WEEKLY MEDIA UPDATE

Issue 279

06 February, 2017
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.)

Economy to grow more than 7% next fiscal: Shaktikanta Das

Stepping up the growth pitch, Economic Affairs Secretary Shaktikanta Das on Saturday expressed confidence that the economy will grow upwards of 7% next fiscal. "For this year's GDP growth, we have to wait till March-end. But next year, it will be upwards of 7%," he said. Drawing on Finance Minister Arun Jaitley's statements, the secretary said there will be transient impact of demonetisation on the economy, but it will not spill over to the next fiscal. A large part of economy is moving towards digital transactions, he noted. Despite the global headwinds, Das said India's growth remains much stronger. "It has stayed afloat. Not only stayed afloat, but also doing well. Our commitment is to push growth momentum," he explained. Listing various reforms measures as announced in the Budget, Das spoke of gains for farmers from integration of spot and derivative market in commodity. He also dubbed announcement on contract farming and UGC as very big reforms.

The Hindu - 04.02.2017

http://www.thehindu.com/business/Economy/Economy-to-grow-more-than-7-next-fiscal-Shaktikanta-Das/article17192781.ece

Mauled By Note Ban, Economy To Grow 6.8% In FY17: Ficci

The Indian economy will grow 6.8 per cent this fiscal due to a slowdown in services and infrastructure post demonetisation, according to Ficci's Economic Outlook Survey. The annual median GDP growth forecast of 6.8 per cent is sharply lower than the 7.3 per cent projected in the previous round of the survey. The survey was conducted in the months of December 2016/ January 2017 and drew responses from leading economists representing industry, banking and financial services sector. The Central Statistical Organisation had estimated a GDP growth of 7.1 per cent for 2016-17 earlier in January. According to the Ficci survey, the agriculture sector is expected to witness an uptick in 2016-17 on the back of a good monsoon which is expected to support agricultural production. However, both industry and services sectors are anticipated to moderate. Industry and services sector are expected to grow by 5.7 per cent and 8.5 per cent, respectively in 2016-17.

Millennium Post - 31.01.2017

http://www.millenniumpost.in/business/news-181519

Note ban shaved 0.25-0.5% off GDP growth: Survey

The Economic Survey admitted that demonetisation has had the effect of creating uncertainty and pushed for an "early elimination of withdrawal limits" to help build confidence. "Unless people have confidence that money deposited in bank accounts is freely convertible into cash, and vice versa...they will hoard it," the Survey warned, adding that the poor would be worst hit in such a situation since the affluent would corner the limited currency available. About the immediate adverse impact of demonetisation, the Survey noted that there have been reports of job losses, declines in farm incomes, and social disruption, especially in the informal, cash-intensive parts of the economy. However, it said "a systematic analysis cannot be included here due to paucity of macro-economic data". It acknowledged that the cash crunch must have

Eight core industries grow by 5.6% in December

Eight core industries register a growth of 5.6 per cent in December 2016 on the back of healthy output recorded by refinery products and steel. The growth rate of eight infrastructure sectors — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — was 2.9 per cent in December 2015. It stood at 4.9 per cent in November 2016. The core sectors, which contribute 38 per cent to the total industrial production, expanded 5 per cent in April — December 2016 compared to 2.6 per cent growth in the same period last financial year, according to data released by the commerce and industry ministry today. Refinery products and steel production jumped 6.4 per cent and 14.9 per cent, respectively during the month under review. However, crude oil, fertiliser, affected the informal economy, which could account for 50% or more of the overall economy. The formal economy too would have suffered because workers laid off in the informal economy have bought fewer products (such as fast moving consumer goods or two wheelers) from the formal economy.

The Times of India - 01.02.2017

http://timesofindia.indiatimes.com/business/economic-survey/demonetisation-created-uncertainty-economic-survey/articleshow/56902341.cms

natural gas and cement output reported contraction. Coal output declined by 4.4 per cent in December 2016 from 5.3 per cent in the same month previous year. Similarly, electricity generation too dipped by 6 per cent as compared to 8.8 per cent in December 2015.

The Hindu - 01.02.2017

http://www.thehindu.com/business/Industry/Eight-core-industries-grow-by-5.6-in-December/article17123511.ece

January services PMI contracts for third month, rebound likely

India's services languished, with new business orders falling for the third straight month, amid muted inflationary pressure that could offer RBI much room to remain accommodative in its next policy meet next week, says a monthly survey. The Nikkei India Services Purchasing Managers' Index (PMI), which tracks services sector companies on a monthly basis, came in at 48.7 in January, from 46.8 in December 2016, signalling that the sector is heading towards stabilisation. A print above 50 denotes expansion and one below, contraction. "India's pivotal services sector remained in contraction territory in the opening month of 2017, with both new business and activity falling for the third straight month," said Pollyanna De Lima, economist at IHS Markit, and author of the report. The survey further noted that input cost inflation slowed since December whereas average selling prices shrank again, which may prompt the Reserve Bank to go in for an "accommodative" monetary policy. "PMI price indicators point to relatively muted inflationary pressures in the private sector economy. As such, there is room for accommodative monetary policy," Lima said.

The Economic Times - 04.02.2017

http://economictimes.indiatimes.com/news/economy/indicators/january-services-pmi-contracts-for-third-month-rebound-likely/articleshow/56948923.cms

Banks ask govt to amend draft GST law

Under the current structure, transactions between two branches of same bank will trigger a tax, which could prove to be cumbersome. Indian banks have approached the government to amend the draft Goods and Services Tax (GST) law under which transactions between two branches of a bank will trigger a tax. This tax could be cumbersome because of the enormous number of financial transactions being carried out and because it will be impossible for banks and finance institutions to value services provided by one branch to another and then pay GST on that. Banks have written to the government to amend the GST law involving such `self-supply' of services. According to people in the know, the government may be looking to make this change within a month. The problem is this: if a bank branch located currently in Mumbai provides a service, or is perceived to provide a service to another branch in New Delhi, GST will be applicable on such a service. So, if a Mumbai resident withdraws money from a New Delhi ATM, the bank would first be required to value this service and then pay GST on that.

The Economic Times - 31.01.2017

http://economictimes.indiatimes.com/news/economy/policy/banks-ask-govt-to-amend-draft-gst-law/articleshow/56887680.cms

'GST rollout vital for logistics sector'

The Finance Minister has made a number provisions for the port and logistics sector, including plans for 2,000-km coastal roads in the Union Budget but experts feel that more details about the GST roadmap and its impact on the sector should have been shared with the market. Allcargo Logistics Ltd Executive Director and COO, Prakash Tulsiani said the Finance Minister has only mentioned about IT systems for GST rollout but the GST roadmap has not been spelled out. The

Government e-marketplace set to be mandatory for all departments

The government is set to make it mandatory for all its departments to procure goods and services through its Amazon-like e-marketplace, which will also introduce preference for domestic players. Mandatory use of GeM (the government e-marketplace) could be in place in a few weeks and is part of the amendments to the General Financial Rules (GFR) being worked out by the ministry of budget has made provision for the sector but connections between GST and budgetary provisions have not been explained, he said. Arif Patel, Vice-Chairman of Patel Roadways, said the budget provisions for logistics sector should have been synchronized with the implementation of GST. If the GST does not get implemented, it will have repercussions on the sector, he warned. Tulsiani said the Budget has been focused on rural and agriculture development, which will spur the consumption in the country. This will bring new businesses to logistics companies. But better connectivity between the ports and various manufacturing facilities would be required once the GST gets implemented.

The Hindu Business Line - 01.02.2017

http://www.thehindubusinessline.com/economy/logistics/gst-rollout-vital-for-logistics-sector/article9517897.ece

Budget 2017: M&A is buzzword of oil industry now, says Dharmendra Pradhan

The grand plan to merge state oil companies will be executed in a time-bound manner but the outcome may not be one giant company that absorbs all firms. Each new entity will straddle the entire value chain — from exploration & production to refining and marketing, oil minister Dharmendra Pradhan said. In an interview with ET, he said the government would leave it to the companies to pick their match instead of micro-managing the commercial aspects of the deal. Their bargaining and risk-taking capacity will increase. The industry is changing very fast. Merger and acquisition is the buzzword. Look at all oil majors, they are diversifying, synergising and integrating themselves. It will not be one company. It will not be wise to put all eggs in one basket. There will be multiple companies. But all these will be integrated (with E&P, refinery and marketing in each company). The government will not micro manage (the merger). Its role is to create policy, to facilitate that (merger). Who will merge with whom, who will acquire whom is up to the company. Their boards will take decision.

The Economic Times - 03.02.2017

http://economictimes.indiatimes.com/opinion/interviews/budget-2017-ma-is-buzzword-of-oil-industry-now-says-dharmendra-pradhan/articleshow/56943554.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Strategic selloff drill begins

The government has initiated the process of bringing in a strategic investor and transfer commerce and industry, sources told TOI. The finance ministry is revising the GFR that all government spending, including procurement. While there are no firm estimates of government purchases, procurement of goods and services are estimated at around 10% of spending, which will add up to around Rs 2 lakh crore. Going by current trends, the savings could be Rs 20,000 crore or so. Since its launch in August, purchases done through GeM have added up to Rs 150 crore, with savings of 10-20% — and in some cases even up to 56%.

The Economic Times - 06.02.2017

http://economictimes.indiatimes.com/news/economy/policy/government-e-marketplace-set-to-be-mandatory-for-all-departments/articleshow/56999179.cms

New philosophy for PSU selloff

The government plans to raise Rs 72,500 crore through stake sales in state-owned companies, including listing of three railway firms IRCTC, IRFC and IRCON. In the budget for 2017-18, finance minister Arun Jaitley today said the government would put in place a revised mechanism and procedure to ensure time-bound listing of identified CPSEs on stock exchanges as listing would foster greater public accountability and unlock their true value. "The shares of railway public sector enterprises (PSEs) such as the IRCTC, IRFC and IRCON will be listed on the stock exchanges," Jaitley said in the Lok Sabha. The government has budgeted to raise Rs 72,500 crore through divestment in CPSEs in 2017-18, which is higher than the Rs 45,500 crore raised in the current fiscal according to the revised estimate. In the next fiscal, the Centre plans to raise Rs 45,000 through divestment, Rs 15,000 crore via strategic sale and Rs 11,000 crore through the listing of insurance companies. "The announcement to list PSEs in the railway sector, launch of a new exchange traded fund (ETF) with diversified CPSE stocks and other government holdings along with the already indicated listing of the five public sector general insurance companies indicates a new philosophy with regard to disinvestment.

The Telegraph - O2.02.2017

https://www.telegraphindia.com/1170202/jsp/business/story_133569.jsp#.WJhQx_B97IU

It's a big deal: Govt moots merger of oil PSUs to create global behemoth

management control in Calcutta-based Bridge & Roof Company and two other state-owned firms. The department of investment and public asset management (Dipam) is scouting for investment bankers and legal advisers to carry forward the transactions for Bharat Pumps & Compressors, Bridge & Roof Company and Hindustan Fluorocarbons. Till now the government has been selling 5-15 per cent of its shares in select blue-chip PSUs. Strategic divestments are not only aimed at raising funds but also exiting businesses that are either not core to the Centre's portfolio or are a perennial strain on the finances. The government intends to go in for strategic sale and transfer of management control in Bridge & Roof Company, which is under the control of the ministry of heavy industries. The miniratna PSU operates in the engineering and construction sectors. The company manufactures railway wagons, Bailey type unit bridge, marine freight containers and bunk houses at its Howrah workshop.

The Telegraph - 04.02.2017

https://www.telegraphindia.com/1170204/jsp/business/story_133921.jsp#.WJhgP_B97IU

Merger drill hits oil hunt

The budget move to integrate state-owned oil and gas companies to provide them financial strength for energy security could delay the auction of blocks under the ambitious Hydrocarbon Exploration Licensing Policy (HELP), which promises pricing and marketing freedoms to players. "The auctioning of small and marginal fields, which attracted several new players under the changed pricing and marketing freedom contract has evoked interest in the Indian hydrocarbon sector. "However, the HELP round of auction of hydrocarbon blocks could get delayed as the budget announcement of integration of state-owned firm has fastened the process," a senior oil ministry officials said. Sources said the government needed to give clarity to potential bidders on the implication of any merger on the entire auction process, leading to the delay. Oil minister Dharmendra Pradhan has said the government will avoid putting all the eggs in one basket. There are indications that it will not be a single behemoth but two or three merged entities that will be a combination of downstream, upstream and midstream players.

The Telegraph - 06.02.2017

https://www.telegraphindia.com/1170206/jsp/business/story_134217.jsp#.WJhfsfB97IU

It's official. After more than a decade of on-again-off-again debate, the government has finally waved the green flag for creating entities with global scale by merging public sector oil firms. "The Budget has laid the policy. Integration is the need of the hour. Globally, M&A (mergers and acquisitions) is the trend in the oil industry. With the policy in place, companies will chalk out mergers and acquisitions in accordance to their strength and weaknesses. We will see M&A activities in the public sector oil industry in coming days," oil minister Dharmendra Pradhan told TOI. But don't expect to see all petrol pumps run by state-run fuel retailers to don the same colour as a result of the proposed merger. The idea is that the major brands, considered the country's family silver, will be retained. It will be the smaller and standalone ventures that will be merged to fit the missing links in the hydrocarbons value chain of each brand. T

The Times of India - 02.02.2017

http://timesofindia.indiatimes.com/business/india-business/its-a-big-deal-govt-moots-merger-of-oil-psus-to-create-global-behemoth/articleshow/56925586.cms

India's Oil Consumption To Be Fastest In World By 2035: BP

Having pipped Japan to become world's third largest oil consumer, India's oil consumption growth will be the fastest among all major economies by 2035, BP Statistical Review of World Energy said. India, Asia's second biggest energy consumer since 2008, had in 2015 overtaken Japan as the world's third largest oil consuming country behind US and China. "We project that India's energy consumption grows the fastest among all major economies by 2035. As a result, the country remains import dependent despite increases in production," it said. While energy consumption will grow by 4.2 per cent per annum -- faster than all major economies in the world -- India's consumption growth of fossil fuels would be the largest in the world. India, it said, will overtake China as the largest growth market for energy in volume terms by 2030. Oil consumption will rise beom 4.1 million barrels per day in 2015 to 9.2 million bpd in 2035. Natural gas consumption would jump from 4.9 billion cubic feet per day to 12.8 bcfd while coal consumption is project to more than double to 833 million tons.

NDTV - 31.01.2017

http://profit.ndtv.com/news/budget/article-indias-oil-consumption-to-be-fastest-in-world-by-2035-1652950

Spike in global oil price poses risk for growth

It is not just demonetisation which is threatening the world's fastest growing economy tag of India. A spike in oil prices too may have dampening impact on the growth, the Economic Survey said on Tuesday. India did not fully pass on the slump in oil prices in late 2014 and early 2015, resulting in it gaining the dubious distinction of having highest tax on diesel and petrol in all countries outside Europe. "International oil prices have stopped falling, providing less of an updraft to the economy. So growth would have inevitably differed, even without demonetisation," the pre-Budget Survey tabled in Parliament said. Price of basket of crude oil India buys has increased from $39.9 in April 2016 to $52.7 in December 2016. It estimated that "oil prices could rise by as much as one-sixth over the 2016-17 level, which could have some dampening impact on the growth." "Geopolitics could take oil prices up further than forecast.

Pioneer - 01.02.2017

http://www.dailypioneer.com/business/spike-in-global-oil-price-poses-risk-for-growth.html

Many variables at play, oil companies' valuations may slip

The government's fiscal math to calculate oil subsidy burden and expected growth in excise duty collection for the next fiscal may impact stock valuations of upstream and downstream companies. Their stock valuations have expanded two-three times in the past two years following the government's steps to reduce subsidy burden by deregulating pricing of petroleum products and direct benefit transfer to consumers of domestic LPG subsidy. The government has projected oil subsidy of Rs 22,000 crore for FY18. This may appear inadequate since it is similar to the amount that government incurred in the current fiscal even though the crude oil prices have shot up by over 20% in the past three months. The higher price doesn't seem to reflect in the government's subsidy calculation. Analysts had anticipated a subsidy of Rs. 26,000 crore at an average estimated crude price of $50barrel and Rs. 31,000 crore at $55barrel for FY18.Brent crude is currently hovering at $53barrel.

The Economic Times - 03.02.2017

http://economictimes.indiatimes.com/markets/stocks/news/et-analysis-many-variables-at-play-oil-companies-valuations-may-slip/articleshow/56949913.cms

'American Withdrawal From TPP Will Boost Indian Leather Exports'

The United States formally withdrawing from the Trans-Pacific Partnership would benefit the domestic leather industry, a top official of industry body Council for Leather Exports said, here, on Tuesday. "Already the leather exports to US market has been increasing with a year-on-year increase of about 8 per cent as of 2014-15. With the new President Donald Trump withdrawing US from TPP it will benefit our industry in future", Council for Leather Exports, Vice-Chairman, P R Aqeel Ahmed told reporters. Soon after becoming the new President of United States, Donald Trump last week formally withdrew his country out of the Trans-Pacific Partnership by signing an executive action from the negotiating process of the 12-nation trade deal, one of the major international trade initiatives of his predecessor Barack Obama. Responding to a query on how it would benefit the Indian market, Ahmed said compared to the exports made from other Asian markets to US, India holds advantage of witnessing a rise in leather exports as products were well received there.

Millennium Post - 31.01.2017

http://www.millenniumpost.in/business/news-181755

Apparel, leather sectors need bigger boost for employment generation

The apparel, leather and footwear sectors could be in line for fresh sops with the Survey laying stress on their employment-generating potential and need for being hand-held. "The space vacated by China is fast being taken over by Bangladesh and Vietnam in case of apparels and Vietnam and Indonesia in case of leather and footwear, while Indian companies struggle in face of a set of common challenges related to logistics, labour regulations, tax and tariff policy and disadvantages emanating from the international trading environment compared to competitor countries," it pointed out. Exporters are hopeful that the stress on the two labour-intensive sectors would translate into tangible benefits. "There is need to bring a comprehensive package for leather and footwear sectors on the lines of the apparel and made-ups sectors, which was announced by the government few months back," said SC Ralhan from the Federation of Indian Export Organisations.

The Hindu Business Line - 01.02.2017

http://www.thehindubusinessline.com/economy/apparel-leather-sectors-need-bigger-boost-for-employment-generation/article9512859.ece

Dr. SSV Ramakumar takes over as Director (R&D) on IndianOil Board

Dr. SSV Ramakumar has taken over as Director (Research & Development) on the Board of Indian Oil Corporation Ltd. (IndianOil) here today. Prior to this, he was Executive Director (Refining Technology) at IndianOil's R&D Centre at Faridabad. With a doctorate in Chemistry from IIT-Roorkee (erstwhile University of Roorkee), Dr. Ramakumar has almost three decades of uninterrupted R&D experience in downstream hydrocarbons sector, notably in the areas of refinery process research streams, including catalyst development; simulation & modelling; and development, quality upgradation and marketing coordination of automotive lubricants. He is instrumental in development of India's home-grown, OEM-approved marine lubricant technology, which catapulted IndianOil's SERVO lubes into the select league of five MNC oil companies. As head of Nanotechnology research in IndianOil, he spearheaded the fastest ever development and commercial deployment of Indane Nanocut high-term metal-cutting gas.

Energy Infra Post - 01.02.2017

http://energyinfrapost.com/dr-ssv-ramakumar-takes-director-rd-indianoil-board/

Anand Kumar Gupta takes over as director commercial at NTPC

Anand Kumar Gupta has taken over the charge as director commercial at NTPCBSE 0.73 % on Friday, the company said in a statement. As director commercial, he will be responsible for the activities relating to commercial, international and domestic business development and consultancy business of NTPC. Gupta (56 years) is graduate in electrical engineering from Moti Lal Nehru National Institute of Technology, Allahabad. He has a career spanning over 36 years of contribution in the company in various positions including those of executive director – in charge of commercial and executive director (Engineering). He also headed business development department of NTPC and plant operations & maintenance at power stations. "He made major contributions in development of international business for NTPC, evolving commercial strategies for changing business scenario, development of new projects and improving plant operations," NTPC's statement said.

The Economic Times - 04.02.2017

http://economictimes.indiatimes.com/industry/energy/power/anand-kumar-gupta-takes-over-as-director-commercial-at-ntpc/articleshow/56956627.cms