WEEKLY MEDIA UPDATE

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(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.)

India remains fastest growing economy ahead of China despite ups, downs

India remained ahead of China to retain the tag world's fastest growing large economy withstanding several ups and downs, spike in oil prices and global trade war like situation during 2018. Indian economy's roller-coaster ride during the year gone by was best captured by the GDP growth. In the first quarter of 2018-19 ending June 30, it grew at an impressive 8.2 per cent, after 7.7 per cent in the first three months of the year. Then it slipped to 7.1 per cent in the next quarter ending September 30. Fitch Ratings slashed India's GDP growth forecast to 7.2 per cent for the current fiscal, from 7.8 per cent projected in September, citing higher financing cost and reduced credit availability. According to Niti Aayog Vice-Chairman Rajiv Kumar, the focus of the government in 2019 will be to expedite reforms with a view to accelerate growth. "India will grow at around 7.8 per cent in the next calendar year and investment cycle that has already started picking-up will gather further strength and we will see more private investments," Kumar said.

The New Indian Express - 02.01.2019

http://www.newindianexpress.com/business/2019/jan/01/india-remains-fastest-growing-economy-ahead-of-china-despite-updowns-1919221.html

Core sectors' output growth hits 16 month low at 3.5% in November

The growth of India's infrastructure industries slowed to a 16-month low of 3.5% in November, brought down by cement, electricity and coal production, data released by the commerce and industry ministry showed on Monday. The previous lowest expansion in output growth of the infrastructure industries was 2.9% in July 2017. Core sector had grown 4.8% in October and 6.9% in November 2017. The eight infrastructure sectors of coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity, constitute 40.27% of the total industrial production. Its cumulative growth in the April to November period was 5.1% compared with 3.9% in the year ago period. Coal output growth dipped sharply to 3.7% in November from 11.3% in October, despite a favourable base effect. Electricity generation rose 5.4% compared with 10.9% in October. Cement production grew 8.8% from 18.4% a month ago. "The year-on-year growth performance of a variety of early indicators, including the core industries, non-oil merchandise exports and auto production, displayed a broad-based deterioration in November 2018, driven to an extent by unfavourable base effects, partly related to a shift in the festive calendar," said Aditi Nayar, Principal economist, ICRA.

The Economic Times - 01.01.2019

https://economictimes.indiatimes.com/news/economy/indicators/indias-november-infrastructure-output-grew-at-slowest-pace-in-16-months/articleshow/67325070.cms

Mfg activity slows in Dec, new orders still robust

Manufacturing activity slowed marginally in December but inflow of new orders remained robust, a survey showed on Wednesday. The Nikkei India Purchasing Manager's Index (PMI) moderated to 53.2 in December, slower than November's 54. The 50-point mark separates expansion from contraction. The PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. Growth of new

Services sector activity slowed slightly in December, job creation on rise

The country's services sector activity slowed slightly in December, as new work orders and business activity moderated from November's recent high, while job creation saw a significant uptick, a monthly survey said Friday. The seasonally adjusted Nikkei India Services Business Activity Index fell to 53.2 in December, from 53.7 in November, amid softer growth of activity and new business. Despite easing marginally, the services PMI was in the work remained robust at the end of the quarter, with the upturn being the second-quickest since December 2017. Companies that experienced greater inflows of new orders mentioned expanded client bases, stronger demand and fruitful advertising. International markets contributed to sales growth, with exports rising for the 14th month in a row. “The Indian manufacturing PMI indicated that the sector ended 2018 on a high, with growth stronger than seen at the start of the year. Output continued to rise strongly, in line with a robust upswing in sales,” said Pollyanna De Lima, principal economist at IHS Markit.

The Economic Times - 03.01.2019

https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2019%2F01%2F03&entity=Ar01511&sk=09BB7B0E&mode=text

expansion territory for the seventh straight month. In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction. "India's service sector continued to enjoy positive levels of activity in December, with new business and employment remaining on an upward path. However, except for jobs, rates of expansion slowed slightly to form a somewhat disappointing end to 2018," said Pollyanna De Lima, Principal Economist at IHS Markit, and author of the report. The survey further noted that business sentiment rose to a three-month high in December. Factors like advertising efforts, new service offerings and predictions of an improvement in market conditions after the elections, all boosted business sentiment regarding the 12-month outlook

The Economic Times - 05.01.2019

https://economictimes.indiatimes.com/news/economy/indicators/services-sector-activity-slowed-slightly-in-december-job-creation-on-rise/articleshow/67377734.cms

PSU share sale galloped to record high of Rs. 77,417 crore in year 2018

The government raised a record Rs 77,417 crore from sale of its stake in public sector units in 2018, and the disinvestment programme is headed for another blockbuster year in 2019 with planned privatisation of national carrier Air India. The BJP-led NDA, which in its previous stint privatised the most number of PSUs ever, continues to shy away from the outright sale of bluechip state firms to the private sector in the present regime and is instead pursuing a newfound strategy of merging companies to meet its revenue targets. While big-ticket disinvestments, including ONGC's acquisition of HPCL, CPSE ETF, Bharat-22 ETF, and Coal India stake sale, along with 6 initial public offerings (IPO) brought Rs 77,417 crore to the government coffers last year, while the year was marred by botched attempt of the government to sell 74 per cent stake in Air India. The government has now firmed up a fresh plan for the sale of the airline. As part of the plan, it will sell subsidiaries, like Air India Air Transport Service Ltd (AIATSL), Air India Engineering Services Ltd (AIESL), and land and building assets of Air India separately to help trim Rs 29,000 crore debt burden of the national carrier.

Millennium Post - 02.01.2019

http://www.millenniumpost.in/business/psu-share-sale-galloped-to-record-high-of-77417-crore-in-year-2018-334376

PSU buybacks, dividends may surge as deficit widens

Fiscal deficit higher than budgeted may prompt the government to push PSUs for buybacks or higher dividends. The gap between government expenditure and revenues at the end of November stood at Rs 6.48 lakh crore against the budgeted Rs 6.24 lakh crore (3.3 per cent of the GDP). Going by the fiscal trend and latest data points, it looks highly likely that the deficit could be breached. NMDC, NHPC, Oil India, BHEL, NALCO, NLC, Cochin Shipyard, KIOCL and ONGC have already announced buybacks. IOC recently announced (December end) an interim dividend. On the day of the announcement, the stock traded at a dividend yield of 5 per cent. There could be more buybacks or dividends in the pipeline, allowing investors to make good returns on dividends and buybacks in the current volatile markets. Based on the cash reserves and debt and dividend/buyback history of PSUs, ETIG has identified more PSUs that could announce dividends or buybacks soon. Coal India, HAL, RITES, NBCC, Engineers India, NBCC and MOIL have given interim dividends, but the final dividends could be huge from these companies. The gains may vary on the amount of cash these PSUs give out.

The Economic Times - 07.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/psu-buybacks-dividends-may-surge-as-deficit-widens/67415648

Govt may miss divestment target in FY19

The government may end up with a shortfall of Rs 10,000-15,000 crore in disinvestment receipts for the current fiscal year, which may pose some worries for the Centre battling a tough fiscal situation. Data from the department of investment and public management (Dipam) showed that the government has so far raised Rs 34,142 crore against the budget target of raising Rs 80,000 crore from share sale in state-run companies. Officials said there are several factors which point to the government missing the disinvestment target this year. "The stock market has been volatile and this has meant that we have delayed accessing the market for follow-on issues," said an official who did not wish to be identified, adding that they are watching the situation closely. With nearly three months left for the financial year to come to an end, the target looks tough. Adding to the choppy markets is the holiday season, which delays the decision making process. Finance minister Arun Jaitley has vowed to meet the disinvestment target set for this fiscal year, but officials at Dipam appear nervous about the prospect. They expect about Rs 14,000 crore from the PFC acquiring REC and another Rs 10,000 crore or so from buyback of shares by public sector enterprises and some small share sales.

The Times of India - 07.01.2019

https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2019%2F01%2F05&entity=Ar01702&sk=5CB9EE75&mode=text

Cabinet to soon consider framework for monetising assets of CPSEs

The Cabinet is likely to consider this month a framework for monetisation of assets held by CPSEs which have been selected for strategic sale. The 'Asset Monetisation Framework', being drafted by the Department of Investment and Public Asset Management (DIPAM), will help the administrative ministries to fast track hiving off and sale of non-core assets of central public sector enterprises (CPSEs) under their administrative control. To begin with, the guidelines would be applicable for those central public sector undertakings which are likely candidates for strategic disinvestment. However, any state-owned company which wants to sell its non-core assets too can follow the framework, an official said. "The draft Cabinet note has been floated for inter-ministerial comments. We hope to place the asset monetisation framework before the Cabinet this month," the official told PTI. The framework, among other things, would stipulate the quantum of funds that would accrue to the CPSES following the sale of assets and how much would go into the exchequer, the official said. The government already had already given in-principle approval for strategic sale of 24 state-owned companies. These include Dredging Corporation of India, HLL Lifecare, Bharat Earth Movers, Units/JVs of ITDC, Bhadrawati, Salem and Durgapur units of SAIL, Nagarnar Steel Plant of NMDC, Central Electronics and Ferro Scrap Nigam.

The Economic Times - 06.01.2019

https://economictimes.indiatimes.com/news/economy/policy/cabinet-to-soon-consider-framework-for-monetising-assets-of-cpses/articleshow/67404851.cms

Oil, power sector firms were most profitable PSUs last fiscal year

The Public Enterprises Survey for 2017-18 released by the central government last week shows that India's most profitable public sector undertakings (PSU) during the last fiscal year continued to be its largest oil and gas majors: Indian Oil Corporation (IOCL) and Oil and Natural Gas Corporation (ONGC). The top loss-making PSUs, however, were telecom major BSNL and debt-strapped national air carrier Air India. While IOCL posted a profit before exceptional, extraordinary items and tax (PBEET) of Rs.32,564.28 crore in 2017-18, ONGC recorded a PBEET of Rs.28,892.47 crore. Other top profit makers were power firm NTPC (Rs.12,892.46 crore), Bharat Petroleum Corporation (Rs.11,198.02 crore) and Power Grid Corporation (Rs.10,476.85 crore). As for the loss makers, loss

Indian companies log record $129 billion in M&A deals in 2018

The value of announced merger and acquisition (M&A) deals involving Indian companies more than doubled to reach $129.4 billion in 2018, according to data compiled by Thomson Reuters. The previous highest was $67.4 billion in 2007. The number of announced deals also grew 17.2% from a year ago. Average M&A deal size for transactions with disclosed values increased to $127.8 million in 2018 compared to $82.8 million in the previous year. The year witnessed five deals above $5 billion (with a combined value of $39.8 billion) compared to only one in 2017 when the $11.6 billion Idea-Vodafone merger was announced. M&A activity was led by domestic deals at $57.3 billion, more than double the value from the previous all-time high of $26.7 billion in 2017. The number of before exceptional, extraordinary items and tax stood at Rs.8,738.16 crore for BSNL and Rs.5,225.35 crore for Air India. Other loss-makers include telecom firm MTNL (Rs.2,973.45 crore), Hindustan Photo Films Manufacturing (Rs.2,901.15 crore) and Western Coalfields (Rs.2,829.28 crore). The survey also revealed that the top ten loss making PSUs claimed 84.71 per cent of the total losses made by all the 71 CPSEs. The top ten profit making CPSEs accounted for 61.83 per cent of the total profit earned by all the 184 profit making state-owned firms during the year.

The New Indian Express - 03.01.2019

http://www.newindianexpress.com/business/2019/jan/03/oil-power-sector-firms-were-most-profitable-psus-last-fiscal-year-1919916.html

announced domestic deals rose 17% from 2017. Total cross-border M&A activity more than doubled to $69.2 billion in 2018 from the previous year, largely due to growth in inbound M&A activity. Inbound M&A, or foreign firms acquiring Indian companies, reached $55.8 billion in 2018, to post a 77% increase in deal value from $31.5 billion in 2017. Materials and healthcare sector followed with 17.2% and 12.3% market share, respectively.

The Mint - 07.01.2019

https://www.livemint.com/Companies/VD0HHHQHCUwiCjsxeTGCLN/Indian-companies-log-record-129-bn-in-MA-deals-in-2018.html

Clean energy sector requires investment worth $150 billion annually until 2040, says Dharmendra Pradhan

The Modi government's vision of clean energy programme will require an investment of over USD 150 billion on annual basis until 2040, says Dharmendra Pradhan, Minister of Petroleum & Natural Gas, on Monday. Replying to a debate in the Lok Sabha, the Minister said that as per draft National Energy Policy of the NITI Aayog, the country's think-tank, USD 150 billion capital investment is needed in the energy sector on an annual basis until 2040. Rolled out by the NITI Aayog, the National Energy Policy aims to improve the energy security of the country by reducing the dependency on imports. As of now, India is heavily dependent on oil and gas import. Pradhan said that the government has agreed to establish the gas trading exchanges in the country wherein the natural gas can be freely traded and supplied through a market mechanism. However, due to the administrative, legal, operational issues, a precise timeframe for operationalising the gas trading exchanges cannot be indicated at this stage, he said. The minister informed the Lower House that in order to develop the national gas grid, the government has taken a decision to provide a capital grant of Rs 5176 crore to state-run GAIL for development of a 2655 Km long Jagdishpur-Haldia/Bokaro-Dhamra Gas Pipeline (JHBDPL) project.

Business Today - 01.01.2019

https://www.businesstoday.in/sectors/energy/clean-energy-sector-requires-investment-worth-usd-150-bn-annually-until-2040/story/305701.html

Oversupply, faltering growth to weigh on oil prices in 2019: Reuters poll

Crude oil prices look likely to trade below $70 per barrel in 2019 as surplus production, much of it from the United States, and slowing economic growth undermine OPEC-led efforts to shore up the market, a Reuters poll showed on Monday. A survey of 32 economists and analysts forecasts the North Sea Brent crude oil benchmark will average $69.13 per barrel in 2019, more than $5 lower than last month's projection. Brent has averaged $71.76 in 2018. "The first half of 2019 will be dominated by concerns about oversupply," said Ashley Petersen of Stratas Advisors. The Organization of the Petroleum Exporting Countries and other producers including Russia, known collectively as OPEC+, agreed earlier this month to cut production by 1.2 million barrels per day (bpd) to try to drain global crude inventories and support prices. But the cuts are not due to take place until January and prices have fallen more than 15 percent since the announcement. "The market had largely priced in renewed production cuts from OPEC. As a result, we expect prices to sink if OPEC or Russia diverge from their production quotas notably," said Cailin Birch, an analyst at the Economist Intelligence Unit.

The Economic Times - 01.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/oversupply-faltering-growth-to-weigh-on-oil-prices-in-2019-reuters-poll/67324663

Oil and gas prices will remain volatile but range-bound in 2019: Moody’s

Goldman cuts 2019 crude price view; sees recovery from current levels

Global oil and gas prices are likely to remain volatile but range bound in 2019 on the back of multiple factors, ratings agency Moody's said in a report today. The medium-term price band for West Texas Intermediate (WTI) crude, the main North American benchmark, will be $50-$70 per barrel (bbl), it said. "The December 2018 announcement that OPEC and Russia have agreed to cut production by a total 1.2 million barrel per day (mbpd) from October 2018 levels helps alleviate concerns about an oversupplied oil market, which had led to a more than 40 per cent drop in crude prices in the past three months," the report said. Market expectations for continued strong oil demand growth of 1.4 mbpd have remained in place, despite concerns of slowing demand growth tied to weaker global economic growth, the impact of tariffs and a strong US dollar, especially in the emerging markets. Very high Saudi and Russian production, mixed signals on Iran sanctions, and US presidential pressure on Saudi Arabia to maintain high production levels have all heightened supply volatility. "The key questions for 2019 are whether OPEC and Russia will maintain production discipline, and what happens when the current agreement expires in June," the agency said.

The Economic Times - 04.01.2019
https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-and-gas-prices-will-remain-volatile-but-range-bound-in-2019-moodys/67379476

Goldman Sachs downgraded its 2019 crude oil price view, but forecast a recovery from present levels in the absence of a "large" global economic slowdown and improving fundamentals along with signs of major producers trimming their production. Last year, oil prices ended lower for the first time since 2015, after a desultory fourth quarter that saw buyers flee the market. The collapse in oil prices were entirely driven by global growth concerns and exacerbated by low trading liquidity, Goldman said in a research note dated Jan. 6. "The oil market is still pricing in a sharp slowdown in global growth despite our economists' forecast for resilient growth and robust late-2018 oil demand data," the investment bank said. In the absence of a large-scale economic slowdown, Goldman said it expected prices to recover further. "Although growth uncertainty will likely require strengthening physical oil markets to drive this rally, with encouraging evidence that the OPEC cuts are starting," the bank added. OPEC oil supply fell in December by 460,000 barrels per day (bpd) to 32.68 million bpd, a Reuters survey found last week, led by cuts from top exporter Saudi Arabia.

The Economic Times - 07.01.2019
https://energy.economictimes.indiatimes.com/news/oil-and-gas/goldman-cuts-2019-crude-price-view-sees-recovery-from-current-levels/67416123

Expedite GST on energy: PMO

The Prime Minister's Office has asked nodal ministries to speed up efforts to bring all states on board for the inclusion of oil, natural gas, electricity and coal under the ambit of the goods and service tax (GST). States have been reluctant because so far, they have the freedom to levy their own taxes — a significant part of the state revenue. Niti Aayog had reached out to the PMO with a blueprint to make the energy sector more competitive and ensure uniform pricing across India, a senior government official told ET, requesting anonymity. "Nodal ministries have taken recognition of the directive from the top and have initiated discussions with all stakeholders and states," the official added. The next meeting of the GST Council will be held on January 10. Various stakeholders, including consumers, have demanded the power sector be brought in the ambit of GST, which may lower tariffs 10%. NITI Aayog is of the view that such a variety of subsidies and taxes distorts the market and promotes use of inefficient fuel. It has pitched for the same GST rate for all forms of energy as its absence has made both exports and domestic production uncompetitive. This is because there is no input credit available on these items. A uniform GST would enable a level playing field. Currently,

Sudden surge in crude prices can be rude shocks for economy: RBI study

A sudden surge in crude prices can upset the nation's key macro-stability parameters, as it can sharply spike the current account deficit (CAD), inflation and the fiscal numbers, whittling the benefits of higher growth, warns an RBI study. Since the country is heavily dependent on oil imports to the tune of over 80 per cent for meeting its domestic demand, it remains susceptible to global crude price shocks. Besides CAD, rise in crude prices can also impact inflation and fiscal deficit, says the report. The international crude prices increased by around 12 per cent between April and September 2018. The mid-year spike in crude prices happened mainly due to spurt in demand, on the back of global growth revival, and partly due to geopolitical risks that led to supply-side shocks. However since mid-November 2018, the crude prices have declined significantly but they remain volatile. "An increase in crude price worsens the CAD and this adverse impact cannot be significantly contained through a higher growth. So, a crude price shock will be followed by high CAD to GDP ratio," says the latest issue of the Mint Street Memos titled 'The Impact of Crude Price Shock on CAD, Inflation there is a large bias in favour of renewables in the GST policy. Inputs to renewables generation attract GST of 5% while inputs to thermal generation attract a higher rate of 18%.

The Economic Times - 06.01.2019

https://economictimes.indiatimes.com/news/economy/policy/expedite-gst-on-energy-pmo/articleshow/67411076.cms

and Fiscal Deficit' pencilled by in-house economists at the central bank.

Millennium Post - 07.01.2019

http://www.millenniumpost.in/business/sudden-surge-in-crude-prices-can-be-rude-shocks-for-economy-rbi-study-335099

Global crude oil prices post first year of losses since 2015

Oil prices ended with full-year losses for the first time since 2015, after a desultory fourth quarter that saw buyers flee the market over growing worries about a supply glut and mixed signals related to renewed U.S. sanctions on Iran. For the year, U.S. West Texas Intermediate crude (WTI) futures slumped nearly 25 percent, while Brent tumbled more than 19.5 percent. The market had been on track for solid gains for the year until October, when the United States granted larger-than-expected waivers to importers of Iran's oil, and as demand in emerging economies started to sag. That combination dragged down both benchmarks from four-year highs above $76 a barrel and $86 a barrel, respectively, and even a late-year decision by the Organization of the Petroleum Exporting Countries and its allies including Russia, known collectively as OPEC+, to ratchet down output was not enough to restore bullish sentiment. "We're flush with oil," said Phillip Streible, senior market strategist at RJO Futures. "OPEC is out there cutting, but the market isn't really pricing that in." Oil prices fell more than a third this quarter, the steepest quarterly decline since the fourth quarter of 2014.

The Economic Times - 01.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/global-crude-oil-prices-post-first-year-of-losses-since-2015/67332177

India’s diesel demand to double by FY30: Pradhan

India's diesel demand is likely to double to 163 million tonne (MT) in 12 years as consumption rises in the world's fastest-growing economy, Oil Minister Dharmendra Pradhan said Monday. In a written reply to a question in the Lok Sabha, Pradhan said as per the International Energy Agency's World Energy Outlook 2018, the country's oil demand is projected to jump by 61 per cent to 350 MT of oil equivalent by 2030, from 217 MT in 2016. India is the world's third-largest oil consumer. The country's compound annual growth rate (CAGR) of 3.47 per cent in oil demand compares with 1.92 per cent projected for China during the 2016-2030 period. During this period, the US and Japan are likely to witness a contraction of demand, while Russia may just manage a positive growth with consumption rising from 149 MT to 154 MT, he said. As per the report of a working group constituted by the Ministry of Petroleum and Natural Gas on enhancing refining capacity by 2040, the demand for petrol is likely to rise from 26.2 MT in 2017-18 to 49 MT in 2029-30, he said. For diesel, the demand is projected to grow from 81.1 MT in 2017-18 to 163 MT in 2029-30, he said. India saw oil consumption rise from 197.8 MT in 2015 to 217.1 MT in 2016 and 222.1 MT in 2017, he said.

Millennium Post - 01.01.2019

http://www.millenniumpost.in/business/indias-diesel-demand-to-double-by-fy30-pradhan-334250

Iran to double down on investment in oil's growth engine India

Iran will invest about Rs 1,500 crore to expand a refinery run by Chennai Petroleum Corp., the company’s managing director said, amid U.S. sanctions on the Persian Gulf nation that have severely hit its oil exports. The state-run company is boosting capacity at its Nagapattinam facility by nine-fold to process 9 million tons per year and the investment is Naftiran Intertrade Co.’s share of the Rs 27,500 crore ($4 billion) expansion plan, Managing Director S.N. Pandey said in an interview in Chennai last week. The rest of the investment will be through debt and equity,

Oil prices rise on trade talks and supply cuts, but global economy concerns linger

Oil prices rose by around 1 percent on Monday, lifted by optimism that talks could soon resolve the trade war between the United States and China, while supply cuts by major producers also supported the market. Brent crude futures were at $57.61 per barrel at 0111 GMT, up 55 cents, or 1 percent, from their last close. U.S. West Texas Intermediate (WTI) crude oil futures were at $48.49 per barrel, up 53 cents, or 1.1 percent. Financial markets were being lifted early on Monday on expectations that including fresh capital from its main founder Indian Oil Corp. “We will achieve the financial closure in 2019,” Pandey said. “We don’t see any issue in debt raising. We have already talked to many bankers.” While Naftiran’s investment will ease the Chennai Petroleum’s fund raising task, it will ensure Iran maintains its grip in India, where surging fuel demand has turned it into a prized market for global oil producers. For India, Tehran has been a reliable and cheap source of crude extending favourable credit terms, a key driver for New Delhi to convince Washington to grant some exemption from sanctions that restrict trade with the country. Surging demand in India prompted Russia’s Rosneft Oil Co.

The Economic Times - 02.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/iran-to-double-down-on-investment-in-oils-growth-engine-india/67351491

face-to-face trade negotiations between delegates from Washington and Beijing, due to start on Monday, would lead to an easing in tensions between the two biggest economies in the world. The United States and Beijing have been locked in an escalating trade spat since early 2018, raising import tariffs on each other's goods. The dispute has weighed on economic growth. "The start of 2019 brings an even greater sense of downside risk around our global growth forecast...(and) the 3 percent global growth pace we have been anticipating for the next two quarters looks increasingly challenging," U.S. bank J.P. Morgan said in a note late last week.

The Economic Times - 07.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/oil-prices-rise-on-trade-talks-and-supply-cuts-but-global-economy-concerns-linger/67413303

Try diverting gas from non-core sectors to stuck power units: Panel

The government should explore diverting domestic gas allocation from non-core sectors to stranded gas-based power plants, a parliamentary panel has suggested, while asking the government to spell out the action taken against those responsible for the “gross miscalculation” of gas availability in KG D6. Calling for cost moderation of regassified liquefied natural gas (RLNG), the panel has also asked the government to rethink its plan of free market pricing of natural gas, saying it will be counter-productive and not in the public interest. The oil ministry’s proposal for removal of power sector from priority allocation should also be reconsidered and instead the government should restart its e-bid RLNG scheme to support these stranded plants with necessary exemptions, waivers and desired modifications, said the standing committee on energy in its report on stressed/non-performing assets in gas-based power plants. The financial support or subsidies required for the scheme may be sourced from Power System Development Fund, National Clean Energy Fund or budgetary grants for which the power ministry should pursue with the finance ministry, it said. ET had on Thursday reported that the government is working on a Rs 18,000-crore subsidy scheme under which it proposes to offer imported gas at subsidised rates for supply to stranded and underutilised power projects.

The Economic Times - 07.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/try-diverting-gas-from-non-core-sectors-to-stuck-power-units-panel/67413281

Call for subsidy in Kolkata-NE cargo movement via waterways

Inland waterways cargo requires subsidy, at least till navigation in the protocol route via Bangladesh is smoothened to boost cargo movement to North East from Kolkata on the National Waterways-II, officials said. "We are asking for some subsidy support for using NW-II, at least for a short term, till navigation issues in Bangladesh like dredging and installation of night navigation infrastructure are sorted out," Summit Alliance Port East Gateway (SAPEL) COO Tushar Biswas told PTI. SAPEL is a Bangladesh-based port and shipping operator which has signed an agreement with Inland Waterways Authority of India for the operation and management of two terminals in Kolkata. Trial cargo of 1,000 tonnes TMT bars is proposed to be transported to Guwahati from Kolkata tentatively on January 15 along the Brahmaputra river that is categorised as NW-II. Currently it takes around 12 days of sailing for the 1700 km journey, but the time could be reduced to just seven days if the Bangladesh stretch of 890 kms had the requisite draft and night navigation mechanism. Based on the current situation, the cost is coming to about Rs 3000 per tonne, which ideally needs to be brought down to Rs 2300-2500 per tonne to make it lucrative for corporates to use the waterway route, Summit Alliance Port AGM Sagar Khastagir said.

The Telegraph - 07.01.2019

https://www.business-standard.com/article/pti-stories/call-for-subsidy-in-kolkata-ne-cargo-movement-via-waterways-119010600459_1.html

Global capital commits to India’s evolving logistics and warehousing sector

Asia Pacific-focused logistics developer e-Shang Redwood (ESR) last month announced its strategic partnership with global asset manager Allianz Real Estate to invest around US$1 billion in the country’s logistics and industrial property market. While, earlier in the year, Hindustan Infralog Private Limited (HIPL), a joint venture floated by Dubai-owned port operator DP World and the National Investment and Infrastructure Fund (NIIF) committed US$3 billion in ports, logistics and related sectors. The Indian Government in 2015 had set up India’s first sovereign fund, NIIF to manage the capital flow from domestic and international investors. NIIF in May 2017 signed an agreement with DP World to form HIPL. The announcements suggest that the country’s logistics and warehousing segment is at an inflection point, and “there is still room for expansion and growth,” says N Srinivas, Managing Director, Industrial Services at JLL India. The deals will set in motion the development of large-scale, technologically advanced warehousing/logistics space in urban and semi-urban areas across the country. Rising levels of disposable income across India, coupled with increasing pressure from e-commerce have made it necessary for warehousing companies to increase the storage space across the country.

The Investor - 03.01.2019

https://www.theinvestor.jll/news/india/industrial/global-capital-commits-to-indias-evolving-logistics-and-warehousing-sector/

Airlines' 8% fare hike comes a cropper as Indians refuse to pay more to fly

In October, worried over the red marks in airline balance sheets, top officials of the government summoned airline bosses. Junk the price war and make some money, was the advice given. It was a rare demand from the government, which has portrayed exponential growth in air passengers as an achievement. “Excessive competition has led to decline in tariffs (rates), affecting GST (goods and services tax) collections from the telecom and airline industries,” Finance Minister Arun Jaitley said in a recent interview. The airlines did try. Faced with fuel prices creeping up, they thought festival time was the ideal moment when they could earn some more — they raised fares by around eight per cent. They have been proved wrong. The data suggests Indian flyers are now used to a low-fare environment. Passenger traffic numbers show their growth has come at the expense of unrealistically low yields. Airlines' worry is that even on routes where there are people with high disposable incomes, the only way to generate enough demand seems to be to cut prices. Data from the Directorate General of Civil Aviation (DGCA) shows the number of passengers fell on 12 of the top 15 routes in the peak traffic season of November.

Business Standard - 03.01.2019

https://www.business-standard.com/article/companies/airlines-8-fare-hike-comes-a-cropper-as-indians-refuse-to-pay-more-to-fly-119010300948_1.html