

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

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. The Zone had 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 Special Economic Zones coming up in the Private sector. The Kandla SEZ Authority came into existence on 20/01/2010.

2. ADMINISTRATION

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

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

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 KASEZA. An 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 2017-18, Shri Upendra Vasishth, ndc, IOFS, held the post of Development Commissioner, KASEZ and as such acted as 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 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 the final conclusion or partial conclusion. All the estate development and

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

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 31/03/2018 the Zone had 279 units of which 264 were operational. KASEZ achieved an export turnover of Rs.4846.75 crores. Figures for last five years' export from KASEZ are indicated below for the financial years 2013-14 to 2017-18:-

2013-14	Rs.3636.07 crores
2014-15	Rs.3835.65 crores
2015-16	Rs.4227.07 crores
2016-17	Rs.4396.77 crores
2017-18	Rs.4846.75 crores

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

4.3 Sectoral distribution of exports from KASEZ for the year 2017-18 is mentioned below:-

Sr.No.	Name of Sector	Rs. In lakhs
1	Agriculture products	18107.97
2	Textile/Garments	63509.67
2	Electronic Hardware	6347.48
3	Pharmaceuticals/Chemicals	33183.03
4	Engineering	34187.66
5	Leather and sports goods	925.29
6	Plastic/Rubber/Synthetic	60294.14
7	Food and Agro products	55816.18
8	Miscellaneous	21132.32
9	Others	119832.12
10	Trading and Service Units	11787.96
11	Electronic software	528.10
12	Yarn	481.15
13	Chemical & allied industry	8536.20
14	Chemical And plastic & Allied industry	50005.83
	Total	484675.10

4.4 During the year 2017-18, three Letters of Approval were issued; 11 new units commenced their commercial production and no 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

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

the Phase-I and Phase-II, to maintain contiguity a Fly over-bridge connecting the two phases was constructed.

During 2017-18, five allotments were made to the Letter of Approval holders. The lease rent income was Rs. 34.09 crores during this period.

5.2 The Authority also received Rs.3.23 crores towards user charges during this period.

5.3 To accommodate more approved units in a lesser plot area and also for catering to industries which do not require a factory of a specific design, eight SDF units (2 storeyed) have been constructed and allotments made. One more SDF building (SDF Unit-IX) is under construction, which will have one air-conditioned and one refrigerated unit.

5.4. SETTING UP OF A SOLID WASTE MANAGEMENT SYSTEM:

For effective disposal of the solid waste generated in KAEZ, the Authority had approved in the year 2016-17 to set up a Solid Waste Management System 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 increase the share of renewable energy in energy usage Kandla SEZ Authority has approved setting up of 1 MW Roof Top Solar power project and it is expected to be completed by end of June, 2018.

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

5.6 CONSTRUCTION OF SDFs:

The allottable 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 the 8th building is in progress through e-auction. One more SDF (Unit-IX) is under 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 2017-18:-

Sr.No.	Item of work	Estimated Cost (Rs. In lakhs)
1	Dismantling & Reconstruction of 4 Nos. Type-III Quarters	122.63
2	Raising the height of security boundary wall for KASEZ Township	180.77
3	Minor misc.works in Type-II, II, old & New Admn. Bldg, repair work of Type-II quarters (No.18 to 24), painting work of Admn. Bldg., check post, SDF-I, II & III, Development and plantation in new Garden at Township, interior work of custom building, construction of new check post and watch towers	927.78
4	Re-surfacing of internal roads in Sector-1, KASEZ	952.04
5	Construction of 2 Nos. warehouse at Plot No.354 to 356 and 364 to 366 (Phase-II)	1521.64
6	Development of plot No.354 to 356 and 364 to 366 and setting up of 150 KLD Sewage Treatment Plant	1214.39
7	Purchase of chassis and fabrication of water Bowser	217.67

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

5.7 SETTING UP OF A SEWAGE TREATMENT PLANT

Kutch is a water scarce area due to scanty rains and the only source of water supply is the State Government managed water utility i.e. Gujarat Water Supply and Sewerage Board. Kandla SEZ Authority has already approved setting up of a Sewage Treatment Plant of the capacity of 150 KLD within the KASEZ Residential Colony and the same is expected to be completed by December, 2018. One more Sewage Treatment Plant will be considered to be set up in the processing area of 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.

7. SECURITY

7.1 The Zone is a Customs bonded area secured by a 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. The Zone has its own security wing headed by a

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

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 also appointed ex-servicemen as security guards on contract basis. Further, it is also proposed to engage more security guards/gunmen through private security agencies of repute.

7.2 As per the Ministry of Home Affairs' guidelines on SEZ security, there is a need to upgrade the security arrangement in KASEZ. Accordingly, upgradation 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 2017-18. Preparation of accounts of the Authority is outsourced to a CA firm, namely, M/s. DRC & Co., Chartered Accountants. M/s. Satish Khushalani & Co. Chartered Accountants are appointed for auditing of accounts of the Authority.

8.2 COORDINATION

KASEZ Authority maintains cordial relationship with the lessees in the Zone. There were close interactions with the Kandla SEZ Industries Association. As a promotional measure, top exporters in 10 categories were

ANNUAL REPORT OF KANDLA SEZ AUTHORITY FOR THE YEAR 2017-18

given best exporter award & this programme was jointly held by Authority and KASEZ Industries Association on March 7th – The Foundation Day of KASEZ.

9.0 ACKNOWLEDGEMENTS:

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 of Gujarat and various state Government utilities 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. Umesh Naik, Addl. 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, the KASEZ Industries Association, etc.
