

(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 to focus on SEZ revival

Finance minister Arun Jaitley expressed the government's commitment to revive special economic zones (SEZs) as he said it would take "effective steps" to make them instruments of industrial production, economic growth, export promotion and employment generation. At the same time, he also informed that he was assured the public sector units (PSUs) would invest through capital investment "a total sum of Rs 2,47,941 crore".

"For achieving this, effective steps would be undertaken to operationalise the SEZs to revive the investors' interest to develop better infrastructure and to effectively and efficiently use the available unutilised land," the finance minister said. Of the total 47,803 hectares of SEZ land notified, only 17,689 have been put to use so far, according to ministry of commerce and industry data.

*The Asian Age - 11.07.2014*

<http://www.asianage.com/business/government-focus-sez-revival-386>

## Govt may up FY15 divestment to Rs 80000 cr: JPMorgan

As the Budget session begins, the country's focus centre has predictably shifted to new finance minister Arun Jaitley who will present his maiden Budget on Thursday. Expectations are running high as the country awaits model changes to revamp the economy.

Speaking about his expectations, Sajjid Chinoy of JP Morgan told CNBC-TV18 that he hopes the policymakers adopt a balanced path this time round— of a credible assumption on the revenue side and continuance in fiscal consolidation to lower fiscal deficit. Speaking about his expectation from revenues, Chinoy says he sees 15-16 percent Gross Tax Revenue growth and would want the government to increase divestment to Rs 80000 crore.

*Money Control - 07.07.2014*

<http://www.moneycontrol.com/news/economy/govt-mayfy15-divestment-to-rs-80000-cr-jpmorgan-1120738.html>

## Budget 2014: PSUs to invest Rs 2.47 lakh crore for capacity building in FY15

The government today said public sector units would invest Rs 2.47 lakh crore during the ongoing fiscal for expansion. "To give a thrust to investment in the economy, PSUs will also play their part constructively.

"I am assured that the PSUs will invest through capital investment a total sum of Rs 2,47,941 crores in the current financial year to create a virtuous investment cycle," Finance Minister Arun Jaitley said in his budget speech for 2014-15. The investment would help in boosting domestic investment and create more jobs. There are more than 250 CPSEs in the country and collectively they are estimated to have total cash and bank balance of close to Rs 3 lakh crore.

*The Economic Times - 10.07.2014*

<http://economictimes.indiatimes.com/news/economy/policy/budget-2014-psus-to-invest-rs-2-47-lakh-crore-for-capacity-building-in-fy15/articleshow/38149384.cms>

## PSUs may get to invest in private sector mutual funds

Private sector mutual funds may get a pie of the large cash surplus of state-run companies if the government decides to relax cash investment norms of such entities. Capital market regulator Sebi has written to the government and urged it to do so, making a strong case for private mutual funds. "Since all mutual funds follow the same guidelines of the regulator, there is no case for distinction between public sector-sponsored funds and private ones," said an official aware of the deliberations. The government may recommend new norms that will allow state-run companies to park up to 40 per cent of their mutual fund investments with private firms.

*The Economic Times - 08.07.2014*

<http://economictimes.indiatimes.com/mf/mf-news/psus-may-get-to-invest-in-private-sector-mutual-funds/articleshow/37985124.cms>

## **Oilmen show the way, give up LPG subsidy**

More than 100 employees of the three state-run fuel refining and marketing companies have voluntarily given up subsidy on cooking gas and have pledged to buy only non-subsidised refills at double the cost. According to an oil ministry statement, petroleum minister Dharmendra Pradhan congratulated the employees and described their move as a "bold beginning".

In a letter to the employees, the minister said such action would free up connections for the rural areas. "This will help in expanding LPG coverage in rural areas and will be a gift of good health to women and children who are exposed to high indoor pollution by use of dirty fuels," the statement said. In the present format, cooking gas subsidy - currently pegged at Rs 450 on each cylinder - is enjoyed by consumers from all economic strata of society. Subsequent governments had been struggling to limit it to the needy but failed to do much for fear of adverse political fallout.

During the initial period of S Jaipal Reddy's tenure as the oil minister in the UPA-2 government, the ministry had - among other steps - drawn up a plan to use economic criteria to limit subsidy benefits. Under this plan, any household with a certain income level, ownership of a car or house would have gone out of the subsidy net. But the plan was torpedoed by Mamata Banerjee whose Trinamool was part of the government. Subsequently though, the government managed to cap the number of subsidised cylinders to six a year, which was later raised to nine. The limit was raised to 12 refills a year just before the elections, which the ministry later described as a "mistake".

*Times of India - 05.07.2014*

<http://timesofindia.indiatimes.com/India/Oilmen-show-the-way-give-up-LPG-subsidy/articleshow/37802151.cms>

## **Govt to exempt tour operators from the ambit of Service Tax**

The Union government has finally heard the long-standing demand of tour operators. Arun Jaitley, Minister for Finance, Government of India, while presenting the Union Budget for 2014-15 in the Parliament has proposed exemption of tour operators from the ambit of Service Tax for the services provided to their counterparts in other countries. Indian Association of Tour Operators (IATO), the representative body of inbound tour operators in the country, has been demanding this exemption from the government, considering the services provided by tour operators at par with the export sector which generate foreign exchange for the country.

## **Lower refining margins may hurt oil companies' profits in June quarter**

The financial results of Indian oil companies for the June quarter are unlikely to inspire much confidence. Singapore gross refining margins (GRMs), an important benchmark and a measure of profitability for refiners, were lower on a sequential basis.

According to Religare Institutional Research, Singapore GRMs in the June quarter declined to about \$6 per barrel (March quarter: \$6.3 a barrel) owing to weaker middle distillates (\$15 per barrel in the June quarter versus about \$18 per barrel in the March quarter). This is likely to be reflected in the performance of refining companies such as Reliance Industries Ltd (RIL) and Essar Oil Ltd.

Of course, for Essar Oil, the other factor to watch out for is whether its debt situation and the resultant interest burden have reduced. For RIL, the petrochemicals business is important as well. Unfortunately for investors, the situation is not rosy on that front either. Analysts at IDBI Capital Research expect Ebit (earnings before interest and taxes) margins of RIL's petrochemicals business to contract marginally to 8.5%.

RIL's petrochemicals business's Ebit margin in the March quarter and June 2013 quarter stood at 8.6%. And yet again, contribution from RIL's oil and gas business is most likely to disappoint, thanks to its production problems. However, investors will keenly await management commentary on its gas business given the fact that the gas price hike was postponed recently.

*Live Mint - 07.07.2014*

<http://www.livemint.com/Money/Dqd4FP7c5zDYu19HPnPfjM/Lower-refining-margins-may-hurt-oil-companies-profits-in-Ju.html>

## **E-visas lend wings to the travel sector**

Budget 2014 has given the tourism industry a boost with the facility of electronic travel authorisation (e-visa), to be launched in phases at nine airports across the country. Besides, Indian tour operators' services for foreign tourists in relation to a tour wholly conducted outside India are being taken out of the tax net. The Government has also accepted the long-standing demand to allow Cenvat credit for rent-a-cab and tour operator services.

Peter Kerkar, Director, Cox & Kings, said, "The introduction of e-visas to be started in nine airports will definitely lead to an increase in FTA (foreign tourist arrivals), thus increasing

Presenting the Budget, Jaitley said, that these exemptions are felt important to "spur the growth" in certain sectors. "In response to the request of the tourism sector, services provided by the Indian tour operators to foreign tourists in relation to a tour wholly conducted outside India is being taken out of the tax net. A long-standing demand of this sector has been to allow CENVAT credit for services of rent-a-cab and tour operators. I now propose to allow credit in the same line of business," the Minister said.

*Travel Biz Monitor - 10.07.2014*

<http://www.travelbizmonitor.com/govt-to-exempt-tour-operators-from-the-ambit-of-service-tax-24549>

### **Visa on arrival up by 99% in June**

Even as the Bharatiya Janata Party (BJP)-led government has given a push to the electronic travel authorisation plan (e-Visa) through the Union Budget, India's 'visa-on-arrival' scheme saw a record increase of 98.9 per cent last month.

A large part of the visa-on-arrival scheme, which is extended to 12 countries, has attracted mostly business travellers from South Korea, Japan and Singapore. In June 2013, the number had risen by 23 per cent and in the year before that, by about 12 per cent. In June this year, the facility was availed by over 2,000 travellers.

In order to further promote the visa-on-arrival facility, Finance Minister Arun Jaitley in his Budget speech on Thursday had said e-Visa would be introduced in a phased manner at nine airports in India where necessary infrastructure would be put in place within the next six months.

*Business Standard - 12.07.2014*

[http://www.business-standard.com/article/economy-policy/visa-on-arrival-up-by-99-in-june-114071100817\\_1.html](http://www.business-standard.com/article/economy-policy/visa-on-arrival-up-by-99-in-june-114071100817_1.html)

### **SpiceJet offers a million seats starting Rs999 for travelling in 2015**

India's second largest low-fare airline SpiceJet Ltd on Tuesday cut fares by more than half for bookings between 8 July and 10 July for travel between 6 January and 24 October 2015, signalling its desperation to mop up working capital even as its losses mount. Ahead of the Union railway budget to be presented later in the day, SpiceJet offered a million seats starting at Rs.999, terming these "lower than train fares!" on its website.

Rival airlines such as IndiGo, run by InterGlobe Aviation Ltd and GoAir, run by Go Airlines (India) Ltd, are expected to come up with similar offers to match SpiceJet's promotional fares. SpiceJet said the fares starting Rs.999 are one-way base fares

the foreign exchange earnings (FEEs). The Government's emphasis on travel and tourism in this year's budget was on expected lines as this government has shown an intent and the willingness to use travel and tourism to promote inclusive growth as this sector contributes approximately seven per cent of India's GDP and helped create over 40 million jobs last year."

*The Hindu Business Line - 10.07.2014*

<http://www.thehindubusinessline.com/economy/budget/evisas-lend-wings-to-the-travel-sector/article6197943.ece>

### **Tourism sector hopes for a leg-up from Budget**

With Indians reaching for their passport and heading to new international holiday destinations ever so often travel companies are urging the government to review taxes applicable to air travel in the forthcoming Budget. "The government should look at enhancing the tax relief on Leave Travel Allowance (LTA). Some companies have a ceiling of Rs 25,000. There is also an urgent need for the government to extend tax relief to international travel," said Manish Gujaral of travel agency, Gujaral & Associates.

As of now, tax relief on international travel cannot be claimed in the LTA. Underscoring this, Sharat Dhall, president of travel site Yatra.com said the tax breaks should be extended to international travel.

*The Hindu Business Line - 07.07.2014*

<http://www.thehindubusinessline.com/industry-and-economy/travel/tourism-sector-hopes-for-a-legup-from-budget/article6186763.ece>

### **Indian Railways to introduce 6 circuits to boost tourism**

The Indian Railways is set to introduce six new tourism circuits throughout the country to boost tourism. These circuits will majorly focus on spiritual tourism. The six identified circuits are - Devi Circuit, Sufi Circuit, Sikh Circuit, Christian Circuit, Buddhist Circuit and Jyotirling Circuit. While announcing the Annual Railway Budget, Sadanand Gowda, minister of Railways, Government of India said, "We will launch trains for special circuits which we have identified. We will also introduce special ecotourism and educational tourism projects to the North East. Also a special train will be introduced featuring the life and teachings of Swami Vivekananda."

The Indian Railways will accomplish all their

and all other statutory taxes would be applicable on them. "Fares vary from sector to sector depending on the travel distance," the website read.

*Live Mint - 08.07.2014*

<http://www.livemint.com/Companies/JpBRsDDhGpsXBBY4qzDDRM/SpiceJet-offers-a-million-seats-under-Rs999-for-travelling-i.html>

## **Thrust on IT for better services, seamless travel**

The Railway Budget has announced a slew of IT initiatives. But most of the proposals are from the previous Congress-led regime, which the new Government plans to implement. Announcements such as wi-fi services, digital reservation charts in railway stations, real-time tracking of trains, and next generation e-ticketing are already in place. The Railways Minister, DV Sadananda Gowda, has said these will be 'revamped'.

According to analysts, with its recent proposals, the Railways wants to set its house in order. For commuters, the Railway Minister said, 'coin-operated automatic ticket vending machines' will be experimented with and will improve system capabilities in e-ticketing to support 7,200 tickets per minute, against the 2,000 tickets per minute now. This will allow 1.20 lakh simultaneous users at any point in time.

Facility for online purchase of platform tickets and unreserved tickets will be provided. Combination parking-and-platform tickets will be launched. An online facility to reserve railway retiring rooms will also be extended to all stations over the course of the year. For the freight business, online registration for booking wagons will be put in place in the next two months.

*The Hindu Business Line - 08.07.2014*

<http://www.thehindubusinessline.com/economy/budget/thrust-on-it-for-better-services-seamless-travel/article6193120.ece>

## **Railways takes the PPP route for funding**

The Indian Railways will mobilise private resources, both domestic and foreign direct investments, and leverage surplus of rail public sector undertakings (PSUs) to fund infrastructure, including high-speed trains. "The Railway Ministry is seeking Cabinet approval to allow foreign direct investment (FDI) in the rail sector, except in rail operations," Railway Minister DV Sadananda Gowda said in his Rail Budget speech for 2014-15. Attracting FDI is important as internal revenue sources and Government funding are insufficient to meet the requirement for funds for rail infrastructure, the Minister added.

*The Hindu Business Line - 08.07.2014*

new projects through Public Private Partnerships (PPP). Also, there are plans to propose the introduction of FDI in Railways, except for the railway operations. The Railway Budget majorly focuses on safety, cleanliness and passenger amenities.

*The Financial Express - 08.07.2014*

<http://www.financialexpress.com/news/indian-railways-to-introduce-6-circuits-to-boost-tourism/1267853>

## **Indian Railways should shift focus to freight**

Prime Minister Narendra Modi has promised a high speed rail network in India and the government says that it is willing to give the private sector a greater chunk of the action, including allowing foreign investors to pump in money and technology. But there's much more that needs to be done for the Railways, lifeline for 23 million Indians and thousands of tonnes of freight, every day.

For many years, the Railways has been headed by a leader from one of the coalition partners of the incumbent government, bringing their own baggage with them. Pawan Bansal was an exception, a Congressman in the Congress-led UPA II, but he had to leave too soon to make any meaningful difference. Now, there is a chance for real reform and that has to start from finances. The Railways has to shift focus to freight: in 1950, 90 per cent of India's freight was carried by rail. Today it is only 33 per cent, with the rest shifting to trucks. More freight will come if cargo is moved fast, with a regular schedule, instead of today's practice of giving passenger trains the priority of the rails and putting in a freight train when some track is free.

*The Economic Times - 08.07.2014*

<http://economictimes.indiatimes.com/opinion/editorial/indian-railways-should-shift-focus-to-freight/articleshow/37988234.cms>

## **Warehousing to entail investments of Rs 16,000 crore per annum for 5 years**

Realty brokerage Knight Frank today said demand for warehousing is estimated to grow at 9 per cent per annum over the next five years and would require investments of up to Rs 16,000 crore each year till 2019. "As the demand for warehousing grows with the economic expansion and due to anticipated policy changes like the Goods and Services Tax, we estimate demand for warehousing will grow at a CAGR of 9 per cent or 104 million square feet per year," its chief economist and head of research Samantak Das told reporters

<http://www.thehindubusinessline.com/economy/ra-ilways-takes-the-ppp-route-for-funding/article6190506.ece>

## **Coastal, inland water transport to get push**

Finance Minister Arun Jaitley on Thursday announced several steps to promote coastal and inland water transport - a sector that has been neglected for years and has the potential to emerge as one of the cheapest and most environment-friendly modes of transport. "Sixteen new port projects are proposed to be awarded this year with a focus on port connectivity," Jaitley said in the Union Budget 2014-15. Development of inland waterways can improve vastly the capacity for the transportation of goods and so a project on the river Ganga called 'Jal Marg Vikas' (National Waterways-I) will be developed between Allahabad and Haldia to cover a distance of 1,620 km. This would enable commercial navigation of at least 1,500 tonne vessels, Jaitley said.

*Business Standard - 11.07.2014*

[http://www.business-standard.com/article/economy-policy/coastal-inland-water-transport-to-get-push-114071100129\\_1.html](http://www.business-standard.com/article/economy-policy/coastal-inland-water-transport-to-get-push-114071100129_1.html)

## **Green channel clearance for coastal cargo soon**

In a move to push coastal movement of cargo, the shipping ministry has instructed all major ports to have a "green channel clearance" for such cargo on the lines of green channel for passengers at international airports. According to ministry sources, since coastal cargo does not require customs clearance and only information needs to be filed with customs, the major ports have been asked to have exclusive berths, storage areas and gates for such cargo so that delay in clearance can be avoided.

To start with, Kandla and Mumbai ports have identified separate berths with exclusive storage areas and gates for coastal cargo. Such arrangements will become operational by the end of this month. Similarly, Visakhapatnam port is constructing an exclusive berth for coastal cargo and green channel system will be functional in the next nine months.

*The Times of India - 14.07.2014*

<http://timesofindia.indiatimes.com/india/Green-channel-clearance-for-coastal-cargo-soon/articleshow/38348111.cms>

here.

*The Economic Times - 07.07.2014*

<http://economictimes.indiatimes.com/markets/real-estate/realty-trends/warehousing-to-entail-investments-of-rs-16000-crore-per-annum-for-5-years/articleshow/37962068.cms>

## **Shipping ministry weighs plan to regulate stevedores**

The board of trustees that runs India's only riverine port located at Kolkata will discuss a plan on 18 July to auction licences to so-called stevedores, or shore handling agents, on a royalty format at its Haldia dock complex. Kolkata port, one of India's oldest, has two docks—one at Kolkata and the other at Haldia. If the plan goes through, it will be the first instance of auctioning stevedoring licences at any of the 12 ports owned by the Union government. Currently, stevedoring firms buy annual licences after paying a fee, which varies from port to port. Essentially labour contractors, stevedores secure annual licences from port authorities costing Rs.5,000 to Rs.1 lakh, and are hired by exporters and importers to move bulk cargo at state-owned, non-mechanized ports.

*Live Mint - 14.07.2014*

<http://www.livemint.com/Companies/5dFsM1G7hnRVcl0colRIzJ/Shipping-ministry-weighs-plan-to-regulate-stevedores.html>

## **Eight Indian companies in Fortune 500 list**

Eight Indian companies, led by state-run IOC, have made it to the latest Fortune Global 500 list of world's biggest firms which has been topped by US-based retailer Wal-Mart after a gap of two years. Among the Indian companies, which also includes Reliance Industries, BPCL, HPCL, SBI and ONGC, only Tata Motors has managed to improve the ranking and other seven have fallen.

Globally, Wal-Mart has pushed energy giant Royal Dutch Shell to the second position in the 2014 list, followed by Chinese majors -- Sinopec Group and China National Petroleum -- at third and fourth spots, respectively. Exxon Mobil is ranked fifth, taking the total number of US companies on the list to 128. There are 95 Chinese firms and 150 from Europe on the list, which ranks firms across the world on the basis of their annual revenues.

*Economic Times - 07.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-07/news/51133675\\_1\\_eight-indian-companies-tata-motors-tata-steel](http://articles.economictimes.indiatimes.com/2014-07-07/news/51133675_1_eight-indian-companies-tata-motors-tata-steel)

## Top posts vacant in 35 PSUs

Several state-owned firms across the country are headless at the moment, with top posts lying vacant in as many as 35 Central Public Sector Undertakings (PSUs) including Coal India, MTNL, BSNL and NHPC, the Parliament was informed on Monday.

In all, 25 Chairman-cum-Managing Director (CMD) posts, 8 MD posts and 2 Chairman posts are lying vacant, according to a written reply by Minister of State for Heavy Industries and Public Enterprises P Radhakrishnan in the Lok Sabha.

The main reasons for vacant Board level posts in CPSEs include occurrence of unforeseen vacancies which arise due to resignation/death/vertical shift of incumbent, non-confirmation/non-extension of tenure of incumbent and scrapping of recommended panel by the unforeseen authority.

Moreover, delay in obtaining vigilance clearance from competent authority; court cases; creation of new Board level posts; and decision of the concerned administrative Ministry to keep a post in abeyance, etc. are other reasons.

*Hindu Business Line - 07.07.2014*

<http://www.thehindubusinessline.com/companies/top-posts-vacant-in-35-psus/article6186364.ece>

## Government may consider introducing FAQs for corporate social responsibility spending

The government may consider introducing FAQs or guidelines for the mandatory spending of 2 per cent of net profit by companies on corporate social responsibility (CSR), Finance Minister Arun Jaitley said today.

Replying to supplementaries during Question Hour in Rajya Sabha, he said the law passed by the Parliament mandates companies to spend 2 per cent of the average post-tax profit or net profit of three years on CSR.

"Now, in the schedule of activities, which have been permitted in Schedule VII, there are several activities that are included in the Income Tax Act as exempted activities. So, if it is spent on those activities, a company under the Income Tax will get an exemption. The exemption provision is under the Income Tax Act and not under the Companies Act," he said

*Economic Times - 08.07.2014*

[http://articles.economictimes.indiatimes.com/2014-07-08/news/51191245\\_1\\_csr-schedule-vii-income-tax-act](http://articles.economictimes.indiatimes.com/2014-07-08/news/51191245_1_csr-schedule-vii-income-tax-act)