

(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 asks PSUs to Increase Public Expenditure

The Government has asked the Public Sector Undertakings (PSUs) to increase public expenditure and contribute more to the manufacturing sector and national Gross Domestic Product (GDP).

The Prime Minister in his address to the CEO's of Central Public Sector Enterprises (CPSEs) at the MoU and SCOPE Awards Function in New Delhi on 31st January, 2012, stated, 'We must increase the share of the manufacturing sector in our GDP from the present unsatisfactory level of 15%. The Central Public Sector Enterprises have a significant presence in areas such as machine tools, heavy transport, earth moving and mining equipment, shipbuilding, defence equipment, aerospace, heavy electrical equipment and nuclear power generation. I would urge the CPSEs in these areas to embark upon ambitious plans of expansion to make the target of 12 to 14 per cent growth in the manufacturing sector a living reality'.

All the sectors mentioned above have been identified as priority sectors under the National Manufacturing Plan. Together with the Private Sector, including the Micro, Small and Medium Enterprises (MSME) sector, the share of manufacturing is envisioned to go upto 25% of India's GDP by 2025. Every job created in manufacturing sector has a multiplier effect of creating two to three additional jobs in related sectors. A higher share of manufacturing in GDP, will entail creation of 220 million jobs by 2025 and will result in consequent inclusive economic growth.

Press Information Bureau - 15.05.2012

<http://pib.nic.in/newsite/erelease.aspx?relid=83875>

Public Procurement Bill introduced in Lok Sabha

The Government is proposing to mandate prison terms of up to 5 years for bureaucrats caught accepting bribes or otherwise vitiating the Government's procurement process. The proposals are contained in the new Public Procurement Bill, which was introduced in Parliament on Monday. Finance Minister, Mr Pranab Mukherjee, who introduced the Bill in the Lok Sabha, said the Bill

More PSU will be up for divestment if mkt improves: P Patel

The government today said as and when the market condition improves, more state-owned units will be offered for a partial divestment.

"The stock market sentiment is being not what it is. I think there is a slowdown in the divestment process. As and when the market sentiment improves, more and more PSUs will be offered for a partial divestment," Minister of Heavy Industries and Public Enterprises Praful Patel today told reporters here, after releasing the National Survey on State-Level Public Enterprises 2007-08.

Patel said more public participation in the state-owned units will make them more accountable and will benefit PSUs in the long-run.

The government has fixed a target of Rs 30,000 crore from divestment of CPSEs in the current fiscal.

In the last fiscal, against a target of Rs 40,000 crore, owing to volatile stock market conditions, the government could mop up only Rs 14,000 crore.

Of the total 220 operational CPSEs, 158 units were profit-making as on March, 2011.

Money Control - 16.05.2012

http://www.moneycontrol.com/news/business/more-psu-will-befor-divestment-if-mkt-improves-p-patel_705355.html

Outsourcing the problem

In its latest missive, the finance ministry has advised public sector units (PSUs) to tap capital markets to raise resources. The message was couched in terms of the larger issue of ushering in corporate governance and left to its representatives who sit on the boards of these PSUs. What it left unsaid is that the finance ministry as a source of funds is rapidly drying up and PSUs like other entities have to learn to

was being moved with the object of ensuring transparency, accountability and probity in Government contracts.

The Bill will also ensure fair and equitable treatment of bidders, promote competition, enhance efficiency and economy, and maintain integrity and public confidence in the procurement process, he said. The provisions of the Bill will apply to procurement of goods and services exceeding Rs 50 lakh by central ministries, autonomous organisations, central public sector enterprises (CPSEs) and companies in which the Central Government, directly or indirectly, holds more than 51 per cent equity. The Bill, according to statement of objects and reasons, will codify the basic norms to regulate public procurement and provide for debarring bidders found engaged in corrupt practices. It also provides for a jail term ranging from six months to five years for public servants found guilty of demanding and accepting bribes from bidders of Government contracts.

The Hindu Business Line - 14.05.2012

http://www.thehindubusinessline.com/industry-and-economy/government-and-policy/article3418737.ece?ref=wl_industry-and-economy

Govt looking to use Rs 6.6 lakh crore reserves by PSUs to spur growth

After failing to cajole the private sector into loosening its purse strings, the government is now looking at the 6.6-lakh-crore cash pile of state-run companies to spur growth.

The finance ministry has constituted a committee under additional secretary Shaktikanta Das to explore and suggest ways to simplify investment norms for more than 246 public sector enterprises.

The move comes amid a steady drop in India's rate of capital formation, a measure of investment in future growth, which slipped into the negative 1.2% in the third quarter of 2011-12 from 11% in the year-ago quarter.

The Economic Times - 21.05.2012

<http://economictimes.indiatimes.com/news/economy/finance/govt-looking-to-use-rs-6-6-lakh-crore-reserves-by-psus-to-spur-growth/articleshow/13331370.cms>

Govt to set up RTI website, call centre

The government has decided to set up a state-of-the-art call centre and an interactive website to facilitate easy exchange of information related to the transparency law to citizens. According to a department of personnel and training (DoPT) official, RTI call centre and portal project is aimed

to fend for themselves.

In itself, the idea is a good one. It would on the face of it help usher in better corporate governance standards, make the PSUs less reliant on government doles and, of course, also help deepen the Indian stock markets. Given the credibility deficit of the government, it is more likely that the intent was to bring some relief to the exchequer; this line of thinking gains credence when considering that market conditions are not conducive to divesting stakes, especially from first-timers.

Effectively, the intent is to outsource the fiscal problem. What may happen is the best of the worst situation. The PSUs will be unable to list and at the same time will see a cut in their source of funding. The only option will be to either raise debt or simply cut back investment; the former will add to the crowding out effect of government borrowing and the latter could mean even lower investment in the economy.

Mint 18.05.2012

<http://www.livemint.com/2012/05/17202051/Outsourcing-the-problem.html?atype=tp>

FM signals tough measures for hard times, austerity coming

To instill confidence among investors feeling jittery about the impact of the euro zone crisis on Indian stock markets and the rupee, the government on Wednesday said it would announce "unpopular" austerity measures. Informing the Parliament about this, Finance Minister Pranab Mukherjee, however, said the panic button should not be pressed.

These would be the second such measures in the recent past, after the government announced similar steps in September 2009. However, this time the push is coming from non-agricultural factors. Widening fiscal and current account deficits and overall economic sentiments are pushing the rupee to new lows and resulting in selling pressure in the stock markets.

Business Standard - 17.05.2012

<http://business-standard.com/india/news/fm-signals-tough-measures-for-hard-times-austerity-coming/474592/>

21 PSUs have no full-time CMDs: govt

As many as 21 public sector companies including Pawan Hans, National Fertilizer Ltd, NMDC and MMTC are without a full-time Chairman and Managing Director, the Rajya Sabha was informed today. State-owned companies not having a full-time chief

at improving access for illiterate and rural citizens with the help of information and communication technology.

As per the proposal, a selected agency will set up, operate and maintain RTI call centre to facilitate voice calls, SMS and Inter Voice Response System managed calls; develop, provisioning of data centre disaster recovery services and training to government personnel.

Times of India - 15.05.2012

http://articles.timesofindia.indiatimes.com/2012-05-15/internet/31711053_1_rti-website-transparency-law-interactive-website

India improves world ranking in trade logistics

By pursuing reforms and going in for public-private partnerships in infrastructure, India has improved its position in the world ranking of countries in trade logistics despite a global slowdown in the sector in the last two years, says the World Bank.

India with a Logistics Performance Indicators (LPI) score of 3.08 was ranked 46th in the bank's latest survey of international freight forwarders and express carriers. Singapore with a score of 4.12 listed as the top performer among the 155 economies included in the survey.

In 2010 India was ranked 47th with an LPI score of 3.12. However in the context of global recession the World Bank singles out Chile, China, India, Morocco, South Africa and the US as countries which have continued to improve. As the report says: "Against others in their income group, the most over-performing non-high-income countries are Vietnam, India, China, and South Africa."

The Economic Times - 16.05.2012

<http://economictimes.indiatimes.com/news/economy/infrastructure/india-improves-world-ranking-in-trade-logistics/articleshow/13168626.cms>

executive include NHPC, NMDC, Brahmaputra Valley Fertilizer Corp, RITES Ltd, Hindustan Cables Ltd, Chennai Petroleum Corp Ltd (CPCL) and Heavy Engineering Corp Ltd. Mr. Praful Patel said during Question Hour that bulk of the companies having top-level vacancies are "not in good (financial) health ... And (the government) was finding difficulty in appointing suitable persons to head these companies."

Business Standard - 15.05.2012

<http://www.business-standard.com/generalnews/news/pawan-hans-nmdc-mmtc-among-21-psus-sans-full-time-cmds-govt/8517/>

JN port ends contract with DBC Port

The trust that runs India's busiest container port located at Nhava Sheva near Mumbai on Monday decided to terminate the contract of DBC Port Logistics Ltd (earlier known as Speedy Multimodes Ltd) after complaints that the country's biggest container freight station (CFS) by capacity was charging customers more than the rates approved by the port tariff regulator, at least three trustees who attended the meeting said on condition of anonymity.

DBC services the Union government-controlled Jawaharlal Nehru port through which more than half of India's container cargo is shipped every year.

Mint - 15.05.2012

<http://www.livemint.com/2012/05/15005133/JN-port-ends-contract-with-DBC.html>

India-made security system for national infrastructure

In a technological leap, public sector Electronics Corporation of India Ltd (ECIL) has brought to the market an India made, third generation, Programmable Logic

Controller. It will help in ensuring security of national infrastructure and finds applications across various industrial sectors.

The Hindu Business Line - 18.05.2012

<http://www.thehindubusinessline.com/companies/article3432433.ece?homepage=true>