WEEKLY MEDIA UPDATE

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Monday

(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 uploaded on intranet and website every Monday.)

Ficci pegs contraction at 4.5%

The Indian economy is likely to see a deep contraction of 4.5% in this financial year, according to the July edition of the Federation of Indian Chambers of Commerce & Industry (FICCI) Economic Outlook Survey released on Sunday. The survey pegged the median forecast for the first quarter of 2020-21 at -14.2% and said the negative growth should bottom out by the end of the second quarter. In terms of fiscal deficit, the survey found the median expectation at 6.9% of gross domestic product (GDP), as against a target of 3.5%. The figures are in line with the estimates of most global institutions and agencies on India's growth this fiscal. The International Monetary Fund forecast -4.5% while Goldman Sachs and Nomura both projected a 5% contraction. While the survey pegged agriculture growth at 2.7% this fiscal, it estimated the industry and services sectors to see sharp contractions of 11.4% and 2.8% respectively. The survey of leading economists from the industry, banking and financial services sectors was conducted in June.

The Economic Times - 13.07.2020

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2020%2F07%2F13&entity=Ar00705&sk=6184ED65&mode=text

DBS sees double-digit contraction in Indian economy in April-June quarter

In the January-March quarter of 2020, the gross domestic product (GDP) grew by 3.1%. "Our in-house GDP Nowcasting model, which analyses an array of high frequency (monthly) indicators to make a call on the ongoing and coming quarters on a real time basis, confirms the double-digit contraction in 2Q20 (second quarter of 2020), before ascending to a smaller extent in 3Q20 (third quarter of 2020)," Singapore's banking group DBS said in a report. The nature of this sudden stop owing to the pandemic will see real growth shift right to a lower trend, with part of the lost output unlikely to be made up for during the year, said Radhika Rao, economist at DBS Group Research. The report said in the second half of 2020, the tug-of-war between reopening the economy and still-to be arrested infection curve is likely to continue. "Assuming cases peak within 3Q20 (third quarter of 2020), we maintain our expectations for growth to return to black by end FY21, with full year average growth at -4.8% year-on-year," Rao said.

Mint - 07.07.2020

https://www.livemint.com/news/india/dbs-sees-double-digit-contraction-in-indian-economy-in-april-june-quarter-

India's GDP to contract by 3 per cent in FY21: BofA

India's GDP will contract by 3 per cent in FY21 because of the coronavirus pandemic, assuming the economy is opened up fully from next month, a foreign brokerage said on Thursday. BofA Securities also said the RBI will monetise the fiscal deficit through purchase of government bonds of up to USD 95 billion through open market operations, and its revaluation reserves of USD 127 billion may also be used to recapitalise state-run banks. Economists have been sharply cutting their growth forecasts for FY21 because of the impact of the pandemic and all watchers, including the RBI, now believe the Indian GDP will contract this fiscal, with some estimates ranging up to 7 per cent negative growth. BofA Securities' base case estimate is for 3 per cent contraction with the assumption of the economy opening up fully from

India's GDP could fall 90% by 2100 due to climate change: Analysis

Hotter temperatures by 2100 could slash global GDP by more than 20%, according to new research, and the way the economic impact will be distributed threatens to turn climate change into an enormous driver of worldwide inequality. A new analysis of the relationship between heat and economic performance released this week by Oxford Economics, a global forecasting firm, identified a divide between nations on either side of 15° Celsius (59° Fahrenheit), the "global sweet spot" for economic activity. A country whose average annual temperatures today are cooler than 15° C, including those in North America and Europe, stand to benefit slightly in the short term from rising temperatures. Tropical and subtropical countries whose average temperatures are mid-August, which may go up to 5 per cent if the crisis prolongs. Its India economist Indranil Sen Gupta told reporters that his estimate is among the more optimistic ones and differs from others on the likelihood of the COVID-19 impact, which he said is a health emergency which no one can predict with certainty at present.

The Economic Times - 09.07.2020

https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-to-contract-by-3-per-cent-in-fy21-bofa/articleshow/76873477.cms

already warmer than 15° C today, including the entire global South, face catastrophic economic degradation. India is singled out by Oxford Economics as following a particularly ruinous trajectory, with GDP falling 90% by 2100 if countries don't improve current policies.

Mint - 08.07.2020

https://www.livemint.com/news/india/india-s-gdp-could-fall-90-by-2100-due-to-climate-change-analysis-11594187614729.html

India's famed services sector seems to be losing momentum – imports grow, surplus falls

This is despite the fact that global oil prices have mostly remained within the government's comfort zone during this period. Merchandise trade deficit has widened from $119 billion, or 18.5% of the overall goods trade, in FY16 to $161 billion (20.4% of such trade) in FY20. Merchandise trade deficit has widened from $119 billion, or 18.5% of the overall goods trade, in FY16 to $161 billion (20.4% of such trade) in FY20. India's famed services sector seems to be losing momentum. Imports of services have risen at a faster pace than exports in recent years, leading to a shrinking of the share of surplus in the overall services trade. From 29.2% in FY16, share of the services trade surplus in overall services trade fell to 24% in FY20. Of course, in absolute term, the surplus has risen from $70 billion to $83 billion during this period. If the trend continues, shrinking services trade surplus will gradually erode the country's overall trade balance, given that growth in good exports has remained stunted in recent years, thanks to external headwinds and internal structural bottlenecks. This adds to the woes of policy-makers already concerned about the impact of the pandemic on the country's trade.

The Financial Express- 08.07.2020

https://www.financialexpress.com/economy/indias-famed-services-sector-seems-to-be-losing-momentum-imports-grow-surplus-falls/2016744/

Lockdown impact: Industrial output index down 34.7%

The index of industrial production (IIP) plunged to 88.4 in May from 135.4 a year before, according to official data released on Friday. This represented a 34.7% contraction, but government sources cautioned against making the year-on-year comparison, saying the May 2020 index may undergo significant revision, including more inputs. The year-on-year contraction in output was recorded at 57.6% (revised) in April. The government, however, said the May IIP data indicated "a graded pickup in industrial activity in the economy. Industrial production had shrunk 18.3% y-o-y in March when the lockdown was announced, but it was only in April when the first full-month impact of it was experienced by industry. The IIP is expected to recover substantially in June, as lock-down-related curbs were lifted, facilitating the resumption of manufacturing. The government didn't announce the rate of IIP contraction and just released the index reading for May. Senior government officials also highlighted that any comparison with the (year-on-year) growth rates for earlier months would be inappropriate, given the exceptional circumstances.

The Financial Express - 11.07.2020

https://www.financialexpress.com/economy/lockdown-impact-industrial-output-index-down-34-7/2020418/

Govt holds back full industrial output data in May for 2nd straight month

The government has held back the release of complete industrial production data for the second straight month in May in view of the impact of the coronavirus-induced lockdown. The Ministry of Statistics and Programme Implementation on Friday released quick estimates of the Index of Industrial Production (IIP) which showed the index value at 88.4 in May against 53.6 in April, indicating a graded pickup in industrial activity. The index stood at 135.4 in May 2019. The ministry did not provide any comparable

Govt prods PSUs to step up capex to revive eco growth

Finance minister Nirmala Sitharaman on Tuesday sought to push capital expenditure by the country's top public sector companies, as part of the government's drive to boost investment in the economy and revive growth. Separately, the government is looking at ways to fast-track some of the investment as part of the over Rs 100-lakh-crore National Infrastructure Pipeline as higher spending in creating assets is expected to spur the demand for cement, steel and other crucial inputs, in percentage data while noting that it is not appropriate to compare the IIP data with earlier months due to Covid-19 lockdown. "In view of preventive measures and announcement of nation-wide lockdown by the government to contain spread of Covid-19 pandemic, majority of the industrial sector establishments were not operating from the end of March, 2020 onwards. This has had an impact on the items being produced by the establishments during the period of lockdown and the subsequent periods of conditional relaxations in restrictions," the ministry said in a release.

Deccan Herald - 11.07.2020

https://www.deccanherald.com/business/govt-holds-back-full-industrial-output-data-in-may-for-2nd-straight-month-859562.html

addition to creating employment. Sitharaman discussed the capex plan of 23 public sector companies with their CMDs and secretaries of ministries of petroleum, power, coal, mines and atomic energy. These state-run companies, including IndianOil, NTPC, Coal India, NMDC and SAIL, have been the Centre's go-to entities to not just step up investment but also to milch them at the end of the year by seeking hefty dividends for the government to meet its revenue targets. "This meeting was held as part of the series of meetings that the finance minister is having with various stakeholders to accelerate economic growth," an official statement said.

The Times of India - 08.07.2020

https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2020%2F07%2F08&entity=Ar01512&sk=43CF24F6&mode=text

Extension of EPF support, free LPG refills get Cabinet approval

The Union Cabinet on Wednesday approved extension of Employees' Provident Fund support for small businesses and workers earning up to Rs 15,000 till August. The decision has been taken to facilitate a higher take-home salary for employees and help employers make the statutory contribution, the government said. Union minister Prakash Javadekar told reporters that extension of the benefit will provide relief to nearly 3.7 lakh establishments and 72.2 lakh employees. The Centre has estimated total expenditure of Rs 4,860 crore for this. It will pay both the 12 per cent employees' share and the 12 per cent employers' share under EPF. The Centre also allowed 7.4 crore poor women to avail of three free LPG cylinders till September. Earlier, it had allowed them to get this quota between April and June. "PM Uday Yojana has emerged as an important pillar of India's fight against Covid-19. The decision to extend time limit for availing free LPG cylinders under PMGKY will benefit poor mothers and sisters who have yet not been able to consume the three refills allotted to PMUY beneficiaries," oil minister Dharmendra Pradhan said.

The Economic Times - 09.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/extension-of-epf-support-free-lpg-refills-get-cabinet-approval/76865348

India's fuel demand continues to recover in June, up 11 pc over May

India's fuel demand in June continued its recovery from a 13-year low hit in April as more commuters preferred private vehicles over public transport for fear of contracting COVID-19 and economic activity gradually picked up on easing of lockdown restrictions. Petroleum product consumption rose 11 per cent to 16.28 million tonnes in June over demand witnessed in the previous month, according to data from the Petroleum Planning and Analysis Cell (PPAC) of the Ministry of Petroleum and Natural Gas. The demand was, however, 7.8 per cent lower than 17.67 million tonnes consumption in June 2019. Fuel demand had plunged to 9.93 million tonnes in April, its lowest level since 2007 after stringent coronavirus lockdown halted economic activity and took most vehicles off-road. Overall, fuel demand had reached over 92 per cent of pre-COVID levels. Demand for diesel, the most consumed fuel in the country, reached 84.5 per cent of normal levels, while petrol consumption was at 86.4 per cent of normal levels. Diesel consumption stood at 6.3 million tonnes in June, 14.5 per cent higher than May, but 15.4 per cent lower than the demand witnessed in June 2019.

The Economic Times - 10.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/indias-fuel-demand-continues-to-recover-in-june-up-11-pc-over-may/76892492

Demand for crude oil likely to bounce back, says IEA chief

IEA raises 2020 oil demand forecast but warns COVID-19 clouds outlook

At a virtual press conference today, Dr Birol observed that if global economic recovery was strong and if governments did nothing to replace oil demand with other energy sources, “I wouldn’t be surprised if the global demand for oil goes back to 100 mb/d or even higher than that.” In its oil market report of June, IEA had noted that “due to stronger than expected deliveries during the Covid-19 lockdown” and put the global oil demand at 91.7 mb/d. It also stated that oil demand rose fast in March and April in China, and in India in May. Dr Birol said that many CEOs of oil companies, commentators and thought-leaders felt that oil demand might have peaked because of changes in lifestyles, but “I’m not sure about it.” The press conference was held to announce the holding of the IEA Clean Energy Transitions Summit on July 9, virtually. The gathering will discuss measures to boost economies, create jobs, reduce global emissions and make energy systems more resilient.

The Hindu Business Line - 07.07.2020

https://www.thehindubusinessline.com/markets/commodities/demand-for-crude-oil-likely-to-bounce-back-says-iea-chief/article32006125.ece

The International Energy Agency (IEA) bumped up its 2020 oil demand forecast on Friday but warned that the spread of COVID-19 posed a risk to the outlook. The Paris-based IEA raised its forecast to 92.1 million barrels per day (bpd), up 400,000 bpd from its outlook last month, citing a smaller-than-expected second-quarter decline. "While the oil market has undoubtedly made progress ... the large, and in some countries, accelerating number of COVID-19 cases is a disturbing reminder that the pandemic is not under control and the risk to our market outlook is almost certainly to the downside," the IEA said in its monthly report. The easing of lockdown measures in many countries caused a strong rebound to fuel deliveries in May, June and likely also July, the IEA said. But oil refining activity in 2020 is set to fall by more than the IEA anticipated last month and to grow less in 2021, it said. "For refiners, any benefit from improving demand is likely to be offset by expectations of much tighter feedstock markets ahead.

The Economic Times - 10.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/iea-raises-2020-oil-demand-forecast-but-warns-covid-19-clouds-outlook/76890217

Oil & Gas: OMCs set to start FY21 with a bang in Q1

The Covid-19 demand suppression in early part of the year is likely to abate for oil marketing companies, now with state-run companies — IOC, HPCL and BPCL making a strong beginning to FY21 returning high levels of earnings per share between 37 and 266 per cent in three months, ICICI Securities has said in a report. The report on refining and marketing has said that the companies shares would be flying on stock exchanges on the back of record auto fuel marketing margin, inventory gain and in case of BPCL and HPCL, surge in GRM (gross refining margin) on a low base. Net auto fuel marketing margin (on sale of petrol and diesel) is estimated at Rs 6.1 per litre in Q1FY21 and Rs 2 per litre in Q2FY21. The higher margin is on account of upwards revision of fuel prices that started on June 7 and continued for 22 continuous days raising petrol and diesel prices by about Rs 9.17 and 11.39 per litre respectively. According to the brokerage report, in FY21 margin may be higher than earlier estimate of Rs 2.5 litre. This would provide higher earnings for the companies as auto fuel sales is a major component of revenue for OMCs.

Sarkaritel.com - 09.07.2020

https://www.sarkaritel.com/oil-gas-omcs-set-to-start-fy21-with-a-bang-in-q1/

India outpaced China in Oil demand growth in May; IEA report

India registered an increase in oil demand in the month of May by 1.1 million barrel per day on a month-on-month basis against the Chinese growth of 0.7 mb/d, according to the latest IEA Oil Market Report of International Energy Agency. The report, which is one of the world’s most authoritative and timely sources of data, forecasts and analysis on the global oil market, has however projected the global demand to decline sharply by 7.9 mb/d in the current calendar year due to the intensified pandemic. The demand recovery to the extent of 5.3 mb/d can happen in 2021. Published on Friday, the report has also suggested that the global supply could fall by 7.1 mb/d in 2020 before seeing a modest recovery of 1.7 mb/d next year. This indicates that the oil price, which has seen the worst ever decline in the month of April-2020 when it slided into the negative territory, may rise considerably in the next calendar year. While the price rationalisation will help Indian companies like Oil & Natural Gas Corporation (ONGC), Cairn India, Oil India to rebound strongly in the next fiscal, the oil marketing companies like IOC, HPCL and BPCL may continue to face it tough, says an analyst of India Gas Foundation.

Daily Excelsior - 12.07.2020

https://www.dailyexcelsior.com/india-outpaced-china-in-oil-demand-growth-in-may-iea-report/

BP, Reliance to retail fuel under 'Jio-bp' brand

Global energy supermajor BP plc and Reliance Industries Ltd on Thursday announced the start of their fuel retailing joint venture under the brand 'Jio-bp'. BP had last year bought 49 per cent stake in the 1,400-odd petrol pumps and 31 aviation turbine fuel (ATF) stations owned by Reliance Industries Ltd (RIL) for USD 1 billion. The joint venture, where RIL holds the remaining 51 per cent, has now commenced operations. "Following initial agreements in 2019, bp and RIL teams have worked closely over the past few months in a challenging environment to complete the transaction as planned," the companies said in a joint statement, adding the new fuels and mobility joint venture, Reliance BP Mobility Ltd (RBML), has started operations. Operating under the 'Jio-bp' brand, the joint venture aims to become a leading player in India's fuels and mobility markets. RBML has received the marketing authorisation for transportation fuels, amongst other necessary regulatory and statutory approvals. The joint venture will begin selling fuels and Castrol lubricants with immediate effect from its existing retail outlets, which will be rebranded to 'Jio-bp' in due course.

The Economic Times - 09.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/bp-reliance-to-retail-fuel-under-jio-bp-brand/76877954

Drop in petrol, diesel price gap to fuel customers' shift towards petrol, CNG cars: ICRA

Declining price gap between petrol and diesel is likely to accelerate shift towards petrol and CNG cars in the domestic passenger vehicle (PV) segment in the coming years, rating agency ICRA said on Wednesday. According to an analysis by ICRA, diesel PV's share is expected to decline to 15-18 per cent in 2021-22 from 29 per cent in 2019-20, the rating agency said in a statement. During this period, the share of diesel vehicles in the car segment will stabilise at around 5-7 per cent from 11 per cent, whereas the utility vehicle (UV) segment's share will gradually reduce to sub-40 per cent from 65 per cent, it added. The entry-level, sub-Rs 5 lakh price segment, has almost entirely shifted to petrol and CNG, as it does not make financial sense for an average car buyer to opt for a diesel vehicle, ICRA noted. One key challenge in this shift is the taxi segment that continues to account for a sizable share of overall diesel vehicle sales; and the government's initiative to push clean vehicles (CNG/LPG/hybrid) is yet to completely materialise, it added.

The Economic Times - 08.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/drop-in-petrol-diesel-price-gap-to-fuel-customers-shift-towards-petrol-cng-cars-icra/76854112

Global recession will hasten refinery rationalisation, says Kemp

Coronavirus and the cyclical slump in petroleum consumption are accelerating a long-term rationalisation of the global refining industry and a shift eastwards in its centre of gravity to Asia. Refinery margins for making middle distillates such as gasoil and jet fuel have plunged to their lowest since 2009 as lockdowns and recession have cut fuel consumption by millions of barrels per day. Much of this is cyclical and will unwind if and when the major economies and their fuel consumption recover and stocks of gasoline and diesel return to more normal levels. But the crisis is compounding the long-term challenge for smaller, older and simpler refineries, especially in North America and Europe, faced with a growing competition from more modern mega-refineries in Asia. Refinery margins, the difference between the prices at which refineries purchase crude and sell refined products, have historically aligned with the

Consumers may soon get to chose piped gas suppliers

In yet another reform initiative in the oil and gas sector, the government is set to throw open city gas distribution (CGD) networks across the country to competition, allowing participation of more than one player in a circle vying to attract consumers. "We have finalised regulations on allowing competition in CGD areas that will be notified in next seven to 10 days," Petroleum and Natural Gas and Regulatory Board (PNGRB) Chairman D.K. Sarraf told IANS. "The process of having more players in an area can start soon thereafter as the High Court has not issued any stay on petitions filed against ending the exclusivity period in existing CGD areas," he added. Under the bids invited for various CGD rounds, the winner entities are given exclusivity over development of infrastructure and building consumer base for a period upto three to five years. Post this period, the regulations provide business cycle. At the top of the cycle, capacity constraints become binding and refiners struggle to make enough fuel, fattening margins. When the cycle turns down, there is too much capacity, and margins shrink.

The Economic Times - 08.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/opinion-global-recession-will-hasten-refinery-rationalisation-says-kemp/76846190

that incumbents may offer their infrastructure to third parties on common carrier principle for supply of natural gas to consumers who opts for a different gas supplier.

The Economic Times - 07.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/consumers-may-soon-get-to-chose-piped-gas-suppliers/76830606

Thomas Cook India launches initiative to tap demand for mini vacations in Europe

Travel services firm Thomas Cook India on Wednesday said it has launched an initiative — 'City Escapes'– to tap the growing demand for very short vacations. Despite the pandemic, international travel remains high on the Indian consumer's bucket list, and Europe is a clear favourite, Thomas Cook India said in a filing to BSE. The 'City Escapes' was conceptualised to offer Indians bite-sized breaks in and around Europe, it added. "Indian consumers are displaying a growing appetite for mini-cations that are convenient and flexible. Therefore, our City Escapes have been thoughtfully designed to include centrally located hotels for easy access, optional top-ups with a diversity of experiences – and at very affordable pricing," Thomas Cook (India) Holidays, MICE, Visa -President & Country Head Rajeev Kale said. Iconic destinations such as Istanbul, Budapest, Salzburg, Vienna, Helsinki, Krakow; millennial favourites of Prague and Zagreb, among others are included in City Escapes, Thomas Cook India said.

The Financial Express - 08.07.2020

https://www.financialexpress.com/lifestyle/travel-tourism/thomas-cook-india-launches-initiative-to-tap-demand-for-mini-vacations-in-europe/2017338/

Alok Kumar Gupta selected to head OVL

A government search-cum-selection committee on Thursday chose Alok Kumar Gupta to head ONGC Videsh Ltd, India's flagship firm for acquisition of oil and gas assets abroad. The panel selected Gupta, who is currently Director Operations at OVL, after interviewing more than a dozen candidates, sources with direct knowledge of the development said. The post of Managing Director of OVL had been lying vacant since Narendra K Verma retired on January 31, 2019. In the absence of any full-time head, OVL did not make a single acquisition in the last one-and-a-half-years, records on the company website showed. The search-cum-selection committee comprised Oil Secretary Tarun Kapoor, former Indian Oil Corp (IOC) Chairman M A Pathan, and Public Enterprise Selection Board (PESB) Chairman Rajiv Kumar. Among those interviewed by the panel included OVL Director (Finance) Vivekanand and IFS officer Anurag Bhushan, presently India's high commissioner to Malawi. A few IAS officers too had applied and appeared for the interview.

The Economic Times - 10.07.2020

https://energy.economictimes.indiatimes.com/news/oil-and-gas/alok-kumar-gupta-selected-to-head-ovl/76884360

Shri Abhay Choudhary selected for Director Projects Powergrid

PESB has recommended the name of Shri Abhay Choudhary , Executive Director , POWER GRID for the post of Director (Projects) , Power Grid Cororation of India.

PSU Connect - 07.07.2020

https://www.psuconnect.in/news/shri-abhay-choudhary-selected--for-director-projects-powergrid/23534

Govt halts selection of new CMD, Director (Refineries) for BPCL

The government has halted plans to select a new Chairman & Managing Director and Director (Refineries) for Bharat Petroleum Corporation Ltd (BPCL) when the incumbents superannuate next month. The Public Enterprises Selection Board (PESB), the government's head-hunter, had advertised for the two key posts in the Maharatna oil refining and marketing company in August last year. The PESB had scheduled interviews of shortlisted candidates in March/April, but called them off at the directions of the government in view of the planned privatisation of the state-owned company, government officials briefed on the development said. The PESB had scheduled interviews of shortlisted candidates in March/April, but called them off at the directions of the government in view of the planned privatisation of the state-owned company, government officials briefed on the development said. Current CMD D Rajkumar and Director (Refineries) R Ramachandran will superannuate in August.

The Hindu Business Line - 09.07.2020

https://www.thehindubusinessline.com/news/govt-halts-selection-of-new-cmd-director-refineries-for-bpcl/article32029634.ece