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.)

Core Growth Slows to 18-mth Low of 2.6% in Dec

The growth of India's infrastructure industries slowed to an 18-month low in December, brought down by coal, crude and fertilisers, data released by the commerce and industry ministry showed on Monday. The index of eight core industries rose 2.6% in December, data released by the commerce and industry ministry showed, the lowest since 1% rise in June 2017. The core sector had grown 2.9% in November 2018 and 3.8% in December 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. The latest data suggest a moderation in industrial growth going ahead. Industrial production growth slowed to a 17-month low of 0.47% in November, and the core sector suggests it is unlikely to pick up going ahead. "Based on the core sector growth this month, we are expecting the industrial output (measured by IIP) to grow by around 2.5% in Dec'18 with a downward bias due to high base effect," CARE Ratings said in a note. The industrial production numbers for December will be released on February 12.

The Economic Times - 01.02.2019

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2019%2F02%2F01&entity=Ar01304&sk=C5B2C569&mode=text

35 CPSEs lined up for strategic sale

With 35 CPSEs and their units being lined up for a strategic sale, the Finance Ministry is planning to streamline processes to cut down the time for the outright sale of such state-owned companies. Taking a cue from the ongoing strategic sale of Pawan Hans, the Department of Investment and Public Asset Management (DIPAM) is keen that the long-drawn sale process of CPSEs be simplified so that more than one company could be taken up for the sell-off simultaneously. "We are going to correct the procedure (for strategic sale). It is a bit long and long winding, which was okay initially as everybody had to take a lot of precautions. Now also we will take precaution, but we understand how to go ahead. The process is very important to my mind for strategic disinvestment and that is going to be our endeavour (to simplify it)," DIPAM Secretary Atanu Chakraborty told PTI in an interview. NITI Aayog recently submitted to the DIPAM the fifth list of CPSEs, profitable as well as non-profitable, which can go in for a strategic sale. This takes the total number of CPSEs identified for strategic disinvestment to 35. "The companies are more or less defined for strategic disinvestment.

The Hindu Business Line - 04.02.2019

https://www.thehindubusinessline.com/companies/35-cpses-lined-up-for-strategic-sale/article26166807.ece

Govt aims to raise ₹90k cr from 2019-20 divestments

The government has set a target of raising Rs 90,000 crore from disinvestment in state-run companies in 2019-2020, slightly higher than the target of Rs 80,000 crore set in the current financial year, which ends in March. "We have pursued the public enterprises asset management agenda to make these enterprises accountable to the people. As many as 57 CPSEs are now listed with total market capitalisation of over Rs 13 lakh crore," Goyal said in his interim budget speech on Friday. "The government received over Rs 1 lakh crore from disinvestment proceeds during 2017-18. We are confident of crossing the target of Rs 80,000 crore this year," he said. Officials said 36 transactions are expected to be completed in the

PSU share buybacks are credit negative: S&P Global Ratings

S&P Global Ratings on Tuesday said corporate activities that are designed to support the government coffers -- such as share buyback -- by PSUs are 'credit negative' for such entities. In the past three months, 10 public sector undertakings (PSUs) have announced or executed buybacks for a cumulative amount of Rs 15,000 crore, which will count towards the government's target of Rs 80,000 crore from disinvestment of state-owned entities. "S&P Global Ratings foresees credit risks at Indian SOEs (state-owned enterprises) from corporate activity designed to support the Indian government's budgetary coffers," the US-based rating agency said in a statement. The impact current financial year. The government also expects to complete the strategic sale of Air India, one of the big ticket disinvestments, which can fetch a substantial amount. As on January 29, the government has raised Rs 35,533 crore as disinvestment proceeds against the budget estimate of Rs 80,000 crore during the current financial year. With less than two months left for the financial year to end, the government runs the risk of falling short of the target by Rs 10,000-15,000 crore. Choppy stock markets have stopped the government to go in for follow-on public offers. The government also hopes to complete at least three strategic sales. These may not yield much in terms of revenues, but will help send a signal about the commitment to strategic disinvestment.

The Times of India - 02.02.2019

https://epaper.timesgroup.com/Olive/ODN/TimesOfIndia/shared/ShowArticle.aspx?doc=TOIKM%2F2019%2F02%2F02&entity=Ar02302&sk=6006D770&mode=text

on the respective companies can vary depending on the size of cash outflow, it added. "Extracting cash from SOEs decreases their financial flexibility in a stress scenario, which -- at least over the short term -- is credit negative at the firm level," S&P said. It said while extraction of existing excess capital in the form of dividends generally has an impact only on the short-term business of SOEs as dividends are discretionary and can be scaled back if future profitability is low. "In contrast, we believe that debt-funded share buybacks, mergers or acquisitions have longer-term implications.

The Economic Times - 30.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/psu-share-buybacks-are-credit-negative-sp-global-ratings/67749873

Public sector investments likely to witness muted growth next fiscal

Public sector investments are expected to grow at a much slower pace in 2019-20, as capital outlay by public sector enterprises is expected to remain at almost the same level as 2018-19, while capital spending by the Centre is budgeted to grow at a much slower pace next year. Total capital outlay of public sector enterprises (PSEs) is pegged at Rs 5.69 trillion in FY20 (BE). By comparison, capital expenditure by PSEs is likely to touch Rs 5.7 trillion in 2018-19 (RE), up 20 per cent from Rs 4.76 trillion in FY18. On the other hand, the Centre's capital outlay (including gross budgetary support) is expected to grow by 6.3 per cent to Rs 3.36 trillion in FY20 (BE), up from Rs 3.16 trillion in FY19 (RE). By comparison, it is projected to grow by 20.3 per cent in FY19. Budgetary support (both equity and loans) extended to PSEs has been pegged at Rs 1.12 trillion in FY20 (BE), marginally higher than Rs 1.05 trillion in FY19 (RE). PSEs are expected to meet the balance through a combination of internal resources and borrowings. The latter, which includes bonds/debentures, ECB and suppliers credit and others, is pegged at Rs 2.19 trillion in FY20, down from Rs 2.5 trillion in FY19 (RE).

Business Standard - 04.02.2019

https://www.business-standard.com/article/economy-policy/public-sector-investments-likely-to-see-muted-growth-next-fiscal-119020300629_1.html

PMO Tells Depts and PSUs to Pick 'Made in India' Products

The Prime Minister's Office (PMO) has asked departments and public sector units to avoid preferring foreign products and brands at a time when the government is trying to boost domestic manufacturing through PM Narendra Modi's flagship 'Make in India' programme. "Complaints are being received, alleging that government entities are indicating foreign make/brands and/or restrictive conditions in their tenders, thereby excluding local manufacturers from bidding process," principal secretary to the prime minister Nripendra Misra wrote in a January 3 letter to all secretaries. He wrote that such specifications violate government procurement and financial rules that were specially amended in May 2017 to push local content in government purchases. "Our concern is Make in India," Misra told ET. "We want progressive, continuous increase of indigenous components in products procured by us."

The Economic Times - 31.01.2019

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2019%2F01%2F31&entity=Ar00816&sk=59F175ED&mode=text

Govt misses fiscal deficit target, revises it upwards

The Interim Budget for 2019-2020 has upwardly revised the country's fiscal deficit targets by 10 basis points for 2018-19 and 30 basis points in 2019-20 because of higher expenditure on an income support scheme targeting 120 million farm households and a pension scheme for 100 million unorganised sector workers, and an income tax rebate to 30 million taxpayers. One basis point is a hundredth of a percentage point. The fiscal deficit for the current financial year is likely to be around 3.4% of gross domestic product (GDP), marginally higher than the targeted 3.3%. The government has set its fiscal deficit target for 2019-20 at 3.4%, which is also higher than 3.1% of the GDP as per the fiscal roadmap envisaged earlier. The government's earlier commitment was to reduce the fiscal deficit to 3% of GDP in 2020-21. That is now unlikely to happen. In his budget speech, finance minister Piyush Goyal said the fiscal deficit for 2019-20 is pegged at 3.4% of GDP. "We would have maintained fiscal deficit at 3.3% for year 2018-19 and taken further steps to consolidate fiscal deficit in year 2019-20. However, considering the need for income support to farmers we have provided Rs 20,000 crore in 2018-19 RE [revised estimate] and Rs 75,000 crore in 2019-20 BE [budget estimate]. If we exclude this, the fiscal deficit would have been less than 3.3% for 2018-19 and less than 3.1% for year 2019-20," he said.

The Hindustan Times - 02.02.2019

https://www.hindustantimes.com/budget/budget-2019-govt-misses-fiscal-deficit-target-revises-it-upwards/story-Rg3NhjS9QWw0vhznSL0mdK.html

India may breach 3.3% fiscal deficit target as oil prices rise: Moody's

Credit rating agency Moody's Investors Service today said there are risks of India breaching the 3.3 per cent fiscal deficit target for the current financial year as higher oil prices will add to short-term fiscal pressures. According to the US-based agency, the current account deficit (CAD), which is the difference between inflow and outflow of foreign currency, will widen but will not jeopardise India's external position; and the gap will remain significantly narrower than five years ago. "Higher oil prices add to short-term fiscal pressures, following cuts in the goods and services tax on some items and relatively high increases in minimum support prices for some crops. We see risks that the deficit will be wider than budgeted," Moody's said. The government has budgeted fiscal deficit to be at 3.3 per cent of gross domestic product (GDP) in the current fiscal ending March 2019. Fiscal deficit during April-June quarter of current fiscal had touched 68.7 per cent of Budget estimates. Also driven by higher oil prices and robust non-oil import demand, Moody's expects the current account deficit to widen to 2.5 per cent of GDP in the fiscal year ending March 2019, from 1.5 per cent in fiscal 2018.

The Economic Times - 04.02.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/india-may-breach-3-3-fiscal-deficit-target-as-oil-prices-rise-moodys/67826262

Govt's subsidy burden may rise by about 12% to Rs 3.34 trn

The government's subsidy burden is expected to rise by about 12 per cent to Rs 3.34 trillion next year, primarily on account of a massive increase in petroleum subsidy that has risen by more than half. The total revised subsidy estimate for the current financial year will increase by Rs 3,713.7 crore over the Budget subsidy provision, indicating some subsidy for this year (2018-19 or FY19) has been rolled over to the next year (2019-20 or FY20). Petroleum subsidy that goes into providing cheap liquefied petroleum gas (LPG) and kerosene for households is estimated to rise to Rs 37,478 crore in FY20 compared to Rs 24,833.18 crore in the Revised Estimates (RE) for FY19. K Ravichandran, senior vice-president and group head, corporate ratings, Icra, estimates a shortfall of around Rs 17,000 crore in fuel subsidy for FY19 versus the subsidy provided in the RE. "The depreciation of the rupee against the dollar, and rise in crude prices in year to date, have

Oil PSUs capex at four-year low

The interim budget has proposed a capital outlay of Rs 93,639 crore for oil and gas companies for the next financial year (2019-20). This would be the lowest spending done by the state-owned petroleum sector giants combined in the past four fiscal years, a detailed ETEnergyworld analysis of the budget papers revealed. The decline in spending comes at a time the government has increased focus on ramping up domestic output to cut costly oil imports. Finance minister Piyush Goyal in his budget speech in Parliament today said the government is concerned over rising oil imports and is implementing a revamped bidding regime for oil and gas blocks to boost output. According to the Expenditure Budget document, the Exploration and Production (E&P) segment's overall capital outlay is seen dropping 6.69 per cent to Rs 49,057 in 2019-2020 from Rs 52,575 crore spent in 2018-2019, as per the Revised Estimate figures. The Refining and Marketing contributed to the shortfall. Options available to the government to bridge the shortfall are to defer the subsidy payments to oil companies to the next fiscal year, with appropriation from FY20 budgetary allocation and ask downstream and upstream companies to bear a part of the subsidy," he said.

Business Standard - 02.02.2019

https://www.business-standard.com/article/interim-budget-2019/interim-budget-govt-s-subsidy-burden-may-rise-by-about-12-to-rs-3-34-trn-119020101423_1.html

segment has witnessed a 6 per cent increase in capital outlay at Rs 39,390 crore for the next financial year as compared to Rs 37,136 crore spent in 2018-2019, as per the Revised Estimate figures made public today.

The petrochemicals sector has also witnessed an increase in capital outlay to Rs 3,980 crore, a 21.41 per cent jump over Rs 3,278 crore likely to be spent this fiscal year ending March 2019.

The Economic Times - 01.02.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/budget-2019-oil-psus-capex-at-four-year-low/67797259

Hit by sanctions, Asia's Iran crude oil imports drop to three-year low in 2018

Iranian crude oil imports by Asia's top four buyers dropped to the lowest volume in three years in 2018 amid US sanctions on Tehran, but China and India stepped up imports in December after getting waivers from Washington. Asia's top four buyers of Iranian crude - China, India, Japan and South Korea - imported a total 1.31 million barrels per day (bpd) in 2018, down 21 percent from the previous year, data from the countries showed. That was the lowest since about 1 million bpd in 2015, when a previous round of sanctions on Iran led to a sharp drop in Asian imports, Reuters data showed. The United States reimposed sanctions on Iran's oil exports last November as it wants to negotiate a new nuclear deal with the country. U.S. officials have said they intend to reduce the Islamic Republic's oil exports to zero. On a monthly basis, Asia's imports from Iran rebounded to a three-month high of 761,593 bpd in December as China and India stepped up purchases after Washington granted eight countries waivers from the Iranian sanctions for 180 days from the start of November. "We expect Iranian exports to Asia to remain stable at around 800,000 barrels per day until May, when the waivers expire," said Energy Aspects analyst Riccardo Fabiani.

The Economic Times - 31.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/hit-by-sanctions-asias-iran-crude-oil-imports-drop-to-three-year-low-in-2018/67768007

India's crude oil imports from Iran dropped 63% in December, 53% jump in shipments from Saudi Arabia

India's crude oil imports from Iran dropped 63 per cent to 0.86 Million Tonne in December, the lowest recorded in calendar year 2018, fresh data sourced from Directorate General of Commerce Intelligence and Statistics (DGCIS) showed. India had imported 2.32 Million Tonne of Iranian crude in December 2017. Cumulatively, oil imports from Iran during the April-December 2018 period increased 18 per cent to 19.75 MT, as compared to 16.65 MT imported in the corresponding period a year ago. India's crude oil imports from Iran have been declining since November after US' secondary sanctions targeting Iran's energy sector came in effect. Making good the restrictions on Iranian crude oil exports, India's oil imports from Saudi Arabia, the largest producer of Organization of Petroleum Exporting Countries (OPEC), jumped 53 per cent 3.02 MT in December 2018. Cumulatively, India's crude oil imports from Saudi Arabia in the April-December period jumped 13 per cent to 29.39 MT. Sanjiv Singh, Chairman of Indian Oil Corporation (IOC), India's largest fuel retailer and one of the biggest domestic consumer of Iranian crude, earlier this month said the company is optimistic about getting another waiver from the US and complete halt of Iranian crude is a tough decision to make.

The Economic Times - 29.01.2019

https://energy.economictimes.indiatimes.com/news/oil-and-gas/indias-crude-oil-imports-from-iran-dropped-63-in-december-53-jump-in-shipments-from-saudi-arabia/67742454

38 more cities to get diesel at doorstep as 3 OMCs plan to extend service

Residents of 38 more cities would soon be able to have diesel delivered at their doorstep as the three oil marketing companies (OMCs) plan to extend

MakeMyTrip to Opt Out of Govt's OTA Accreditation Scheme

MakeMyTrip, the country's biggest online travel aggregator (OTA), plans to opt out of the government scheme on accreditation of OTAs this service by March. Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) are providing home delivery of diesel in nine cities — Pune, Delhi, Jaunpur, Chennai, Bengaluru, Aligarh, Rewari, Udaipur and Navi Mumbai. "By the end of January, we will be having this facility in eight more cities and will extend it to 30 more cities by March 31," said an official close to the development. Home delivery of diesel had kicked off in Pune on March 16 last year. Among the cities with this facility, Navi Mumbai has the largest sales of 150 kilo litre a month while sales in other cities are at an average 40-50 kl per month. "The move helps large fleets of commercial vehicles as it saves both time and money for the fleet owners," he added. The customer should buy a minimum of 200 litres at a time. However, the petroleum and explosives safety organisation is yet to give clearance for the supply of petrol to homes, owing to its inflammable nature. Firms supply diesel to homes using small tankers that has been retrofitted with a fuel dispenser. Based on the existing norms, any customer ordering more than 2,500 litres will need a clearance from PESO for storage.

Business Standard - 30.01.2019

https://www.business-standard.com/article/companies/38-more-cities-to-get-diesel-at-doorstep-as-3-omcs-plan-to-extend-service-119012901171_1.html

and bed-and-breakfast establishments, stating that it is a technology platform which cannot be assessed for the quality of service of inventory offered on the portal. The tourism ministry had in December issued a set of voluntary guidelines for OTAs and bed-and-breakfast establishments, including homestay operators, to ensure adequate safeguards against deficiency of service. The guidelines also seek to ensure alternate arrangements for customers if needed and punitive deterrence for OTAs. Sources in the tourism ministry said MakeMyTrip (MMT) CEO Deep Kalra has communicated to ministry officials that his company would not like to be a part of the scheme for now. "MMT has not sent a letter but group CEO Deep Kalra has communicated this to us," said an official familiar with the matter. "They have said right now they will not be able to do so. Their definition is that they are a technology platform. They are not responsible for the service delivery." MakeMyTrip did not respond to an email seeking comment till press time Thursday. The official quoted above added that entities are expected to submit online applications for the scheme and that the process will take a month.

The Economic Times - 01.02.2019

https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/shared/ShowArticle.aspx?doc=ETKM%2F2019%2F02%2F01&entity=Ar00620&sk=56C828A9&mode=text

Tourism generated USD 234 bn revenue in 2018: Alphons

Union Minister K J Alphons Sunday said the country's tourism sector fetched USD 234 billion revenue last year, registering a growth of over 19 per cent. Delivering the inaugural speech at the 2nd ASEAN-India Youth Summit here, he said the country was ranked third in the tourism sector, according to the 2018 report of the World Travel and Tourism Council (WTTC). "Last year, India generated USD 234 billion revenue from the tourism sector. While the global revenue growth was five per cent, it grew by 19.4 per cent in India," the Union tourism minister said. This revenue was contributed by 87 per cent domestic and 13 per cent foreign tourists, Alphons said. "From the foreign tourists we earned USD 27 billion, which grew by 14 per cent compared to global growth of seven per cent," he said, adding that around 82 million people are employed in the tourism sector. About spiritual tourism, Alphons said 60-70 per cent of the total domestic tourists fall under this category. "The Indian philosophy is yoga. We see all as one. Yoga is the way of life and it says the entire universe is part of me. If I want to be happy, others have to be happy -- this is the philosophy behind yoga.

Business Standard - 04.02.2019

India to account for 40 per cent of global rail travel by 2050: Report

Indian railways will have a share of 40 per cent of the total global rail activity and save around USD 64 billion on fuel bills by 2050, a report by a Paris-based inter-governmental organisation has said. The report -- The Future of Rail Opportunities for energy -- released Wednesday by the International Energy Agency said the annual investment in rail infrastructure will increase to USD 330 billion in 2050 globally, on the basis of projects currently in various stages of construction and planning. "Rail activity in India is set to grow more than any other country, with passenger movements in India reaching 40 per cent of global activity... The biggest part of the increased investment goes to infrastructure for urban rail (nearly USD 190 billion) and high-speed rail (USD 70 billion); the additional costs of the trains are small in comparison. "As a result of these investments, in 2050 fuel expenditures are reduced by around USD 450 billion, relative to the base scenario. India could save as much as USD 64 billion on fuel expenditures by mid-century," the report stated. The report also stated that the pace of infrastructure build is fastest in urban rail. The length of metro lines under https://www.business-standard.com/article/pti-stories/tourism-generated-usd-234-bn-revenue-in-2018-alphons-119020300490_1.html

construction or slated for construction over the coming five years is twice the length of those built over any five-year period between 1970 and 2015.

The Economic Times - 31.01.2019

https://economictimes.indiatimes.com/industry/transportation/railways/india-to-account-for-40-per-cent-of-global-rail-travel-by-2050-report/articleshow/67760418.cms

Lower logistics cost to help boost exports by 5-8%: FIEO

Reduction of logistics cost by 10 per cent will help boost the country's exports by about 5-8 per cent, exporters body FIEO said on Thursday. Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said that implementation of the Goods and Services Tax (GST) has helped growth of the logistics sector, which is very critical in increasing international trade. High logistics cost impacts competitiveness of domestic goods in the international markets. The cost of logistics for India is about 14 per cent of its GDP and it is far high as compared to other countries. "It is estimated that a 10 per cent decrease in indirect logistics cost can increase 5-8 per cent of exports," Gupta told reporters here. He said this while addressing media over LOGIX-India 2019 programme. The commerce ministry is working on a national logistics policy, which is aimed at promoting seamless movement of goods across the country and reducing high transaction cost of traders. He also said that to develop this sector in an integrated way, it is important to focus on new technology, improved investment, skilling, removing bottlenecks, improving inter modal transportation, automation, single window system for giving clearances, and simplifying processes.

The Hindu Business Line - 31.01.2019

https://www.thehindubusinessline.com/economy/lower-logistics-cost-to-help-boost-exports-by-5-8-fieo/article26138910.ece