

(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.)

Here's how FinMin aims to meet its 4.8% fiscal deficit goal

Sources in the finance ministry say that they have given an in-principle approval to cross holdings in various PSUs. Hence, it is likely that PSUs buy stake in each other, thereby giving the government some money.

The Indian Oil Corporation (IOC) divestment and improvement in tax collections will be music to the Finance Minister's ears as he fights to keep the fiscal deficit at 4.8 percent. Despite hitting 94 percent of the target in just 8 months, north block is confident of sticking to the fiscal deficit target.

One of the big lacunae is the Rs 54,000 crore divestment target. Sources in the finance ministry say that they have given an in-principle approval to cross holdings in various PSUs. Hence, it is likely that PSUs buy stake in each other, thereby giving the government some money.

Money Control - 07.01.2014

http://www.moneycontrol.com/news/cnbc-tv18-comments/heres-how-finmin-aims-to-meet-its-48-fiscal-deficit-goal_1019633.html

Govt to finalise components of public sector ETFs on Jan 10

An empowered Group of Ministers (eGoM) will meet on Friday to finalise the composition of the Central Public Sector Enterprises Exchange Traded Fund.

An exchange traded fund is just like a mutual fund scheme. It tracks an index and is traded on a stock exchange. Its constituent stocks are listed and actively traded. Here investors get the benefit of constituent shares without directly owning it.

It also attracts risk-averse retail investors to the stock market. The Government proposes to give a discount, which will be another benefit to investors.

Awaits panel's nod - Once the Ministerial panel approves the proposal, a draft prospectus will be filed with the Securities and Exchange Board of India and then the fund can be launched, an official said. Although no date has been finalised, indications are that it may hit the market in

To meet fiscal deficit target, Chidambaram pushes taxmen to mop up more

With the fiscal deficit threatening to exceed the target, Finance Minister P. Chidambaram has asked taxmen to step up collections. He also urged cash-rich Central public sector undertakings (PSUs) to pay more dividends. The Finance Minister, who met the chief commissioners of various zones individually on Monday and Tuesday, discussed revenue targets for each zone and asked them to expedite tax collection.

The tax collection, so far, has been behind target. Direct tax (personal income tax, corporate tax, securities transaction tax and wealth tax) collection grew 12.33 per cent to reach Rs 4.81 lakh crore during April-December, against the target of 19 per cent and collection of Rs 6.68 lakh crore.

The Hindu Business Line - 07.01.2014

<http://www.thehindubusinessline.com/economy/to-meet-fiscal-deficit-target-chidambaram-pushes-taxmen-to-mop-up-more/article5549985.ece>

IRDA clears insurers' exchange traded funds investments

The insurance regulator has said that it will allow insurance companies to invest in exchange traded funds (ETFs) and has come out with draft guidelines for such investments. The move gains significance considering that the government plans to transfer shares in public sector companies to ETFs to achieve its disinvestment target. "The authority is in receipt of representations to allow insurance companies to invest in equity exchange traded funds," said a circular from IRDA, explaining the rationale for issuing draft guidelines for allowing insurance companies to invest in ETFs.

The regulator has said that equity ETFs shall come under current exposure norms applicable to investment in mutual funds (MFs) by insurance companies. IRDA has said that insurers can invest in only those equity ETFs that do not hold more than 15% of the fund in a single company. Equity ETFs will be restricted to schemes of MFs that are registered with Sebi

February-March. It is expected to garner over Rs 3,000 crore.

The Hindu Business Line - 08.01.2014

<http://www.thehindubusinessline.com/markets/govt-to-finalise-components-of-public-sector-etfs-on-jan-10/article5554395.ece>

ETF of PSUs set for launch in a month

Soon investors can boast of a portfolio consisting of shares of 11 blue-chip Central Public Sector Enterprises without any risk considerations. An empowered Group of Ministers (eGoM) under the chairmanship of Finance Minister P. Chidambaram has approved the composition of the Central Public Sector Enterprises Exchange Traded Fund (CPSE-ETF).

Alternative - This fund will be used as an alternative to direct share sales of CPSEs. It will be listed on a stock exchange and trade like other shares on the bourse. Here, investors get the benefit of the constituent shares without directly owning it. Shares of companies, such as ONGC, Coal India, Indian Oil and GAIL, would be among those that constitute the fund. Goldman Sachs has been assigned to manage the fund. "It will be an open-ended scheme," Disinvestment Secretary Ravi Mathur told reporters after the eGoM meeting here on Friday.

The Hindu Business Line - 10.01.2014

<http://www.thehindubusinessline.com/news/etf-of-psus-set-for-launch-in-a-month/article5562233.ece>

Govt may bank on special dividends from PSUs to fix divestment shortfall

Disinvestment secretary Ravi Mathur acknowledged on Friday that the government would find it difficult to meet the budgeted FY14 PSU divestment target and would have to rely on special dividends from public sector companies to make up for the shortfall.

"Our divestment target is Rs 40,000 crore and Rs14,000 crore is to be got from residual stake sales. We are looking at special dividend plus divestment. It is not pure divestment," Mathur said. "One can't exclude special dividend as the Coal India stake sale is not happening. So you have to count special dividend," he added.

Heads of ONGC, Coal India and SAIL and officials from Nalco, who met finance minister P Chidambaram to discuss capital spending plans for this fiscal, said they had been asked for special dividends.

The Financial Express - 11.01.2014

<http://www.financialexpress.com/news/Govt-may-bank-on-special-dividends-from-PSUs-to-fix-divestment-shortfall/1217683>

and governed by Sebi (Mutual Funds) Regulations, 1996.

The Times of India - 10.01.2014

<http://timesofindia.indiatimes.com/city/mumbai/IRDA-clears-insurers-exchange-traded-funds-investments/articleshow/28607800.cms>

PSU exchange-traded fund a weak bet for investors

The Centre has approved the plan to launch an exchange-traded fund (ETF) comprising 11 blue-chip stocks of public-sector undertakings (PSUs), despite the PSU basket consistently underperforming the benchmark indices. It hopes to raise Rs 3,000 crore through the fund this financial year. However, a closer look at the numbers suggests putting your money in individual stocks of top PSUs might be a better investment option.

Hypothetically, if the ETF was launched three years ago, its net asset value as of now would have shrunk a little more than 20 per cent; in comparison, the Sensex has risen five per cent during the period. PSUs' recent performance has not been great, either. Ten of the 11 stocks that are to be part of the proposed ETF have given negative returns in the past 12 months.

Business Standard - 13.01.2014

http://www.business-standard.com/article/markets/psu-exchange-traded-fund-a-weak-bet-for-investors-114011200312_1.html

Some PSUs unwilling to pay special dividend

Some public sector companies, which are stuck between the devil and the deep sea over the demand for a special dividend even as their bottom lines have taken a hit, may not be willing to toe the government's line on higher payout. In fact, oil companies may pay lower dividend compared to last year as profit after tax has dipped. Irked by the demand for higher payout, some public sector undertaking (PSU) companies are also demanding a clear-cut policy on the special dividends.

The finance ministry wants higher dividend from PSUs if the government's divestment plan falls short of the targeted R40,000 crore. For instance, the divestment of Coal India (CIL) seems unlikely as trade unions have threatened to go on strike over the stake sale. The government has asked for a special dividend if the divestment plan fails.

The Financial Express - 10.01.2014

<http://www.financialexpress.com/news/Some-PSUs-unwilling-to-pay-special-dividend/1217408>

Keep divestment simple

Every year, the approach of the fiscal year-end is the cue for the government to hastily kick-start its public sector divestment programme. This year, the action is even more frenzied than usual with the exchequer already hitting 94 per cent of the fiscal deficit target. So far, the divestment programme has not contributed much to the cause, raising less than Rs 5,000 crore against the lofty annual target of Rs 40,000 crore.

A sluggish economy and market conditions that were somewhat unfriendly to 'core sector' companies forced the government to kick the can down the road for most of this year. However, this is no excuse for the outlandish ideas that are now being floated in lieu of straightforward stake sales in PSUs (public sector undertakings).

The Hindu Business Line - 12.01.2014

<http://www.thehindubusinessline.com/opinion/editorial/keep-divestment-simple/article5570576.ece>

Foreign exchange from tourist arrivals at Rs 11,680 crore in December 2013

Foreign exchange earnings (FEEs) from tourism during the month of December 2013 was Rs 11,680 crore as compared to Rs 10,549 crore in December 2012 and Rs 8,870 crore in December 2011, according to the ministry of tourism. The growth rate in FEEs in rupee terms in December 2013 over December 2012 was 10.7% as compared to 18.9% in December 2012 over December 2011. There has been a growth of 6.3% in the number of foreign tourist arrivals (FTA) in the month of December 2013 as compared to that in the same period of the previous year.

The Times of India - 06.01.2014

<http://timesofindia.indiatimes.com/business/india-business/Foreign-exchange-from-tourist-arrivals-at-Rs-11680-crore-in-December-2013/articleshow/28481070.cms>

Land to lift port revenues

THE new land use policy, approved by the Union cabinet last week, will pave the way for India's 12 major ports to optimise land use in about 2.65 lakh acres. Industry experts say while this is a step forward for port authorities to monetise their land, ports will seek more clarity on the policy.

Under the new policy, the major ports can allot the land owned or managed by the port trusts through licences or leases and the valuation of the land will be done based on the market value set by TAMP, that is, the Tariff Authority for Major Ports. TAMP would do the land valuation after consulting the stakeholders.

PSUs Dominated Fund Raising in 2013

Despite large PSUs deferring their offerings, Indian companies managed to raise 25 percent more funds through the public equity markets in 2013 as compared to 2012. According to Prime Database, companies raised Rs 45,372 crore in 2013. Most of the fund raising was through Offers for Sale (OFS) through the stock exchanges, the new secondary sale method allowed by Sebi to help promoters of listed companies comply with the minimum public shareholding requirements.

For investors, these sales are substantially risk-free as these are at a discount to the market price. But proceeds from such sales go to the selling shareholders. Another instrument allowed by Sebi, Institutional Placement Programme (IPP), for the same purpose saw 12 companies raising Rs 4,823 crore.

Forbes India - 13.01.2014

<http://forbesindia.com/article/checkin/psus-dominated-fund-raising-in-2013/36871/1>

Travel trends for the year 2014

Change, they say, is the only thing that's constant. And that holds true for the travel industry too. From the usual family getaways and honeymoon trips, the travel sector today has a wide range of tourist packages. Here are some trends that will be big this year: Solo travel - With the youngsters beginning to earn at an early age, the spending capacity is definitely higher. But busy schedules leave them with fewer options when it comes to finding travel mates. This then has led to many youngsters opting to travel on their own time.

DNA - 07.01.2014

<http://www.dnaindia.com/lifestyle/report-travel-trends-for-the-year-2014-1946700>

Logistics Industry Outlook 2014' - Schenker India

Year 2014 may be considered as the year for the logistics Company. The upcoming year looks to be a decent one for the local logistics industry. As the economy continues to recover from the Great Recession, the transportation industry will continue to feed off of the slow but steady recovering manufacturing and retail markets. Specifically, the trucking and rail companies can expect more moderate growth than the air cargo and water cargo.

Mr. Reiner A Allgeier, Managing Director,

Chairman of Kolkata and Vishakapatnam port trusts RPS Kahlon says while a proposal for non-operational activities on land is desired at the Kolkata port, the policy approval will lead to higher revenues at the Vishakapatnam port. "The Vishakapatnam port will see an uptick in revenue as the port would be able to lease out land on a long-term basis for storing and processing commodities like iron, coal and fertilisers. But the leasing of land will take some time as it needs more planning on the part of ports."

The Financial Express - 08.01.2014

<http://www.financialexpress.com/news/land-to-lift-port-revenues/1216532>

Schenker India Pvt. Ltd. "As we look to forecast what 2014 will hold for the transportation industry, it's is equally important to consider what the year will hold for our city and country economically. It is important to remember that the transportation industry is driven directly by the success of retail and manufacturing. This being considered, taking a look at the global, national, and local economy becomes an imperative step in forecasting our transportation will fare in the coming year".

Equity Bulls - 09.01.2014

http://www.equitybulls.com/admin/news2006/news_det.asp?id=132178