

IN BRIEF



**GoM on GST composition scheme holds first meet**

**NEW DELHI**  
The Group of Ministers (GoM) on making the GST composition scheme more attractive held its first meeting on Sunday. The GoM had been tasked with revisiting Goods and Services Tax (GST) rates for restaurants. With only over 15.5 lakh businesses out of 98 lakh registered under GST opting for the scheme, the GST Council set up the GoM to examine ways to make it more attractive. PTI

**Avenue Supermarts net rises 65.2% to ₹191 cr.**

**MUMBAI**  
Avenue Supermarts, which owns and operates retail chain DMart, reported a net profit of ₹191 crore for the July-September quarter, registering a year-on-year increase of 65.2%. This was led by a 66% year-on-year decline in interest expenses and rise in other income to ₹21.2 crore in the quarter versus ₹8 crore in Q1 of 2018. Standalone revenue was ₹3,508 crore against ₹2,778 crore in the same quarter a year earlier. PTI

**TTML to raise up to ₹20,000 crore**

**NEW DELHI**  
Tata Teleservices (Maharashtra) Ltd. (TTML) said that its board would meet on October 18 to consider a proposal for raising up to ₹20,000 through issue of preference shares to promoters or via bonds. The move comes after Tata Group announced that the consumer mobile business of TTML as well as that of Tata Teleservices (TTSL) will be taken over by Bharti Airtel on a debt-free, cash-free basis. PTI

# 'Indian economy on very solid track in the medium term'

IMF chief Christine Lagarde terms demonetisation and GST 'monumental effort'

**PRESS TRUST OF INDIA WASHINGTON**  
IMF chief Christine Lagarde said the Indian economy was on a "very solid track" in the medium term, days after the International Monetary Fund lowered its growth forecast for the current and the next year.

**Short-term slowdown**  
Describing the two major recent reforms – demonetisation and Goods and Services Tax (GST) – as a monumental effort, she said it was hardly surprising that there "is a little bit of a short-term slowdown" as a result. The IMF last week lowered India's growth projection to 6.7% in 2017, 0.5 percentage points less than its previous two forecasts in



**Positive vibes:** IMF is hopeful that fiscal and structural reforms will deliver jobs for the youth, says Ms. Lagarde. \*AP

April and July, attributing it to demonetisation and introduction of the GST. It also lowered the country's growth for 2018 to 7.4%, 0.3 percentage points less

than its previous two projections in July and April. India's growth rate in 2016 was 7.1%, which saw an upward revision of 0.3 percentage points from its April report.

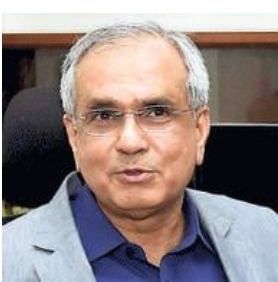
"Turning to India... we have slightly downgraded India; but we believe that India is, for the medium- and long-term, on a growth track that is much more solid as a result of the structural reforms that have been conducted in the last couple of years," the IMF managing director said. "But for the medium term, we see a very solid track ahead for the Indian economy," Ms. Lagarde said. "We very much hope that the combination of fiscal [deficit] – because the deficit has been reduced and inflation has been down significantly – and the structural reforms will actually deliver the jobs that the Indian population, particularly the young Indian people, expect in the future," she added.

## GDP may grow at 7% in FY18: NITI Aayog

'Slowdown has bottomed out'

**PRESS TRUST OF INDIA NEW DELHI**  
NITI Aayog Vice-Chairman Rajiv Kumar has said the economic slowdown that began in 2013-14 has bottomed out and the GDP is likely to grow at 6.9-7% this fiscal and 7.5% in 2018-19.

The economic growth slowed to 7.1% in 2016-17, the year in which 87% of the currency was demonetised, despite a very good show by the agricultural sector. On a quarterly basis also, the growth in the first quarter of the current fiscal had slipped to 5.7%. "I think, by the time you come to the first quarter of 2018, you will see a stronger recovery, and fiscal 2018-19 will be a much better year



Rajiv Kumar

than fiscal 2017-18. And that will then continue because it will be on a much more sustained basis," Mr. Kumar said adding growth will be about 6.9-7% in the current fiscal year. "In the next fiscal year, the growth would be about 7.5%," Mr. Kumar said in an interview to PTI.

## 'Increase global call termination charges'

COAI's call comes as TRAI reviews rate

**PRESS TRUST OF INDIA NEW DELHI**  
Cellular Operators Association of India (COAI) has favoured a steep hike in international termination charges to ₹3.50 a minute against 53 paise per minute at present.

The Telecom Regulatory Authority of India is in the midst of reviewing these rates, paid by foreign carriers for terminating international calls in India. "Today, there is a 20:1 imbalance between incoming and outgoing international calls. In order to adjust the imbalance, you need to go to ₹3.50 on a weighted average basis, to correct the arbitrage," COAI Director General Rajan Mathews said.

COAI has argued there is a need to bridge the gap between blended termination rate paid by Indian operators for outgoing international calls and the termination rates received by them on international incoming calls. Mr. Mathews sought to draw a distinction between termination charge complexities that come into play for domestic and international calls. "International interconnect rates are not as simple as domestic because there are multiple countries with their own regulatory processes and they set their own rates...also there are currency fluctuations to deal with," he said.

INTERVIEW | RAVINDRA SANNAREDDY

# 'Domestic market helps drive interest in SEZs'

But with MAT, we do lose to Thailand, Vietnam: Sri City MD

**K.T. JAGANNATHAN**  
Sri City, an integrated business city located some 50 km north of Chennai, has now become the fulcrum of hyper activity following the split of Andhra Pradesh into two States. The special economic zone has since emerged as a preferred destination for many a local and foreign firm. In this interview, Ravindra Sannareddy, founder and managing director, speaks of its journey thus far and the road ahead.



**How is your SEZ doing?**  
■ I would say it is getting better. I can't say it is doing exceptionally well. The SEZ (Special Economic Zone) policy is directly linked to world GDP (gross domestic product).

If GDP grows faster, there will be demand for new products. When consumption level in the western economies and main market is stagnant, there is lesser need for new factories to come up. After the world market collapse in 2008-09, we now see some growth in the European and the U.S. markets. Slowly, we are seeing some need for new factories to come up in India to bridge the gap between demand and supply in the so-called destination markets. Lately, we have got a few more enquiries. The driver for this is the domestic market. That is still strong. Make in India, the digital thrust and the new electronic policy are all driving international players to set up factories in India to supply to Indian consumers.

**Does SEZ, as a business, hold any charm?**

■ No. It has lost the charm. For the last 3-4 years, various trade bodies have been working with the ministry of commerce and others to bring some reforms to incentivise units to come to India to increase exports. In the original act, there is no MAT (minimum alternative tax). But the introduction of MAT in 2010 or 2011 has proved a dampener. We need to compete with export-oriented nations such as Thailand, Vietnam, Taiwan and the Philippines. Potential players may choose one of those destinations as opposed to India. One of our customers was talking of shoemaking. But he went to Bangladesh because it offered better incentives. We also lost an electronics player to Vietnam.

**How much of the capacity has been used?**  
Overall, 40% has been utilised and has space for another 200-300 industries (160 are already there). We estimate around 350-400 industries to come up in Sri City.

**Is it possible for you to replicate your effort?**  
■ No. Land acquisition is a

major challenge. For smaller SEZs, there is still some scope. For larger SEZs, it will be difficult. There is no sign of major SEZs coming in. In fact, the trend is to de-notify. We would like to call Sri City as a new industrial city or business city as it is beyond an SEZ. Building a new city is going to become a challenge as you would require minimum 2,000-5,000 acres. Acquiring large land parcels has become difficult due to the new land acquisition policy.

**Is your SEZ in self-sustaining mode?**  
■ Yes, we are. Recently, we had reduced our debt and increased the land bank. We are also trying to take another 500-1000 acres to reach around 10,000 acres. I will not say Sri City is a financially successful model. But, it is a self-sustaining model. These are all long-gestation projects. People have coined a new term, 'patience capital', for investment in these kinds of projects.

**What is the ownership of your SEZ like?**  
■ We are a private equity entity. The market is very tough. Generally, there is not much enthusiasm for infrastructure or real estate-centric projects any more in the country. Certainly, we can take additional investment.

**How about debt funds?**  
■ Banks loans are available. We don't want to leverage too much, however. Equity is fine. In this kind of project, many are not able to service the debt. We are in a healthy position to service our debt and even reduce it.

## HOW THE NADAR BANK TMB WAS RETRIEVED FROM 'OUTSIDERS', BACK TO THE NADAR COMMUNITY BY LATE THIRU B.RAMACHANDRA ADITHANAR

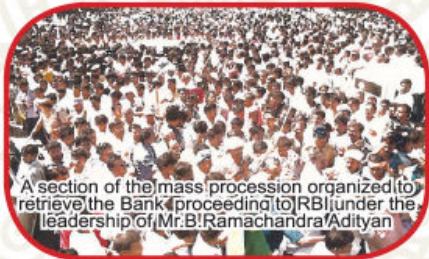
### A REMINDER ON HIS 4TH REMEMBRANCE DAY



- 11.11.1921:** The Nadar Bank' opens its first branch at Tuticorin.
- 11.05.1935:** The Nadar Bank Ltd becomes a Scheduled bank under the RBI act.
- 26.11.1962:** The name of the bank is changed to 'Tamilnadu Mercantile Bank'



Mr.B.Ramachandra Adityan walking all the way in the mass procession proceeding to RBI to retrieve the Bank



A section of the mass procession organized to retrieve the Bank proceeding to RBI under the leadership of Mr.B.Ramachandra Adityan



Directors of the Bank under the leadership of Mr.B.Ramachandra Adityan seen with him and the Bank's Chairman and RBI Nominee Directors



Mr.B.Ramachandra Adityan in conversation with the then Prime Minister of India, Mr.A.B.Vajpayee



Mr.B.Ramachandra Adityan signing the agreement to buy back the shares in the presence of the then Home Minister, Mr.L.K.Advani



Mr.B.Ramachandra Adityan meeting the then Chief Minister of Tamil Nadu Ms.J.Jayalitha to solicit her support for his effort



At the end of the mass procession Mr.B.Ramachandra Adityan in conversation with RBI official after giving a petition



Mr.B.Ramachandra Adityan in the Annual General Meeting of the Bank

- 1994 :** Shares of the bank with face value of Rs.10/- was being traded at Rs.300/- . The Essar group picked up 67.72% shares at Rs.3,000/- each. But facing heat from the Nadar Community and things going wrong in other fronts sold entire lot to Mr.Sivasankaran.
- 1995-96 :** A retrieval committee, under the chairmanship of Mr.B.Ramachandra Adityan was formed to buy back the shares from Mr.Sivasankaran. A MOU was signed between this committee and Mr.Sivasankaran. The selling rate per share to the members of the Nadar Community was fixed at Rs.6,500/- per share.
- 2000 :** Due to delay in collecting and making payment to Mr.Sivasankaran he charges interest for the delay. The rate per share was then increased to Rs.8,250/-. At this point some members withdrew their support and money. The remaining money was only Rs.80.75 crores.
- 2003 :** This amount of Rs.80.75 crores was enough only to retrieve 34.29% of the shares (96,000).
- 2004 :** After a gap of 7 years the AGM was held. Mr.Ramachandra Adityan's team wins. He then attempted to collect money for the remaining 33.43% shares with Mr.Sivasankaran. Since money could not be raised within the community, 16.78% were sold to Foreign Investors, 8.06% to NRI's and 8.59% to the Nadar community. These shares were transferred on 13.05.2007.

Mr.B.Ramachandra Adityan reiterated to the Foreign Investors and the NRI's that they could only invest but not expect to get into the management. The efforts taken by Mr.Ramachandra Adityan and his team made sure that out of the 67.72% shares sold to the Essar group 42.88% were retrieved. This with the 32.28% already with the Nadar community, made up 75.16% shares with the Nadar community at that point.

**2008 - 2017 :**  
A group of Nadars colluded with the Foreign Investors and defeated Mr.Ramachandra Adityan and his team in the 2008 AGM. Between 2009 & 2017 only 2 AGMs were conducted. With the help of court cases, the Directors are finding ways to stay in power for more than one year. The RBI and the Hon'ble High Court should step in and ensure that AGMs are held every year, to return TMB to its glory days.