

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2015-16

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

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

2.3 During the year 2015-16, Shri Upendra Vasishth, ndc, IOFS, held the post of Development Commissioner/Chairperson of the Kandla SEZ Authority.

3. SCOPE OF ACTIVITIES

KASEZ is the largest industrial cluster in the District of Kutch in terms of providing direct employment to about 26000 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. 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 and three

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cases were taken to final conclusion or partial final 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 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 31/03/2016 the Zone had 253 units of which 220 were operational. KASEZ achieved an export turnover of Rs.4227.07 crores. Figures for last five years' export from KASEZ are indicated below:-

2011-12	Rs.2960.81 crores
2012-13	Rs.2965.73 crores
2013-14	Rs.3636.07 crores
2014-15	Rs.3835.65 crores
2015-16	Rs.4227.07 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 2015-16 is mentioned below:-

Sr.No.	Name of Sector	Rs. In lakhs
1	Textile/Garments	66074.58
2	Electronic Hardware	1933.20
3	Pharmaceuticals/Chemicals	26408.32
4	Engineering	35959.70
5	Leather and sports goods	1671.68
6	Plastic/Rubber/Synthetic	50030.01
7	Food and Agro products	31002.79
8	Miscellaneous	43308.76
9	Others	102292.06

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10	Trading and Service Units	7642.26
11	Electronic software	10381.90
12	Yarn	117.94
13	Chemical & allied industry	8351.00
14	Chemical And plastic & Allied industry	37532.75
	Total	422707.57

1.3 During the year 2015-16, 21 Letters of Approvals were issued; 13 new unit commenced their commercial production and 1 unit exited from the SEZ.

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 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.

During 2015-16, twenty one allotments were made to the Letter of Approval holders. The lease rent income was Rs.28.93 crores during this period.

2.2 The Authority also received Rs.4.24 crores towards user charges during this period.

2.3 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. So far 7 SDF buildings has been constructed and allotments taken place. One more SDF building (SDFG Unit-VIII) is under construction and will be completed in the financial year 2016-17.

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.45/- per KL for permanent connections and Rs.57/- 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 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

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theft, etc. The Authority has appointed 13 ex-servicemen as security guards on contract basis.

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 has taken up with 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 (length 6.5 kms.).

2. UPGRADATION 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, upgradation of security arrangement has been completed. This included reconstruction of security gate, Installation of CCTVs, Installation of Computerized Visitors' Management Software, Construction of waiting room, perimeter security, etc. The Zone is under surveillance by CCTVs.

3. SETTING UP OF A SOLID WASTE MANAGEMENT SYSTEM:

Kandla Special Economic Zone is lacking the facility of Solid Waste disposal. The Authority is exploring the possibility of setting up a Solid Waste Management System through NBCC. It is expected that in the year 2016-17, the Authority will be in a position to finalize setting up a complete Solid Waste Disposal system.

3. CONSTRUCTION OF SDFs:

The entire area of KASEZ is saturated without much scope for accommodating new units. Therefore, another SDF building construction has been approved. The Zone had already constructed 7 SDF buildings and the 8th SDF is under construction which will be completed by end of November, 2016. Allotments in the completed SDFs have already taken place.

Apart from the above, Kandla SEZ Authority also approved the following proposals for infrastructure developments during the year 2015-16:-

Sr.No.	Item of work	Estimated Cost (Rs. In lakhs)
1	Widening of roads with paving blocks (phase-III)	550.39
2	Providing & laying of sewer line in KASEZ Township & some parts	111.54

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	of the Industrial Area	
3	Construction of 1 No.SDF Unit-VIII	1606.54
4	Construction of 8 Nos. Type-III quarters (G+1)	265.93
5	Purchase of Chassis and Fabrication work for Fire Water Tender	56.17
6	Erection & commissioning of 500 Nos. Solar Street Light Poles	182.10
7	Raising the Height of Boundary wall TOMCO to ROB & Kidana Corner to Narayan Marine Tech	446.93

IV. OTHER MATTERS

1. MEETING

The Authority met four times during the year 2015-16. 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.

V. 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. 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.
