

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

I. GENERAL

1. INTRODUCTION

Kandla Special Economic Zone Authority (KASEZA) was constituted by the Government of India, Ministry of Commerce & Industry, in the Department of Commerce vide Notification dated 27/02/2009 under section 31 (1) read with sub-sections (3) and (5) of the Special Economic Zone Act, 2005 (28 of 2005) to manage and operate estate of Kandla Special Economic Zone (KASEZ) at Kandla Special Economic Zone, Gandhidham. Rules were framed vide Notification dated 11/11/2009. KASEZ has been in existence since 1965 and had been managed by the Development Commissioner, KASEZ. The constitution of the Authority was intended to segregate the development and regulatory function of the office and to enable the Zone to compete on equal terms with the new private Special Economic Zones. Kandla SEZ Authority came into existence on 20/01/2010..

2. ADMINISTRATION

The Authority is headed by Chairman, which is a post held ex-officio by the Development Commissioner, Kandla Special Economic Zone. Presently, the Authority comprises the following:-

Joint Secretary (SEZ), Department of Commerce	-Member
Joint Director General of Foreign Trade, Rajkot	-Member
Joint Development Commissioner, KASEZ	-Member
Shri Sudesh Zingde, Director, Missionpharma, a Unit of KASEZ	-Member
Shri Bipin Thakkar, Director, Gokul Overseas, a unit KASEZ	-Member

The first three are ex-officio members. The last two are entrepreneurs in Kandla SEZ nominated for a term of two years by the Government of India. Term of the two nominated members will expire on 17th May, 2018.

2.2 The Chairman is the Chief Executive of the KASEZA. The Executive Assistant of KASEZ has been designated as the adhoc Secretary of the Authority on payment of an honorarium of Rs.8000/- p.m., and he has been looking after the Estate Management Wing.

2.3 During the year 2016-17, Shri Upendra Vasishth, ndc, IOFS, held the post of Development Commissioner, KASEZ and as such acted as Chairperson of the Kandla SEZ Authority.

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

3. SCOPE OF ACTIVITIES

KASEZ is the largest industrial cluster in the District of Kutch in terms of providing direct employment to more than 25000 persons.

3.2 The Authority is the custodian of the assets of the KASEZ which have been created over an area of 971.75 acres. The industrial, commercial and social infrastructure required for an industrial complex is available in the Zone. Most of the plots have been allotted to units operating under the SEZ scheme who have built their structures. Besides plots, built-up sheds of various dimensions and Standard Design Factories (SDF) Units are also allotted to units for approved activities. During the year, the Authority vigorously pursued cases relating to properties under dispute/litigation and three cases were taken to final conclusion or partial conclusion. All the estate development and maintenance work is done through M/s. National Building Construction Corporation (India) Ltd., a Public Sector Undertaking.

3.3 For efficient management & development of the estate and utilities, the Authority is expected to manage its finances so that all expenditure, including capital works, are financed through internal accruals to the extent possible.

4. EXPORT PERFORMANCE

4.1 The primary objective of an SEZ are –

- (a) Generation of additional economic activity;
- (b) Promotion of exports of goods and services;
- (c) Promotion of investment from domestic and foreign sources;
- (d) Creation of employment opportunities;
- (e) Development of infrastructure facilities.

4.2 Because of the quality infrastructure available in KASEZ, it has been a favourite destination for investors. As on 31/03/2017 the Zone had 278 units of which 249 were operational. KASEZ achieved an export turnover of Rs.4396.77 crores. Figures for last five years' export from KASEZ are indicated below:-

2012-13	Rs.2965.73 crores
2013-14	Rs.3636.07 crores
2014-15	Rs.3835.65 crores
2015-16	Rs.4227.07 crores

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

2016-17

Rs.4396.77 crores

4.3 Sectoral distribution of exports from KASEZ for the year 2016-17 is mentioned below:-

Sr.No.	Name of Sector	Rs. In lakhs
1	Agriculture products	14075.52
1	Textile/Garments	53743.09
2	Electronic Hardware	6003.52
3	Pharmaceuticals/Chemicals	27191.14
4	Engineering	24733.19
5	Leather and sports goods	1192.54
6	Plastic/Rubber/Synthetic	55965.50
7	Food and Agro products	46199.06
8	Miscellaneous	26348.45
9	Others	109190.51
10	Trading and Service Units	10137.27
11	Electronic software	11766.74
12	Yarn	547.76
13	Chemical & allied industry	8827.11
14	Chemical And plastic & Allied industry	43755.16
	Total	439676.56

4.4 During the year 2016-17, 23 Letters of Approvals were issued; 5 new units commenced their commercial production and 1 unit exited from the SEZ.

5. ESTATE

5.1 Initially the Zone was set up over an area of 700 acres. This is now known as Phase-I. Subsequently, 271.75 acres was acquired on lease from Kandla Port Trust in the year 2003 (Phase-II), which is adjacent to the existing Zone area. Total area of the Zone is 971.75 acres, which include the administrative block and residential area. Since a public road passes between the Phase-I and Phase-II, to maintain contiguity a Fly over-bridge was constructed.

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

During 2016-17, 31 allotments were made to the Letter of Approval holders. The lease rent income was Rs. 33.688 crores during this period.

5.2 The Authority also received Rs.3.42 crores towards user charges during this period.

5.3 To accommodate more approved units in a lesser plot area, seven SDF units (2 storeyed) have been constructed and allotments made. One more SDF building (SDF Unit-VIII) is also complete and another SDF (Unit-IX) is approved for construction which will have one air-conditioned and one refrigerated unit (out of total 6 units in an SDF).

5.4. SETTING UP OF A SOLID WASTE MANAGEMENT SYSTEM:

Kandla Special Economic Zone is lacking the facility of Solid Waste disposal. The Authority has approved the proposal to set up a Solid Waste Management System. Work to set up a Solid Waste Management System has been given to NBCC at a cost of Rs.520.80 lakhs, our construction and maintenance agency and it is expected that project will be completed by mid of Financial Year 2018-19.

5.5 SETTING UP OF 1 MW ROOF TOP SOLAR POWER PROJECT

Towards the Government of India's initiative to set up solar power project, Kandla SEZ Authority already approved setting up of 1 MW Roof Top Solar power project and it is expected to be completed by end of March, 2018.

5.6 CONSTRUCTION OF SDFs:

The entire area of KASEZ is saturated without much scope for accommodating new units. Therefore, another SDF building (SDF-IX) construction has been approved. As mentioned above, The Zone had already constructed 8 SDF buildings. Allotments in the seven completed SDFs have already taken place and allotment in 8th building is in progress. One more SDF (Unit-IX) is approved for construction which will have one air-conditioned and one refrigerated unit. This will be completed during the Financial Year 2018-19.

Kandla SEZ Authority approved the following proposals for infrastructure developments during the year 2016-17:-

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

Sr.No.	Item of work	Estimated Cost	
		(Rs. lakhs)	In lakhs)
1	Setting up of Solid Waste Management System	520.80	
2	Setting up of 1 MW Roof Top Solar Power project	887.76	
3	Construction of 1 No, SDF Unit-IX having one unit each of Air conditioned and Refrigeration.	2787.33	
4	Dismantling and reconstruction of 2 Nos.CPWD Shed	118.19	
5	Raising the Height of boundary wall (phase-III)	499.75	
6	Dismantling & reconstruction of Custom Godown	313.56	

5.7 SETTING UP OF A SEWAGE TREATMENT PLANT

Kutch is a water scarce area due to scanty rains and only source of water supply depends on Gujarat Water Supply and Sewerage Board. For various purposes, this water is being used and as such . Kandla SEZ Authority is considering setting up of a Sewage Treatment Plant so that the water generated out of this plant can be used for gardening, fire fighting, etc. Our construction and maintenance agency M/s. NBCC Ltd. has already been asked to work on it and submit their proposal for setting up of a Sewage Treatment Plant. To begin with, this plant (capacity 150 KLD) will be first set up in the KASEZ residential colony and afterwards will be considered to be set up in the Zone also.

6. WATER DISTRIBUTION

6.1 KASEZ is a bulk consumer of Gujarat Water Supply and Sewerage Board.

Water is stored at the Bulk supply point created in KASEZ and supply of water to units is regulated by KASEZ through its maintenance agency M/s. National Building and Construction Corporation Ltd. KASEZ charges an amount of Rs.49.50/- per KL for permanent connections and Rs.62/- per KL for temporary connections.

6.2 KASEZ being in a water scarcity area faces shortage of water. Zone Administration has taken up with Gujarat Water Supply & Sewerage Board for increase of water supply from the present 2 MLD to 5 MLD.

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

7. SECURITY

7.1 The Zone is a custom bonded area secured by compound wall with regulated entry and exit points for men and materials. Entry of persons into the processing area is regulated through identity cards issued by the office of Development Commissioner. Zone has its own security wing headed by a Security Officer with 32 security personnel, designated as Head Jamadars, Jamadars and Security Guards, who man the various security points. They are deployed at the gate regulating entry/exit and also inside the processing area for vigil to avoid theft, etc. The Authority has appointed 24 ex-servicemen as security guards on contract basis. Further, it was also proposed to engage 6 Gunmen and 6 Lady Security Guards through private security agencies of repute.

7.2 As per the Ministry of Home Affairs' guidelines on SEZs security, there is a need to upgrade the security arrangement in KASEZ. Accordingly, up-gradation of security arrangement has been taken up. This included reconstruction of security gate, Installation of CCTVs, Installation of Computerized Visitors' Management Software, Construction of waiting room, perimeter security, increasing height of boundary wall, etc. The Zone is under surveillance by CCTVs.

8. OTHER MATTERS

8.1 MEETING

The Authority met five times during the year 2016-17. Accounting work of the Authority is outsourced through a CA firm, namely, M/s. Mukund & Rohit, Chartered Accountants. M/s. Satish Khushalani & Co. Chartered Accountants are appointed for auditing of accounts of the Authority.

8.2 COORDINATION

KASEZ Authority maintained a cordial relationship with the lessees in the Zone. There was also close interactions with the Kandla SEZ Industries Association. As a promotional measure, top exporters in 10 categories were given best exporter award & this programme was jointly held by Authority and KASEZ Industries Association.

9.0 ACKNOWLEDGEMENTS:

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2016-17

The KASEZ Authority is grateful to the Ministry of Commerce & Industry, Government of India for extending guidance/funds, etc. whenever the same was required. The Authority expresses its thanks to various departments of State Government and various state Government agencies like PGVCL, GWSSB, etc. for their cooperation.

The Authority also thanks M/s. National Building and Construction Corporation Ltd. for services provided by it under the leadership of Mr. Manoj Kumar, Project Manager for maintenance of the Zone and for creation of infrastructure. KASEZ Authority also places on record the support given by the lessees in KASEZ, Industries Association, etc.
