

(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.)

Consistent outperformance by PSUs can invite scrutiny instead of rewards

A consistent record of outperformance by state-run companies can invite scrutiny instead of rewards. The government is of the view that some public sector undertakings (PSUs) under-pitch targets for the coming year in order to show better performance. To give a boost to economic growth, the government is looking to push state-run firms towards capital expenditure and turn them into domestic drivers of growth. A cautious approach by these companies goes against that idea.

"The PSUs have been told that the government may call upon the chairman of the PSU to explain plausible reasons for such over-achievement due to under pitching of targets," a government official said on condition of anonymity. "Companies with large cash balance will need to justify their targets. We cannot allow them to be profitable on the basis of their earnings from cash reserves parked in banks," the official said.

PSUs are sitting over a cash surplus of over Rs 2 lakh crore. The Department of Public Enterprises, the nodal agency for all central PSUs, signs memoranda of understanding (MoUs) with PSUs and their administrative ministries on the expected financial and non-financial targets of these companies in a fiscal. Companies and their administrative ministries together work out capital expenditure (capex) plans, which are then ratified by DPE. Last fiscal, PSUs achieved capex of Rs 2.48 lakh crore against the projected target of Rs 2.57 lakh crore.

Economic Times - 02.09.2014

<http://economictimes.indiatimes.com/news/economy/policy/consistent-outperformance-by-psus-can-invite-scrutiny-instead-of-rewards/articleshow/41475313.cms>

5 states claim half of PSUs investment; Maharashtra tops the list

Five states, including Maharashtra and Andhra Pradesh, attracted about half of the total investment of Rs 5.5 lakh crore by central public sector enterprises (CPSEs) between 2008-09 and 2012-13, a study by Assocham has said. Tamil Nadu, Odisha and Uttar Pradesh were among the

Unlisted PSUs in line for divestment

The Union government, with an ambitious disinvestment target for 2014-15, is considering offloading its holding in some unlisted public sector undertakings (PSUs), without an Initial Public Offering (IPO) or listing these. Sources say the finance ministry has asked the ministry of corporate affairs (MCA) and the Securities and Exchange Board of India (Sebi) for reactions. The department of disinvestment website has listed 169 unlisted Central Public Sector Enterprise (CPSEs).

The proposal is in the early stages and the Centre has not made a list of companies where it can a sell minority stake to institutional investors, said sources. For the current financial year, the government plans to raise Rs 58,000 crore through divestment to help bridge the fiscal deficit. Of this, Rs 43,000 crore will be raised by selling shares in CPSEs.

The Centre is said to have asked Sebi to suggest a mechanism for price discovery of unlisted companies. MCA is to collate the financial data on unlisted PSUs. "One of the priorities of the government is to set up a mechanism for price discovery for unlisted companies to unlock government's stake in PSU entities," said a senior finance ministry official. Such a mechanism would help determine spot prices of companies. In an IPO, the price discovery is done through the book building process, where investors make bids at various prices in a set band. The price at which the largest number of bids are received is fixed as the allotment one.

Business Standard - 02.09.2014

http://www.business-standard.com/article/companies/unlisted-psus-likely-to-be-part-of-fy15-disinvestment-programme-114090200938_1.html

SpiceJet offers Rs 499 fare on domestic network

Low fare carrier SpiceJet Monday said it is selling air tickets for as low as Rs 499 for travel between January 16 and October 24 next year. The fares include fuel surcharge but exclude applicable statutory taxes and fees. The tickets can be booked between September 1 and

top five investment destinations for CPSEs between 2008-09 and 2012-13 the study said.

Economic Times - 07.09.2014

<http://economictimes.indiatimes.com/news/economy/finance/5-states-claim-half-of-psus-investment-maharashtra-tops-the-list/articleshow/41930131.cms>

Now it's Jet Airways with Rs 500 fare offer on domestic route

A day after budget carrier SpiceJet announced fares starting at Rs 499 across its domestic network, Jet Airways too jumped on the bandwagon rolling out Rs 500 fares for the economy class on its domestic flights for a limited period today. The all-inclusive fares of the city-headquartered Jet Airways, starts from Rs 500 excluding statutory taxes and customers will be able to enjoy these substantial discounts across all destinations on the airlines' domestic network, the airline said in a release.

The Economic Times - 02.09.2014

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/now-its-jet-airways-with-rs-500-fare-offer-on-domestic-route/articleshow/41541422.cms>

Domestic air traffic grew 6% in July: IATA report

India's domestic air passenger traffic grew by a "solid" six per cent in July, 2014, over the same month last year though the strongest growth in this area was witnessed in Russia and China, IATA said today. "This could be an early sign of the success of the new (Indian) government's business-friendly stance. However, the government's July budget announcement showed little spending stimulus, which could keep India's growth trend below the pace of other emerging markets," global airlines' body International Air Transport Association (IATA) said while announcing global passenger traffic results for July.

The Economic Times - 03.09.2014

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/domestic-air-traffic-grew-6-in-july-iata-report/articleshow/41612317.cms>

Airlines to offer discounts to flyers travelling light

Flying light may soon leave you with a heavier wallet. In possibly a global first, aviation agencies here are planning to allow airlines to give a cash discount on ticket prices to domestic flyers who have no check-in baggage. While the rebate will be decided competitively by airlines, it is likely to

September 3.

The Economic Times - 01.09.2014

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/spicejet-offers-rs-499-fare-on-domestic-network/articleshow/41414931.cms>

IndiGo Joins Fare War with All-Time Low Fares from Rs. 999

It is raining discounts for air travelers in India with more airlines joining the fare war. Budget carrier IndiGo has come up with a promotional scheme with fares starting from an all-inclusive Rs. 999. This promotional offer is available on bookings of 90 days or more in advance of the travel date. This offer from IndiGo comes just a week after the airline had announced a promotional offer a week ago in which prices started from Rs. 1,887.

NDTV Profit - 03.09.2014

<http://profit.ndtv.com/news/industries/article-indigo-joins-fare-war-with-all-time-low-fares-from-rs-999-657806>

Tourism Ministry launches 'Incredible India' mobile app

The Ministry of Tourism launched a new mobile application that will give domestic and international travellers access to government-recognised tourism service providers and details about places of interest on the go. Developed by the National Informatics Centre, the 'Incredible India App' will allow the details to be shared on the tourist's mobile phone or phone-based device depending on his or her current location in the country, the ministry said. It will give them access to information about government-recognised tourism service providers, namely approved inbound tour operators, adventure tour operators, domestic tour operators, tourist transport operators, travel agents, regional level guides, classified hotels available in respective cities and tourist centres.

Igovernment - 04.09.2014

<http://www.igovernment.in/igov/news/43222/tourism-ministry-launches-incredible-india-mobile>

Air India to tie up with National Buildings Construction Corporation to offload assets

Air India is likely to ink a memorandum of understanding with government-owned National Buildings Construction Corporation (NBCC) this month to help the flag carrier monetise its assets, after it failed to do so on

be in the range of Rs 200 to Rs 300. The directorate general of civil aviation (DGCA) thought of this win-win — for airlines and passengers — weeks after it firmly told airlines to continue allowing people check-in baggage up to a certain weight without any extra charge.

The Times of India - 05.09.2014

<http://timesofindia.indiatimes.com/business/india-business/Airlines-to-offer-discounts-to-flyers-travelling-light/articleshow/41739146.cms>

Ministry starts review of crude import policy based on House Panel recommendations

The ministry of petroleum and natural gas has started review of the crude oil import policy by the public sector oil marketing companies (OMCs) on term basis for possible amendments towards relaxing the norms. The review has started based on the recommendations of the standing parliamentary committee, which was incidentally chaired by the ruling party member of the erstwhile Congress-led UPA government.

Officials said the policy is one of the steps to help build strategic crude oil reserves of 5.33 million metric tonne capacity besides bolstering other measures of oil exploration and production. The amendments are aimed at imparting more operational freedom to the PSU oil refiners to negotiate crude prices and other transport procedures in the import at par with their private peers.

Business Standard - 05.09.2014

http://www.business-standard.com/article/economy-policy/ministry-starts-review-of-crude-import-policy-based-on-house-panel-recommendations-114090500512_1.html

Shipping ministry to ask for removal of customs duty on marine fuels for vessels carrying cargo for transshipment

The shipping ministry plans to ask the finance ministry to remove customs duty on marine fuel for vessels carrying cargo for transshipment. According to the shipping ministry, the benefit to the economy from such a step would be manifold compared with the revenue loss for the government. India levies 25-30% customs duty on bunker, or marine fuel. Removing the tax, the ministry and shipping experts feel, would draw big container ships to Indian coasts.

Currently such mainline carriers often berth at Colombo and use smaller feeder vessels to carry cargo from and to India. According to rough estimates, the government will have to forego revenue of around Rs 56 crore a year but the

its own. The loss-making airline has been struggling to sell or lease its assets including land and buildings that the government recommended as part of a bailout plan in 2012.

Economic Times - 08.09.2014

<http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/air-india-to-tie-up-with-national-buildings-construction-corporation-to-offload-assets/articleshow/41983755.cms>

PSU explorers hope for a drop in subsidy burden as crude prices dip

With global crude prices declining, State-owned oil explorers ONGC and Oil India are hoping that the Centre will reduce their share of the subsidy burden on retail fuel sales. The benchmark Brent rate has fallen 7 per cent, from an average of \$107.63 a barrel in April to \$100.15 on September 2. The same day, the price at which Indian refiners bought their crude was \$100.45 a barrel.

This has eased the burden on state-owned refining companies and should bring down their under-recovery. By providing discounts on their own products, state-owned explorers offset the losses incurred by the PSU oil refiners in selling diesel, domestic LPG, and kerosene to retail consumers at rates fixed by the government. In 2013, for instance, this discount amounted to 48 per cent. After other central and State levies, this left the explorers with only about \$31 a barrel of crude.

The Hindu Business Line - 03.09.2014

<http://www.thehindubusinessline.com/economy/psu-explorers-hope-for-a-drop-in-subsidy-burden-as-crude-prices-dip/article6376917.ece>

Shipping industry gets a boost as ministry pushes for long-term cargo support from other sectors

After GAIL India agreed to use India-made vessels to carry part of the liquefied natural gas it imports, the shipping ministry is pushing for long term cargo support from sectors like petroleum, steel and fertiliser for local shipping companies. Last week, the ministry held a meeting with state-run companies such as Oil & Natural Gas Corp, Indian Oil Corp, Steel Authority of India and Fertilizer Corporation of India, urging them to give transportation contracts to Shipping Corporation of India or other Indian firms for five to 10 years.

The move is ultimately directed towards encouraging domestic shipbuilding, in line with the Narendra Modi government's aim of

expected increase in export-import cargo handling operations will accrue direct and indirect benefits of more than Rs 700 crore, said a senior government official.

The Economic Times - 04.09.2014

<http://economictimes.indiatimes.com/industry/transportation/shipping/-transport/shipping-ministry-to-ask-for-removal-of-customs-duty-on-marine-fuels-for-vessels-carrying-cargo-for-transshipment/articleshow/41650650.cms>

India set to allow re-negotiation of port contracts

Last week, India's cabinet committee on economic affairs (CCEA) agreed to empower the ministry of road transport and highways to amend a so-called model concession agreement (MCA) and mode of delivery for highway projects. This could act as a precedent for vesting the shipping ministry also with powers to amend the MCA—a document that sets out the terms and conditions and the rights and obligations of the parties—for port projects.

Several port projects put to tender are stalled or delayed due to procedural complexities and policy issues relating to environment and forest clearances. While it is important to expedite the implementation of new port projects, it has also become vital to break the logjam over operational projects that are in distress due to pricing ambiguities. In this context, it is noteworthy to see the shipping ministry considering a plan to establish a mechanism to re-negotiate terms of the public-private-partnership (PPP) projects. In tandem, it has started work on amending a law to redefine the role of the port tariff regulator and to deregulate tariff setting at the 12 ports owned by the Indian government.

Live Mint - 05.09.2014

<http://www.livemint.com/Opinion/JF9wkVptBjbUGkSaatOlBP/India-set-to-allow-renegotiation-of-port-contracts.html>

India slips to 71st rank in global competitiveness list

Weighed down by challenging economic conditions for most part of the past year, India has slipped to 71st position - the lowest among BRICS countries - in an annual global competitiveness list, with Switzerland claiming the top spot. The annual list, released on Wednesday by Geneva-based World Economic Forum (WEF), comes at a time when the new Indian government has completed 100 days in power and has promised further steps to revive its economy and the ease of doing business in the country. "Continuing its downward trend and losing 11 places, India ranks 71st. The country's new government faces the challenge of improving competitiveness and reviving the economy, which is growing at half the rate of 2010," WEF said. As per the Global Competitiveness Report 2014-15, Switzerland is the most competitive economy, followed by Singapore.

The Hindu - 03.09.2014

<http://www.thehindu.com/business/Economy/india-slips-to-71st-rank-in-global-competitiveness-list/article6375701.ece>

supporting the local manufacturing sector. "We are suggesting the PSUs to devise a long-term cost formula based on global freight indices for signing up the contracts with the Indian shipping lines so that no one is at loss," a senior government official said.

The Economic Times - 03.09.2014

<http://economictimes.indiatimes.com/industry/transportation/shipping/-transport/shipping-industry-gets-a-boost-as-ministry-pushes-for-longterm-cargo-support-from-other-sectors/articleshow/41560250.cms>

Government plans new return to plug excise, service tax evasion

The government plans to introduce a new annual tax return that will include information from income tax audit report, including TDS and income tax returns, and cost audit report as it looks to draw information from multiple sources to clamp down on evasion of excise and service tax. Several services - ranging from rent-a-car to air cargo, work contracts, forex dealers and brokers - are proposed to come under the lens by tapping third-party sources for identifying risk factors and improving compliance verification.

In the last Finance Bill, the government had empowered officers to collect information from income-tax authorities, state electricity boards, VAT authorities and Registrar of Companies. In a presentation before chief commissioners last month, the Central Board of Excise and Customs (CBEC) deliberated upon seeking information from municipal authorities, the telecom and insurance regulators, the RBI, Foreign Exchange Dealers Association of India, stock and commodity exchanges, Regional Transport Office (for tour operators, rent-a-car agencies) registrar of shops and establishments (for coaching classes and fashion designers) and IATA.

Times of India - 08.09.2014

<http://timesofindia.indiatimes.com/business/india-business/Government-plans-new-return-to-plug-excise-service-tax-evasion/articleshow/41978211.cms>