

(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.)

## Over 100 PSUs fail to give corporate gov reports for 2010-11

Nearly 110 central public sector companies, mostly engaged in power sector, did not submit self-evaluation reports on corporate governance to their respective administrative ministries for 2010-11 period, according to latest official data.

As per data released by the Department of Public Enterprises (DPE) Monday, out of the 249 central public sector undertakings in the country, 109 entities did not provide self-evaluation reports on their corporate governance practices for the 2010-11 financial year.

In the power sector alone, around 22 companies failed to provide the reports. Such entities include NTPC Electric Supply Company Ltd, NTPC Vidyut Vyapar Nigam Ltd and PFC Consulting Ltd.

There were 17 companies, under the Ministry of Heavy Industries and Public Enterprises, such as Engineering Projects (India) Ltd, Hindustan Newsprint and Andrew Yule & Company that also did not furnish the details in this regard.

*Zee News - 18.09.2012*

[http://zeenews.india.com/business/news/companies/over-100-psus-fail-to-give-corporate-gov-reports-for-2010-11\\_60494.html](http://zeenews.india.com/business/news/companies/over-100-psus-fail-to-give-corporate-gov-reports-for-2010-11_60494.html)

## Govt to change PSU disinvestment process: Sources

The government is all set to change its divestment process to avoid valuation issues and limit the impact of market volatility. To do this, CNBC-TV18 learns, it is likely to offload small tranches of 2-3% in the concerned PSUs periodically. The divestment process is likely to kick-off around Diwali. Sources say nine PSUs are likely to offload stake over the next six-months to meet the minimum public float norms. The government is hoping to mop up Rs 15,000 crore from these stake sales.

Last week, the government approved the disinvestment of five Public Sector Units (PSUs), including Oil India (10%), Nalco (12.5%), Hindustan Copper (9.59%) and MMTC (9.3%). Finance Minister P Chidambaram had last month

## The government has signalled its intentions with a slew of reforms, but much remains to be done

The major policy changes on foreign investments and diesel prices announced last week have delighted industry and lifted the spirits of investors. Coming at a time when economic data on industrial activity, export performance and inflation continues to be disappointing, the big bang reforms raise hope that more policy announcements to boost economic growth are to come, and soon.

To begin with, government hiked diesel prices and restricted subsidised LPG consumption to bridge fiscal deficit which was reaching alarming proportions. In the short term, inflation will go up - but a high fiscal deficit not only adds to inflationary pressures but also pushes up interest rates and constricts available funds for investments. Over the long term, a holistic policy for fuel prices in alignment with shifting global commodity prices needs to be instituted, with better targeting of fuel subsidies to the needy.

*The Times of India - 18.09.2012*

<http://timesofindia.indiatimes.com/home/opinion/edit-page/The-government-has-signalled-its-intentions-with-a-slew-of-reforms-but-much-remains-to-be-done/articleshow/16438372.cms>

## Govt sets the ball rolling for PSU Exchange Traded Fund

With an aim to kick off disinvestment in a big way, the Finance Ministry has initiated the process of setting up a Central Public Sector Enterprises Exchange Traded Fund (CPSE-ETF). This fund will help the investor to reduce investment risk.

An ETF is just like an equity mutual fund scheme which consists of shares of many companies. It tracks an index and is traded on a stock exchange. Its constituent stocks are listed and actively traded. Since this fund has shares from various sectors, it provides diversification. An investor may buy just one unit of such an exchange traded fund but will get benefit from trading in constituent stocks.

asked officials to expedite the process of disinvestment so that state-owned companies could hit stock markets in time and help the government achieve the target of Rs 30,000 crore in the current fiscal. Sources say the government is on course to achieve the divestment target as it finds market conditions conducive for PSU divestment.

*Moneycontrol - 18.09.2012*

[http://www.moneycontrol.com/news/business/govt-to-change-psu-disinvestment-process-sources\\_759059.html](http://www.moneycontrol.com/news/business/govt-to-change-psu-disinvestment-process-sources_759059.html)

### **Operational flexibility norms for PSUs to be sent to Cabinet**

The Department of Public Enterprises may soon send to the Cabinet for consideration, a proposal on new norms aimed at providing greater operational flexibility to the PSUs in achieving annual targets. A Working Group on Memorandum of Understandings (MoU) norms for CPSEs, headed by P G Mankad, was set up by the department in May 2012 to examine current system of setting targets and suggest measures to improve the MoU system.

The MoUs are signed between the CPSEs and their administrative ministries/departments and is facilitated by the DPE. "We have got the draft report and we are processing it," DPE Secretary O P Rawat told reporters on the sidelines of a PHD Chamber function here. "Now, inter-ministerial consultations will take place and the proposal to revamp the MoU system is expected to go to the Cabinet in about a month's time," he added.

*Zee News - 20.09.2012*

[http://zeenews.india.com/business/news/companies/operational-flexibility-norms-for-psus-to-be-sent-to-cabinet\\_60707.html](http://zeenews.india.com/business/news/companies/operational-flexibility-norms-for-psus-to-be-sent-to-cabinet_60707.html)

### **FinMin proposes 9.5% stake sale in NTPC, eyes Rs 13168 cr**

NTPC is the latest public sector undertakings (PSUs) on the government's divestment agenda. The Finance Ministry has proposed a 9.5% stake sale in NTPC and it eyes Rs 13,168cr from this divestment.

Sources say that the Finance Ministry moved a note seeking the Cabinet Committee on Economic Affairs (CCEA) approval to sell 9.5% or around 783 million shares in NTPC.

Once this stake sale takes place the government's stake in NTPC will come down from 84.5% to 75% and thereby NTPC will meet SEBI's guideline of having 25% minimum float.

The Department of Disinvestment has invited requests for proposals for engaging an advisor to create and launch the fund. The advisor will be selected on the basis of experience and expertise in advising on creation and launch of equity ETFs or equity mutual funds (MFs).

*The Hindu Business Line - 20.09.2012*

<http://www.thehindubusinessline.com/markets/stock-markets/article3917282.ece?homepage=true>

### **Cabinet meeting to consider hike in DA postponed to next week**

The meeting of the Union Cabinet, which was scheduled to consider a 7 per cent hike in dearness allowance to 80 lakh central government employees and pensioners, has been put off to next week. "The Cabinet, CCEA (Cabinet Committee on Economic Affairs) and CCI (Cabinet Committee on Infrastructure) meetings scheduled for Friday, have been postponed," an official announcement said.

Cabinet meetings usually take place on Thursdays, but they have been postponed apparently in view of the rapid political developments in the aftermath of the government's decision to hike diesel prices and operationalise its earlier move to allow foreign direct investment (FDI) in multi-brand retail. Increasing DA from 65 per cent to 72 per cent to provide relief to 50 lakh central government employees and 30 lakh pensioners was on the agenda of the meeting. It is now likely to be taken up next week.

*Business Standard - 20.09.2012*

<http://www.business-standard.com/generalnews/news/cabinet-meeting-to-consider-hike-in-da-postponed-to-next-week/58930/>

### **Fitch sees execution risk to India's reform plans**

Fitch Ratings, one of the three major ratings agencies, on Monday said reforms announced by the government last week appeared positive at first glance but there was still considerable execution risk, given the Congress-led coalition's divisions and recent track record of policy reversals.

In a statement, the agency said broader concerns regarding the weak and inconsistent regulatory framework remained and these concerns would remain material for economic performance ahead of general elections in 2014, weighing on the sovereign credit profile. The agency had assigned a negative outlook to

Moneycontrol - 20.09.2012

<http://www.moneycontrol.com/news/ipo-upcoming-issues/finmin-proposes-95-stake-salentpc-eyes-rs-13168-cr-759733.html>

### **Low corporate governance in PSUs could hit govt's disinvestment plan**

The perception of poor corporate governance in public sector enterprises can be a dampener for the government's divestment programme. The government is hoping to raise Rs 30,000 crore by share sales in companies such as Steel Authority of India Ltd, Bharat Heavy Electricals Ltd, NMDC Ltd, National Aluminium Co Ltd, Oil India Ltd, Rashtriya Ispat Nigam Ltd and MMTC Ltd.

In a new low, the recently released government data showed many state-owned firms are not even keen to self-evaluate their governance standards. As per data released by the Department of Public Enterprises (DPE) on Monday, out of the 249 central public sector undertakings in the country, 109 entities did not provide self-evaluation reports on their corporate governance practices for 2010-11.

*Business Standard - 23.09.2012*

<http://www.business-standard.com/india/news/low-corporate-governance-in-psus-could-hit-govt%5Cs-disinvestment-plan/487287/>

### **PSU strategic sale: E-auction, change in bidding process on cards**

The Government intends to introduce electronic auction and change the bidding procedure for strategic or outright sale of Central public sector undertakings. This will replace the age-old paper-based tender system.

The Core Group of Secretaries, headed by the Cabinet Secretary, discussed the new mechanism last week. It is believed that the matter will now be placed before the Cabinet Committee on Economic Affairs (CCEA). Tyre Corporation of India is set to become the first company where this system will be used.

*The Hindu Business Line - 23.09.2012*

[http://www.thehindubusinessline.com/industry-and-economy/article3929524.ece?homepage=true&ref=wl\\_home](http://www.thehindubusinessline.com/industry-and-economy/article3929524.ece?homepage=true&ref=wl_home)

### **Jet offers discounts on domestic routes**

Jet Airways (India) Ltd, the country's second largest airline by passengers carried, on Friday introduced discounted fares on domestic routes if purchased 21 days and 30 days in advance, a day

India's 'BBB'-ratings in June 2012.

*The Times of India - 18.09.2012*

<http://timesofindia.indiatimes.com/business/india-business/Fitch-sees-execution-risk-to-Indias-reform-plans/articleshow/16443487.cms>

### **Disinvestment of PSUs to be served up in small doses**

Firm on a quick and efficient revenue mop-up, the government has decided to embark on phased disinvestment of shares in key government-owned Public Sector Enterprises (PSEs). According to a senior Finance Ministry official, the government is considering divesting 2 per cent equity in identified PSEs, which are 100 per cent government-owned, through an open auction on the 15th of every month for the next five months.

"We believe divestment of up to 25 per cent in this manner will unlock serious value in terms of mission-critical revenue without conceding any private sector control on Board decisions," he told The-Hindu. This reveals that though the government has so far been announcing plans to offload PSE equity in the region of 10 per cent, it has now scaled up its disinvestment plan.

*The Hindu - 21.09.2012*

<http://www.thehindu.com/business/Economy/article3922357.ece?homepage=true>

### **India hopeful of greater FDI flow from China in tourism sector**

Having opened up its tourism sector to 100 per cent FDI, India today expressed hope of strengthening ties with China with increased flow of investment in this sector from the neighbouring nation.

"Now that Hotels and Tourism sector has been opened for Foreign Direct Investment up to 100 per cent on automatic routes, Chinese investment in tourism infrastructure in India could be one of the major areas of cooperation," a government statement said after a bilateral meeting between tourism officials of the two nations here.

*The Economic Times - 21.09.2012*

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-hopeful-of-greater-fdi-flow-from-china-in-tourism-sector/articleshow/16494106.cms>

### **Airfares up by 20 per cent**

Airline fares have gone up by 20 per cent compared to last year. Air travel, which was a substitute for train for the middle class, is now back to being dearer. Pull out on many sectors

after state-run Air India Ltd dropped fares by 15%.

"The new apex fares will go on sale effective 22 September and will offer guests attractive savings on several domestic routes. Travel validity for 21-day apex fares is till October 18, 2012, while the 30-day apex fares have no expiry date," Jet Airways said in a late-night press statement.

*Mint* - 22.09.2012

<http://www.livemint.com/Companies/V18XddhFSvNj5uiwBVP7PN/Jet-offers-discounts-on-domestic-routes.html>

by Kingfisher airlines, the rise in fuel costs and the devaluation of the rupee in vis-a-vis the dollar seems to have taken the cost of travel high. Not only are the fares 20 percent more expensive than the same time last year, but the upcoming festival season is also likely to be an expensive one for air travellers.

*The Times of India* - 23.09.2012

<http://timesofindia.indiatimes.com/business/india-business/Airfares-up-by-20-percent/articleshow/16518159.cms>