

(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.)

Central govt relaxes air travel to J&K for bureaucrats

Continuing the travel bonanza for 'babus', the government on Friday extended the rules - relaxing air travel to visit Jammu & Kashmir under the Leave Travel Concession (LTC) scheme - for another two years (till June 17, 2014). The move will allow all categories of central government employees to travel to Jammu & Kashmir by air, using either Air India or private airlines. But, they can travel only in 'Economy Class', irrespective of their entitlement. The government had in April extended the similar facility for central government employees to visit north-eastern states -- Assam, Arunachal Pradesh, Manipur, Mizoram, Tripura, Meghalaya, Nagaland and Sikkim - by air.

Babus can avail this facility under the LTC scheme for travelling to these states by April 30, 2014. The OM, issued on Friday for J&K, says the central government employee who wish to travel under the scheme will, however, to buy their Air tickets in 'Economy Class' "either directly from the Airlines (booking counters/website) or through authorized agents only like Balmer Lawrie and Co. Ltd. or Ashok Travels and Tours Ltd./IRCTC".

The Times of India - 15.06.2012

<http://timesofindia.indiatimes.com/india/Central-govt-relaxes-air-travel-to-JK-for-bureaucrats/articleshow/14145363.cms>

Show us the money, don't sit on it: Govt to rich PSUs

In an effort to stimulate industrial activity, the finance ministry has asked cash-rich public sector companies to invest surplus money or be prepared to park a part of it with the government. The government is concerned that PSUs (public sector undertakings) are sitting on thousands of crores of rupees in cash at a time when industrial output has stagnated and the government itself is unable to plug a fiscal hole. At a recent meeting, PSUs were asked to form a plan to invest Rs 1.2 lakh crore lying with banks or give a part of it to the government in the form of special dividends, a finance ministry official said. Another proposal to ask PSUs to park surplus cash in public accounts for government use is being discussed.

Major PSUs able to reduce staff cost

Some major public sector undertakings (PSUs) have been able to substantially reduce their employee costs. According to data compiled by BS Research Bureau for BSE 100 companies, seven public sector companies — Indian Oil Corporation (IOCL), Bank of India, Union Bank, Bharat Petroleum (BPCL), Oil and Natural Gas Corporation (ONGC), Hindustan Petroleum (HPCL) and GAIL — have reduced their employee costs ranging from one per cent to 21 per cent. IOC led with a 21 per cent decline in employee costs in financial year 2011-12 compared to 2010-11. Hindustan Petroleum followed with a 19 per cent reduction in staff costs. ONGC reduced manpower costs marginally (one per cent) compared to the previous year.

The voluntary retirement scheme (VRS) availed by employees is the primary reason for the companies to show a drop in employee costs, say experts. D K Joshi, chief economist at CRISIL, said, "It is surprising to note that employee costs are down at a time when inflation has gone up and PSUs are not firing people. The only reason that the costs have come down could be that a lot of people retired during financial year 2011-12."

Business Standard - 14.06.2012

<http://www.business-standard.com/india/news/major-psus-able-to-reduce-staff-cost/477295/>

Public Sector Undertakings are the key to achieving pre-2008 savings level: Planning Commission

India will have to bolster its public sector savings over the next five years for the nation's savings rate to reach pre-crisis levels, the Planning Commission's Working Group on Savings has said in a report.

Household and private corporate savings are likely to be stagnant to marginally up during the 12th Five-year Plan period, according to the report, leaving PSU savings as the only avenue for the government to firm up the country's savings rate. However, the turnaround in PSU savings will depend on the government's ability to reduce its fiscal deficit

The surplus cash of PSU behemoths such as BHEL, BSNL, Coal India, GAIL India, Hindustan Aeronautics Ltd and others is mostly deposited in banks and earns interest at the card rate or a rate agreed mutually. A committee of the department of public enterprises, headed by an additional secretary in the department of economic affairs, is reviewing guidelines on the investment of surplus funds by central public sector enterprises. The committee, with representatives from ministries such as petroleum and power, is expected to give its report by the end of next month

Business Standard - 18.06.2012

<http://www.business-standard.com/india/news/show-usmoney-dont-sitit-govt-to-rich-psus/477660/>

PSUs told to cut down number of foreign tours, seminars

The government has asked the central PSUs to curtail the number of foreign trips, refrain from holding meetings in five-star hotels and conferences abroad, as part of its austerity drive.

On limiting the foreign tours, the Department of Public Enterprises said in a communication to state-owned units, "It would be the responsibility of the Secretary of each ministry or department to ensure that foreign travel is restricted to most necessary and unavoidable official engagements." However, it said that where travel is unavoidable, it will be ensured that officers dealing with the subject are sponsored. The size of the delegation and duration of the visit be kept to "absolute minimum".

Economy measures in respect to purchase of vehicles, foreign travels and creation of posts will also be applicable to Central Public Sector Enterprises (CPSEs), it said. Besides, it said, purchase of vehicles is banned until further orders. These directives are aimed at cutting non-Plan expenditure by 10 per cent during the current fiscal. The country's growth rate declined to nine-year low of 6.5 per cent in 2011-12.

The Economic Times - 15.06.2012

<http://economictimes.indiatimes.com/news/economy/policy/psus-told-to-cut-down-number-of-foreign-tours-seminars/articleshow/14150621.cms>

India rejects S&P's warning of downgrading its credit rating

India has rejected the Standard and Poor's warning of downgrading its credit rating, saying the country remains a robust and a growing

to 2% of GDP for most part of the Plan period, says the report. Public sector savings are made up of government savings and reserves generated by public sector units in the form of internal resources.

Assuming an average growth rate of 8% and an inflation rate of 5% over the next five years, the working group has estimated that a jump in public sector savings will be able to pump up the country's gross domestic savings (GDS) to an average of 36.2% during the Plan period 2012-17.

The Economic Times - 16.06.2012

<http://economictimes.indiatimes.com/news/economy/finance/public-sector-undertakings-are-the-key-to-achieving-pre-2008-savings-level-planning-commission/articleshow/14158760.cms>

Indian economy is in stagflation: Moody's

Global financial services firm Moody's today said Indian economy is facing stagflation, where growth is slow and inflation high, and cautioned that the Reserve Bank cannot be too aggressive in cutting interest rates. "India's economy is in stagflation, with notably weaker growth but inflation still stubbornly high," said Glenn Levine, Senior Economist, Moody's Analytics.

Amid wholesale price-based inflation ticking up to 7.5 per cent year-on-year in May due to supply-side factors, the agency said it will cause further "headaches" at the RBI. "Yet with the inflation numbers now being driven by supply-side factors, and with the currency being pushed downwards...and India's weaker growth prospects, we think that the RBI could cut rates without it putting too much upward pressure on inflation," said Moody's Analytics.

However, it said the Reserve Bank of India (RBI) cannot be "too aggressive" while inflation remains a problem. The RBI is scheduled to review mid-quarter monetary policy on June 18.

The Financial Express - 14.06.2012

<http://www.financialexpress.com/news/indian-economy-is-in-stagflation-moodys/962004/>

India's growth to remain subdued due to global woes: NCAER

India's economic growth is likely to remain subdued in the next two quarters as global economic slowdown will continue to hamper

economy and this status cannot be taken away. "They (S&P) have their own prism. But we remain a robust and a growing economy. That cannot be taken away," said a senior official ahead of Prime Minister Manmohan Singh's participation in the G-20 Summit in Mexico.

"The S&P does not determine what we at BRICS think about each other," the official said. The global rating agency in its recent report said that India could be the first BRIC nation to falter and fall below investment grade in the ratings.

The Hindustan Times - 17.06.2012

<http://www.hindustantimes.com/business-news/WorldEconomy/India-rejects-S-amp-P-s-warning-of-downgrading-its-credit-rating/Article1-873758.aspx>

World Bank cuts growth forecast to 6.9%

The Indian economy would grow at 6.9% in 2012-13, the World Bank projected on Tuesday, cautioning that delicate public finances, high prices and policy standstill will weigh heavily on growth prospects. The latest forecast, detailed in a report titled Global Economic Prospects (GEP), was sharply lower than the 7.5% projected by the Bank earlier. It was, however, marginally higher than the 6.5% growth in India's gross domestic product (GDP) in 2012-13, the lowest in 9-years.

"Among South Asia, growth in India was particularly weak due to monetary policy, stalled reforms, and electricity shortages which, along with fiscal, inflation concerns, cut into investment activity," it said. Economic growth will subsequently pick up, the World Bank said, projecting that India's GDP would grow 7.2% and 7.4% in 2013-14 and 2014-15, respectively.

The Hindustan Times - 12.06.2012

<http://www.hindustantimes.com/business-news/WorldEconomy/World-Bank-cuts-growth-forecast-to-6-9/Article1-870218.aspx>

Tea prices gain as output slumps

The current fiscal has seen a sharp increase in the prices of tea. The average price sold in north Indian auctions in the week ended 26 May was up by 31% over the year-ago period, while that in south India was up by 42.3%. That is a significant increase, one that should see profitability jump.

Northern India's tea plantations have seen their output dip by 17.7% to 37.5 million kilogram in the March quarter, while those in southern India have seen output fall by 8.3% to 44.8 million kilogram. This is a seasonally low quarter in north India, but year-on-year growth should still be

domestic growth prospects, the National Council for Applied Economic Research has said.

"The global economy is in a very difficult period. What is happening in Europe will impact all the developing countries, including India. That will contribute to slowing of the economy in the second and third quarters," Andrew Burns, lead economist of NCAER, said at an event here." Nevertheless, we do expect growth towards the end of the year and towards 2014," Burns said.

Money Control - 15.06.2012

http://www.moneycontrol.com/news/economy/indias-growth-to-remain-subdued-due-to-global-woes-ncaer_718468.html

States agree to bring petroleum products under GST ambit

India moved a step closer to implementing the goods and services tax (GST) after state governments agreed to allow petroleum products under its ambit. The final GST structure, however, could see substantial changes with state governments demanding major modifications in the constitutional amendment Bill currently being deliberated by the standing committee of finance, including doing away with a proposed dispute resolution authority and authorizing a GST council to decide on compensation issues, said a person familiar with the development.

GST is India's most far-reaching tax reform and aims to integrate the country into a common market by dismantling fiscal barriers between states. Initially supposed to be launched on 1 April 2010, it has been delayed due to a lack of consensus between the Centre and the states, with state governments fearing a loss of autonomy.

Mint - 18.06.2012

<http://www.livemint.com/2012/06/17233358/States-agree-to-bring-petroleum.html>

Castleton tea fetches record price

The produce of Darjeeling's Castleton tea estate belonging to the Goodricke Group has commanded highest price so far this year for Darjeeling tea. In a private sale (Invoice DJ 93), organised here a few days ago by J Thomas & Company Pvt Ltd, the tea auctioneers, seven packages of Castleton tea (Grade Moonlight) totalling 56 kgs were sold at the rate of Rs 7200 per kg, entirely for exports.

The buyer was D C Ghose & Company, the old tea trading and export house.

The Hindu Business Line - 12.06.2012

comparable.

The Mint - 17.06.2012

<http://www.livemint.com/2012/06/17130220/Tea-prices-gain-as-output-slum.html>

India Inc taps Rs 2.54 lakh cr via private placements of debt

Indian companies have raised a whopping Rs 2.54 lakh crore through private placement of debt securities or bonds in 2011-12 — the highest level in nine years, says a report. According to a report by Prime Database, "The Financial year 2011-12 witnessed a mobilisation through corporate bonds on private placement basis of Rs 2,51,437 crore, significantly higher than the preceding year's mobilisation of Rs 1,92,225 crore." This marks an increase of 31 per cent in the total size of such funds from the levels seen in 2010-11. The amount was mobilised by a total of 164 institutions and corporates, the report added.

Business Standard - 15.06.2012

<http://business-standard.com/india/news/india-inc-taps-rs-254-lakh-cr-via-private-placementsdebt-/477353/>

http://www.thehindubusinessline.com/industry-and-economy/agri-biz/article3520127.ece?ref=wl_industry-and-economy

India will edge out China as key hub for low-cost labour: McKinsey

Over the next two decades, China will be eclipsed as the world's major source of low-cost labour by India and "young developing" economies of South Asia and Africa. In other words, nearly 60 per cent of the 600 million net additions to the global labour force from 2010 to 2030 will occur in India, South Asia and Africa. This will bring the total global labour force to 3.5 billion in 2030, the McKinsey Global Institute said in a report titled "The world at work: Jobs, pay, and skills for 3.5 billion people."

The Hindu Business Line - 14.06.2012

http://www.thehindubusinessline.com/industry-and-economy/article3527363.ece?homepage=true&ref=wl_home