

Minutes of the 10th meeting of Kandla SEZ Authority held on 12/06/2012 at 11.00 hrs. at Kandla Special Economic Zone under the Chairmanship of Shri Mahendra Jain, IAS, Chairman, Kandla SEZ Authority.

Following were present:-

1. Shri B. Pattanaik, JDC, KASEZ
2. Shri R. Kannan, Director, Vijay Tanks & Vessels
3. Shri R.N. Bairwa, AO, KASEZ (special invitee)
4. Shri A.K. Pathak, DGM, NBCC (special invitee)

10.1 Confirmation of the minutes of 9th meeting of Kandla SEZ Authority:

Minutes of the 9th Kandla SEZ Authority meeting held on 28/03/2012 were confirmed.

10.2 Balance payment to NBCC:

Position regarding payment made and balance payment to be paid to NBCC for various works as given below was noted by the Authority:-

Sl. No.	Name of the work	Estimated Cost	Funds released (Rs.in lakhs)			Balance to be paid (Authority)
			Authority	ASIDE	Total	
1	Construction of 2 Nos. SDF (new) (out of Authority's share of Rs.812.80 lakhs)	2786.74	112.80	600	712.80	700.00
2	Dismantling of reconstruction GHB quarters (sanctioned in 3 rd meeting)	222.73	9.25	--	9.25	213.48
3	Construction of CC Parking in the new area near ROB, loading yard near Vertex and from fly over to Green Age Solutions in old area	825.40	200.00	--	200.00	625.40
4	Dismantling and re-construction of CIB sheds (phase-1) out of Authority share	1169.78	100.00	--	100.00	169.78

	of Rs.269.78 lakhs):					
5	Dismantling and re-construction of Primary School Building	123.06	25.00	--	25.00	98.06
6	Construction of Over Dimensional Cargo (ODC) gate in New Area	20.00	20.00	--	---	00.00

Chairman enquired about the fund released by the Government under the ASIDE scheme in respect of work at S.No.1 above. DGM, NBCC stated that an amount of Rs.600 lakhs has been received from the Government under the ASIDE scheme. An amount of Rs.112.80 lakhs was received from the Authority. Chairman also asked about the utilization of the fund released. It was stated by the DGM, NBCC that they have utilized an amount of Rs.350 lakhs till 31/3/2012. As to whether the work is undertaken as department work, DGM, NBCC stated that works are undertaken through tendering process.

With regard to dismantling and reconstruction of GHB quarters the Chairman enquired the status of the work. It was stated by the DGM, NBCC that the approval from the GDA is awaited. They have called for some information, which is not available. However, the paper work is in progress to get the approval from the GDA.

With regard to CC Parking, it was reported that the tendering work has been completed and the work will commence in the next week. Chairman enquired about the availability of fund/annual income of the Authority. JDC replied that the annual income of the Authority is around Rs.20 crores. Chairman felt that we should prioritize the works, which are necessary.

Regarding dismantling and reconstruction of CIB sheds, DGM NBCC informed that these sheds were retrofitted after the devastating earthquake in 2001. However, the sheds are again damaged and hence a proposal was sent to Ministry for dismantling and reconstruction. 12 sheds were earmarked. Chairman asked about the size of the sheds, to which it was clarified by the DGM, NBCC that each shed consist of 500 sq.ft. and the construction is going to be undertaken as Ground Plus first floor. Whether entire sheds was surrendered by the units for the purpose, JDC clarified to the Chairman that out of these 12 Nos., 4 sheds has been surrendered by the occupant and the work is already commenced. It was also informed that we have also asked the units to vacate the premises. As to whether any units have asked for alternate premises, it was stated that M/s. Maruti Packaging and M/s.Maruti Exports have requested for allotment of shed on permanent basis, as the shifting

production to the temporary allotted shed and again taking it back to the original shed after reconstruction will incur a huge expenditure and loss of production.

Regarding ODC gate, Chairman asked whether the BoA approval was received or not. It was clarified that the BoA has already approved our proposal for ODC gate.

10.3 Request of the Co-Developer not to levy user charges on them:

M/s.Integrated Warehousing Kandla Project Development Pvt. Ltd. (IWKPDPL) and M/s. Worlds Windows Infrastructure and Logistics Pvt. Ltd have been approved as Co-Developers by Ministry of Commerce for development of Free Trade Warehousing Zone. They were allotted with 75 acres and 25 acres of land, respectively, in the New Area for development of FTWZ. However, IWKPDPL's contention was that they are a Co-Developer and not a unit and hence user charges should not be made applicable to them. JDC stated that since the Co-Developers also use the common services/facilities provided by the Authority, it is felt that they should also be liable to pay such user charges like units. Shri R. Kannan also agreed to the suggestion, as the Co-Developers are also using the common facilities such as roads, drains, water lines, etc. the Co-Developers should not be singled out and user charges should be levied from them also. Chairman asked whether the Co-Developers have commenced the activities or not. It was informed that M/s.IWKPDPL have not commenced any activities whereas M/s.Worlds Window Infrastructure and Logistics have started developed the land and we had also fixed the rate for sub-leasing in the FTWZ being developed by M/s. Worlds Window Infrastructure and Logistics Pvt.Ltd. It was decided by consensus that the Co-Developers are also liable to make the user charges as they are using the common facilities. Further, their sub-leasing charges are also will be fixed by taking into account the charges they are making to the Kandla SEZ Authority.

10.4 Fixation of lease rent for SDF "Ganga Complex":

The agenda item was deliberated in detail. Chairman asked what are the Government guidelines on fixation of rent and whether it is followed or not. JDC clarified that the calculation is done based on the formula prescribed by the Ministry of Commerce & Industry vide letter No.Z.1/1/2001-EPZ dated 11/09/2001. However, as per the practice being followed in KASEZ since long, 11.50% on annual maintenance and repair charges and interest @15.50% on special maintenance and repairs were calculated. Accordingly, the rent was calculated at Rs.4133/- per sq.mtr. per annum. For calculation of rent, where there is no probable cost of maintenance and repairs can be estimated by the Competent Authority, it has to be calculated on percentage basis. NBCC has provided the estimate for annual maintenance and special repair charges and the rent was re-calculated. Chairman asked DGM, NBCC whether the maintenance and repair charges shown by them is reasonable or not. DGM, NBCC stated

that the charges are reasonable. Chairman also asked the other Members whether there is any other way of doing the rent calculation and there is any possibility to charge more.

JDC informed that the rent is higher than the rate at Noida and SEEPZ SEZs. Shri R. Kannan commented that the rent worked out at Rs. 1538/- is quite reasonable and should not be increased further and that we should not compare Kandla with Noida or SEEPZ, as the lease rentals at these places will be more. Chairman informed that since the Government of India have prescribed some guidelines whether we can go beyond that. JDC clarified that in the Government guidelines no percentage has been fixed for special maintenance and repairs and annual maintenance and repairs and as per provision of FR 45-B competent authority can estimate the probable cost for such repairs and maintenance. Accordingly, the cost for special repairs and annual maintenance charges were obtained from NBCC for re-calculation of the rent.

Chairman stated that we may make a reference to the Ministry seeking their approval/comments on the revised calculation, as early as possible. The Ministry should be requested to give approval since there will be loss of rental revenue if the matter is not decided expeditiously. We may also point out in the reference that if no reply is received within 30 days, the SDF may be allotted at the rates decided by the Authority subject to final decision by the Ministry.

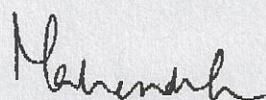
10.5 Expenditure for Advertisement and Publicity:

Authority noted that since the course of action has already been happened and only the payment is required to be released, the Authority conveyed their post facto approval for the proposal.

General:

Chairman enquired about who is responsible for maintenance of the Zone. DGM, NBCC stated that general cleanliness is done by NBCC. Chairman informed that many of the units are throwing the waste materials/debris outside on the roads. Such units may be identified and warning letters may be issued to them. The debris clearance charges should be collected from all the units on proportionate basis. If the cleanliness is maintained, the beneficiary is the units only as they will get more international buyers and the units may be asked to cooperate to maintain cleanliness in the Zone.

Meeting ended with Vote of Thanks to all concerned.


(Mahendra Jain)
Chairperson