

# ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2014-15

## I. GENERAL

### 1. INTRODUCTION

Kandla Special Economic Zone Authority 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 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 has since been managed by the Development Commissioner, KASEZ. The constitution of the Authority is 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 Director General of Foreign Trade, Rajkot	-Member
Joint Development Commissioner, KASEZ	-Member
Joint Secretary (SEZ), Department of Commerce	-Member
Shri Chetan Parekh, Director, Oswal Extrusion, KASEZ	-Member
Shri R. Pankaj Mittal, Director, Motherson Sumi Systems Ltd, KASEZ	- Member

The first three are ex-officio members. The last two are entrepreneurs in the KASEZ nominated for a term of two years by the Government of India.

2.2 The Chairman is the Chief Executive of the KASEZ. The Authority has already proposed to the Ministry of Commerce & Industry, Government of India for creation of various posts. The Executive Assistant of KASEZ has been designated as the adhoc Secretary of the Authority on payment of honorarium of Rs.7000/- p.m., and he has been looking after the Estate Management Wing.

2.3 During the year 2014-15, Shri V.N. Shewale, ITS was holding the charge of Development Commissioner/Chairperson of the Kandla SEZ Authority.

### 3. SCOPE OF ACTIVITIES

KASEZ is the largest industrial cluster in the District of Kutch with an employment of over 25000.

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. Built-up sheds of various dimensions are also allotted to units for approved activities. During the year, the Authority vigorously pursued cases relating to properties under dispute/litigation.. All the estate development and maintenance work is done through M/s. National Building Construction Corporation Ltd., a Public Sector Undertaking.

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

## II. ACTIVITIES

### 1. EXPORT PERFORMANCE

The primary objective of the 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.

Because of the high quality infrastructure available in KASEZ, it has been a favourite destination for investors. As on 31/03/2015 the Zone had 262 units of which 234 were operational. KASEZ achieved an export turnover of Rs.3636.07crores. Figures for last five years' export from KASEZ are indicated below:-

2010-11	Rs.2607.31 crores
2011-12	Rs.2960.81 crores
2012-13	Rs.2965.73 crores
2013-14	Rs.3636.07 crores
2014-15	Rs.3835.65 crores

During this period, there was only nominal growth in export because of general slowdown in the overseas markets besides factors like imposition of MAT and DDT.

1.2 Sectoral distribution of exports from KASEZ for the year 2014-15 is mentioned below:-

Sr.No.	Name of Sector	Rs. In lakhs
1	Textile/Garments	71187.49
2	Electronic Hardware	783.84
3	Pharmaceuticals/Chemicals	35672.61
4	Engineering	46712.60
5	Leather and sports goods	2317.57
6	Plastic/Rubber/Synthetic	49372.85
7	Food and Agro products	17729.78
8	Miscellaneous	14129.09
9	Others	87070.22
10	Trading and Service Units	6884.60
11	Electronic software	6713.45
12	Mineral and Ores	430.50
13	Chemical & allied industry	4765.39
14	Chemical And plastic & Allied industry	39794.90
	Total	383564.87

1.3 During the year 2014-15, twenty one Letters of Approvals were issued; 8 new unit commenced their commercial production and 1 unit exited from the SEZ.

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## **2. ESTATE**

2.1 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 2005 (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.

During 2014-15, thirty six allotments were made to the Letter of Approval holders. The Authority earned an amount of Rs.25.60 Crores towards the lease rent.

2.2 The Authority also earned Rs.3.32 crores from user charges.

2.3 KASEZ has become almost fully saturated now and the matter has been taken up with the State Government for allotment of additional land for expansion. Proposals have also been sent to the Ministry for construction of SDF buildings (ground plus two) so that more approved units can be accommodated in a lesser plot area. Construction work of three more SDFs was completed in March, 2015.

## **3. WATER DISTRIBUTION**

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.30/- per KL for permanent connections and Rs.38/- per KL for temporary connections.

## **4. SECURITY**

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 Security Officer with 37 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. There is a proposal to engage 32 private security guards/armed guards.

## **III. CAPITAL WORKS/CREATION OF ASSETS**

### **1. AUGMENTATION OF WATER SUPPLY**

KASEZ being in a water scarcity area faces acute shortage of water. Even the bulk arrangement with the GWSSB does not meet Zone requirement. As against the contractual supply of 3MLD, the actual supply is less than 2 MLD. Further, more units have also come up, which require more water for production operations. Zone Administration is in constant touch with the Gujarat Water Supply & Sewerage Board for increase of water supply from the present 2 MLD to 5 MLD and also replaced the old 300 mm ACC dia pipeline with 300 mm dia metallic pipeline through GWS&SB.

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## 2. UPGRADEMENT OF SECURITY

As per the Ministry of Home Affairs' guidelines on SEZs security, there is a need to upgrade the security arrangement in KASEZ. Accordingly, a proposal was sent to the Ministry and the Empowered Committee on ASIDE sanctioned an amount of Rs.386.66 lakhs towards upgradation of security arrangement. This will cover reconstruction of security gate, Installation of CCTVs, Installation of Computerized Visitors' Management Software, Construction of waiting room, perimeter security, etc. has been completed.

## 3. Construction of SDFs:

The entire area of KASEZ is saturated without any scope for accommodating new units. Therefore, a proposal was sent to Ministry for construction of one SDF Building (Ground plus two) over an area of 7500 sq.mtrs. The Zone has so far constructed 3 SDF buildings and three more SDFs are under construction and expected to be completed by March, 2015. Allotment in the already constructed SDF are since been started.

Apart from the above, Kandla SEZ Authority also approved the following proposals for infrastructure developments during the year 2014-15:-

Sr.No.	Item of work	Estimated Cost (Rs. In lakhs)
1	Purchase of new Fire water Tender	56.17
2	Construction of SDF Unit VIII	1449.54
3	Dismantling and reconstruction of 8 Nos. T7type-III quarters	147.26
4	Raising the height of boundary wall	394.76
5	Widening of road with paving blocks	675.00
6	Construction of CC Road from ROB to Rusan	324.05
7	Dismantling and reconstruction of 8 Nos.CIB sheds (Phase-III)	961.11

## IV. ACCOUNTS:

No expenditure is incurred towards salary and allowance during 2014-15, as the Authority has not appointed any staff so far. Audited balance sheet of the Authority for the year 2014-15 is annexed.

## V. OTHER MATTERS

### 1. MEETING

The Authority met three times during the year 2014-15. 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.

### 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.

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## **VI. ACKNOWLEDGEMENTS:**

The KASEZ Authority is grateful to the Ministry of Commerce & Industry, Government of India for extending the assistance whenever the same was required.

The Authority expresses its thanks to the State Government and various state Government agencies like PGVCL, GWSSB, etc. for their cooperation.

Authority places on record the excellent services provided by M/s. National Building and Construction Corporation Ltd. under the leadership of Mr. A.K. Pathak, Dy. General 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.

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