets regulator SEBI has now proposed that the 25 percent limit be applied to the listed PSUs as well and has written to Finance Ministry regarding the same. As per an analysis of stakes held by the government in listed PSUs, there are close to 30 such companies where the public holding is less than 25 percent and SEBI has proposed that the government pare its stake in these companies to 75 percent or below over the next three years.

Silicon India - 02.06.2014

<http://www.siliconindia.com/finance/news/SEBI-Proposal-Can-Help-Govt-Get-Rs50kCr-Via-PSU-Stake-Sale-nid-167249.html>

India ranks 10th among global business travel markets in 2013: GBTA

India has worked its way up the rankings of major global business travel markets from number 24 in 2000 to number ten in the world in 2013, according the first GBTA BTI Outlook – India report. The GBTA Foundation, the education and research arm of Global Business Travel Association (GBTA), has come up with Indian business travel estimations for the next year in the report. GBTA expects India will continue to move up the rankings and should pass Italy to become the ninth largest market in the next five years, as per a release.

After a period of economic growth stuck below five per cent along with soaring inflation, GBTA projects total business travel spending for India to grow 2.1 per cent this year to USD 24.9 billion. An improved outlook for the Indian economy, however, should bring business travel spend back on track in 2015 as GBTA expects 7.6 per cent growth to USD 28.8 billion. Driven by both tremendous growth of the middle class and size and multitude of business centres throughout India, domestic business travel spending has dominated, comprising 90 per cent of total business travel spend in the country, the report states.

Travel Biz Monitor - 05.06.2014

<http://www.travelbizmonitor.com/india-ranks-10th-among-global-business-travel-markets-in-2013-gbta-24188>

AirAsia India to start operations with a no-frills airline model

AirAsia India's maiden flight from Bangalore to Goa on 12 June marks the beginning of a new era in Indian aviation where passengers will have to pay for every additional service, including baggage. AirAsia India, which will fly its Airbus A320 aircraft from Bangalore to Goa and Chennai starting 12 June, has announced it will not allow any free checked-in baggage and will not refund fares if the tickets are cancelled, according to the airline's website.

"This is excellent as a 0kg baggage allowance will be game changing. We will see some disruptive pricing and commercial strategies from Air Asia," said Kapil Kaul, South Asia chief executive officer (CEO) for Capa, an aviation consultancy.

The Financial Express - 03.06.2014

<http://www.livemint.com/Companies/B9pNf3iVsuTMeeXILadBJ/AirAsia-India-to-start-operations-with-a-nofrills-airline-m.html>

India ahead on real-time plane tracking

While the International Air Travel Association (IATA), a global air travel community, works on recommendation to better track aircraft, India already has systems in place that keep a close watch on its carriers. IATA and the International Civil Aviation Organisation are conducting a survey of vendors to identify tracking options which can be developed through an assessment of available products and services used for tracking commercial aircraft against specific criteria, including factors such as performance parameters, coverage, security, and cost.

In May, the Directorate General of Civil Aviation (DGCA) had directed all domestic airlines and non-scheduled operators (NSOPs) to track aircraft carrying passengers and cargo real time by using the onboard Aircraft Communications Addressing and Reporting System (ACARS) /Automatic Dependent Surveillance – Broadcast (ADS-B), a cost-effective way to keep an eye on airborne planes.

The Hindu Business Line - 03.06.2014

<http://www.thehindubusinessline.com/news/india-ahead-on-realtime-plane-tracking/article6079296.ece>

AAI to seek fresh agreement for airport privatization

With the new civil aviation ministry having assumed charge, the Airport Authority of India (AAI) is planning to soon take up the airport privatisation matter with the government. Before inviting request for quotation (RFQs) from potential bidders, AAI intends to come up with a fresh model concession agreement, which was stalled due to certain reservations by the previous government.

"The model concession agreement will lay down the terms of the bidding process. The agreement had been prepared once in March but the same was stalled since the previous government had certain reservations against it. We are now hopeful with the new government, the process will be expedited," said a senior official in the Airport Authority of India (AAI).

Business Standard - 06.06.2014

http://www.business-standard.com/article/economy-policy/aai-to-see-fresh-agreement-for-airport-privatisation-114060601224_1.html

AirAsia India to not charge fees for check-in baggage of up to 15 kg

AirAsia India has stopped rule of charging every check-in baggage. The airline yesterday decided to not charge for any check-in luggage up to 15 kg, following the Directorate General of Civil Aviation's (DGCA) intervention, as per a Business Standard report.

The airline opened bookings last week for its inaugural routes, Bengaluru-Goa and Bengaluru-Chennai, which commence this month. The budget airline had earlier decided to continue with its international practice of not offering free check-in luggage. It had announced a fee of Rs 199 for up to 15 kg, and more over that weight. However, DGCA took objection to the airline charging fees without informing it.

Travel Biz Monitor - 06.06.2014

<http://www.travelbizmonitor.com/airasia-india-to-not-charge-fees-for-checkin-baggage-of-up-to-15-kg-24193>

New tourism act to contain guidelines for operators

The Mamata Banerjee government is taking a number of steps to give a boost to tourism in the state. It will introduce the West Bengal Tourism (development and regulation) Act, 2014, later this year apart from a new tourism incentive scheme. The tourism department has already prepared a preliminary draft that is under review. The final draft bill will be placed in the winter session of the assembly.

Tourism department officials explained the need for a separate act for tourism in the state. "Right now, there are no guidelines or policies for travel agents, hotels or other stakeholders in the tourism industry. Tourist spots are often the hub of illegal activities. There should be and restrictions on activities in such places. The new act will contain all the necessary policies," said an official.

The Times of India - 08.06.2014

<http://timesofindia.indiatimes.com/city/kolkata/New-tourism-act-to-contain-guidelines-for-operators/articleshow/36225716.cms>

Ports and shipping to benefit from Modi's mantra on decision-making

The shipping ministry could utilize the newly granted powers to resolve issues so that India's maritime sector can develop to its true potential

As Prime Minister Narendra Modi slowly unravels his style of functioning by dismantling the decision-making systems put in place by the previous United Progressive Alliance government (UPA) led by Manmohan Singh, it becomes clear that ministries will have greater flexibility to decide on issues pending in their respective

SpiceJet offers all-inclusive fares starting from Rs 2,999

Continuing with the aggressive fare war in the Indian aviation sector, low-cost carrier SpiceJet announced a special offer on Tuesday, which will allow passengers to fly at an all-inclusive fares starting from R2,999 on all the flights that fly between three destinations — 'via' or 'onward connection flights'. "This sale is applicable for bookings made between June 3 to June 5 (both dates inclusive) for travel between July 6 and March 28, 2015 (both dates inclusive)," SpiceJet said. "We at SpiceJet are focused in our effort to stimulate travel and with this campaign we hope our customers in second-tier cities will benefit from the super low fare," said chief commercial officer Kaneswaran Avili.

The Financial Express - 04.06.2014

<http://www.financialexpress.com/news/spicejet-offers-allinclusive-fares-starting-from-rs-2999/1257019>

Railways plan to be a full logistic solutions giver

The railways are gearing to set up Logistics Corporation of India. A move announced in the Budget of 2012, it is an effort to graduate from a bulk commodity carrier to a full logistic solutions provider. The proposal to set up the corporation could be one of the first to go to the cabinet for approval.

The railways' equity contribution would be in the form of land for developing warehouses and facilities. According to a feasibility study by Rail India Technical and Economic Service (RITES), 28 locations have been identified where the traffic volume is two million tonnes a year. The cities include Mumbai, Delhi, Ahmedabad, Jaipur, Visakhapatnam, Chennai, Surat and Kolkata.

Business Standard - 03.06.2014

http://www.business-standard.com/article/economy-policy/railways-plan-to-be-a-full-logistic-solutions-giver-114053001633_1.html

New ministers Piyush Goyal, Dharmendra Pradhan and Narendra Singh Tomar say no to freebies; surprise PSU heads

Two weeks into the tenure of the Narendra Modi-led government, executives of state-run blue-chip firms are already feeling a perceptible change at the Centre. The offices of power minister Piyush Goyal, petroleum minister Dharmendra Pradhan and steel minister Narendra Singh Tomar have not sought

domain, including ports and shipping, rather than be at the mercy of somebody else. In the previous regime, the Planning Commission decided on all matters related to infrastructure. A committee on infrastructure functioning within the Plan body had the final say on a range of subjects, including the framing of model concession pacts for port contracts and guidelines on setting rates by port operators, to cite a few examples.

Live Mint - 06.06.2014

<http://www.livemint.com/Opinion/FrvPWg0S4w5wRTRPQiOcyI/Ports-and-shipping-to-benefit-from-Modis-mantra-on-decision.html>

K Malhotra gets additional charge of IOC chairman

R K Malhotra, who was heading IndianOil Corporation's research and development division as director, has been entrusted with additional charge as chairman of the company. Malhotra, the senior-most director of the company has taken charge as acting chairman after R S Butola's retirement from the post last week. This comes after the former Prime Minister Manmohan Singh did not clear the appointment of B Ashok as the new chairman, even after vigilance clearance.

Business Standard - 02.06.2014

http://www.business-standard.com/article/companies/k-malhotra-gets-additional-charge-of-ioc-chairman-114060201429_1.html

India Inc likely to spend Rs 22,000 crore on corporate social responsibility: Ernst & Young

India Inc will be investing around Rs 22,000 crore towards corporate social responsibility (CSR) activities once the provisions of the recently amended Companies Act making it mandatory for such allocations get implemented, according to consultancy firm Ernst & Young. "Given the mandate it is estimated that nearly 16,500 companies will invest Rs 22,000 crore towards CSR," Vijay Ganapathy from EY India's advisory services said speaking at a seminar on CSR.

Economic Times - 05.06.2014

http://articles.economictimes.indiatimes.com/2014-06-05/news/50359277_1_rs-500-crore-csr-corporate-social-responsibility

freebies such as air tickets, guest houses, personal staff or vehicles for their families or staff members. This is a decisive departure from the past, executives told ET, admitting that the first task of chairmen of public sector giants after the installation of a new central government often used to be to ensure a fleet of swanky sedans and household helps, among other facilities, to make life easier for the staff of the ministers.

Economic Times - 08.06.2014

<http://economictimes.indiatimes.com/news/economy/policy/new-ministers-piyush-goyal-dharmendra-pradhan-and-narendra-singh-tomar-say-no-to-freebies-surprise-psu-heads/articleshow/36262426.cms>

D S Selvam selected as Director (MB), BLC

PSEB has recommended the name of Shri D S Selvam, GM, IOCL for the post of Director (Manufacturing Business), Balmer Lawrie & Company Limited at a PESB meeting held on June 3, 2014.

Govt accept the Resignation of Dr Choudhary from Chairman, DVC

Govt of India has accepted the resignation of Dr Arup Roy Choudhary, CMD of NTPC Limited, from the additional charge of Chairman, Damodar Valley Corporation (DVC).

Indian Institute of Corporate Affairs, Grant Thornton ink pact to help firms implement CSR

The Indian Institute of Corporate Affairs and tax advisory firm Grant Thornton have entered into a pact to develop capacity of domestic firms for effective implementation of corporate social responsibility (CSR) rules laid down under the new Companies Act. The Memorandum of Understanding (MoU) was signed here yesterday.

Economic Times - 04.06.2014

http://articles.economictimes.indiatimes.com/2014-06-04/news/50329920_1_csr-activities-iica-500-crore-net-worth