

MINUTES OF THE 41st AUTHORITY MEETING HELD ON 07.08.2020 UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER & CHAIRPERSON, SEEPZ-SEZ AUTHORITY

The following were present:

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| (i) | Sh. Devendra Singh
Dy. DGFT, Mumbai | - | Member |
| (ii) | Sh. C.P.S. Chauhan
JDC, SEEPZ-SEZ | - | Member/Secretary |
| (iii) | Sh. Vijay Gujarati,
COO, M/s. EOS Power India Pvt. Ltd. | - | Member |
| (iv) | Sh. Ashish Kothari, Director
M/s .Jewelex India Pvt. Ltd. | - | Member |

The Chairperson welcomed the Members of the SEEPZ-SEZ Authority and thereafter Agenda was taken up for discussion.

Agenda Item No. 1 : Confirmation of the Minutes of the 40th Meeting held on 12.06.2020.

The Minutes of the meeting held on 12.06.2020 were approved with consensus.

Agenda Item No. 2: Proposal for Hiring of Agency for scanning and digitization of old records of SEEPZ SEZ Authority

The Authority was briefed that the SEEPZ SEZ Authority has lot of old and current records of around 70000 nos. which is on files. The said records should be scanned and digitized so that it is easy to refer as and when required for years together and it will reduce the risk of records due to restricted entry. Authority was also apprised that on, scanning all the documents/records folder structure/ configuration management policy will be followed while storing the digitized data in the DVD/ hard disk and/or central storage.

Authority was informed that the Payment should be on completion of the Digitization, Scanning and deployment of Document Management System and on the basis of the quantity of documents digitized, scanned and uploaded.

After deliberation, the Authority approved the proposal for hiring of Agency for scanning and digitization of old records of SEEPZ SEZ Authority. Authority also directed that procurement may be made through GeM only. The service provider should ensure proper storage and backup of the data for easy access of records and also ensure that proper confidentiality is maintained of the records. The confidentiality agreement, should be entered with the service provider either in the format available of GeM or in a separate format if not available on GeM. Also, the backup of documents should be in adequate number of hard discs/server to avoid any loss of data in future.

Agenda Item No.3: Proposal w.r.t. allotment of space

The Authority was apprised that as per the advertisement, applications were received from willing eligible applicants. All the applications were scrutinized by the Committee as per the pre-defined parameters and the Committee had submitted the report before the Chairperson. After approval, the said report was hosted on the SEEPZ's website for 15 days for inviting any observation/suggestion of the applicants on the Committee report. After completion of 15 days and on receipt of no comments/observations from anyone, the said report is submitted before Authority for information. Authority was apprised that absolute transparency was maintained in the process and the Committee report was put to public domain before allotment.

After deliberation, the Authority noted the report submitted by the Committee and directed to issue allotment letters to the allottees.

Agenda Item No.4: Proposal for sanction of additional 12 DEOs under Authority

Authority was apprised that Ministry of Finance vide its Office Memorandum dt. 08.04.2020, keeping in view the present situation arising out of COVID 19 and the consequential lockdown, had asked the Ministry/Dept. falling under Category C i.e. Department of Commerce to restrict the overall expenditure within 15% of the Budget Estimate 2020-21. The expenses under Office Expenditure has reduced to Rs. 28,50,000/- in the 1st quarter and further reduced to Rs. 24,00,00,000/- in the 2nd quarter, which makes it difficult for SEEPZ Administration to release the payment of the existing outsourced staff of SEEPZ SEZ under OE head since May, 2020. Hence, in view of the above facts, it is proposed that in order to meet the expenses from the DC office fund, the salary for 12 DEOs of the outsourced staff may be met from the Authority Fund. The Authority was further apprised that the said 12 DEOs are handling the work related to Authority in addition to the work pertaining to DC office.

After deliberation, the Authority approved the proposal for sanction of additional 12 DEOs under Authority Fund w.e.f. May 2020.

Agenda Item No.5: Proposal for approval of Annual Accounts for the FY 2019-20.

The Annual Accounts of the Authority for the year 2019-20, prepared by the Authority CA were presented before Authority for Approval.

Authority observed that Contingent Liability shown in the last year and this year is the same and therefore asked to re-examine.

On further discussions, it was mentioned by the CA that it was a typo error as the sub head to be read as :-

For-

Claims against Authority not acknowledged as debts Rs. 2584.90 lacs (Previous year Rs. 475 lacs)

Read as :

Claims against Authority not acknowledged as debts Rs. 2402.40 lacs (Previous year Rs. 2584.90 lacs)



Authority was apprised that the differential amount is w.r.t the claim rejected by the Arbitral Tribunal in respect of M/s Ashoka Biogreen and the Authority claiming only Rs. 2,92,49,370/- for which Petition has been filed before the High Court.

Authority was further apprised that the Accounts of Authority for FY 2018-19 have been audited by CAG which contained the contingent liabilities on similar issues following the same accounting principles.

After detailed deliberation, the Authority approved the annual accounts for the financial year 2019-20.

Agenda Item No.6 : Proposal for implementation of procedure for payment of lease rent

Authority was apprised that Ministry vide letter dt 31.10.95 had stipulated certain norms for periodicity for payment of advance rent and the interest liability @ 12% to be levied on the Unitholders for non-payment. Subsequent instructions were issued in 2000 that rent may be revised every 3 years. However, Ministry in its meeting held in 2013 had decided that revision of lease rent to be done on annual basis.

Authority was apprised that Ministry had only granted deferment in payment of lease rent for the period April to June 2020, however no further relaxation has been granted by Ministry. Trade representatives had requested for defining a methodology of payment of lease rent.

After deliberation, the Authority approved the methodology of the implementation of the procedure for payment of lease rent i.e. the bills will be issued quarterly to the Unitholders and the Unitholders need to pay lease rent in advance for the month by the 15th of the said month, failing which applicable interest will be leviable without any intimation.

It was further held that since rent was not revised for 2019-20 and Ministry has directed not to revise same for 2020-21, the rent revision has to take place w.e.f. from 2021-22. Also, the fact of no revision of rent for 2019-20, alongwith reasons/circumstances of the same may also be brought to the notice of the Ministry.

Agenda Item no. 7 : Proposal for hiring of services of Internal Auditor for a further period of one year.

Authority was apprised that Proposal for hiring of services of Internal Auditor for auditing the accounts for the year 2017-18 & 2018-19 & further extension for one year was placed before the 37th Authority Meeting held on 24.10.2019. The Authority had noted the hiring of services of Internal Auditor, however directed to form a sub-Committee to examine the manner in which the Internal Auditor and CA had functioned in the past 2 years and to see if any improvements in efficiency are possible or if outcomes could be achieved in the optimum level.

The Committee, so constituted, had examined and analyzed the reports made by the Internal Auditor and found their work satisfactory and also recommended that the Internal Audit is a necessity for improving this organization's operations. The Committee felt that the services of the existing Internal Auditor can be extended as

per the work order for a further period of one year only @10% escalation of their charges.

After deliberation, the Authority approved the proposal for extension of the contract period, as per the willingness provided by the Firm, and also as per the Clause no. (xiv) of the work order with a 10% escalation for a further period of one year i.e. from 08.10.2019 to 07.10.2020.

Agenda Item no. 8: Proposal for extension of hiring of services of Chartered Accountant Firm for the year 2020-21.

Authority was apprised that proposal for hiring of Chartered Accountant for a period of one year was placed before the 37th Authority Meeting held on 24.10.2019. The Authority was informed that the contract is expiring on 31.10.2020, however, it contains a clause for extension till 3 years with an escalation @10%, if the services are found satisfactory. The firm has given their willingness for a further extension of one year without any escalation and the services of the CA firm were found satisfactory during the earlier period.

After deliberation, the Authority approved the proposal for extension of the contract period and also as per the Clause no. 15 of the work order for a further period of one year upto 31.10.2021 without any escalation.

Agenda Item no. 9: Proposal for extension of AMC of cleaning contract for the year 2020-21

Authority was apprised that proposal for AMC of cleaning contract for a period of one year was placed before the 37th Authority Meeting held on 24.10.2019. The Authority was informed that the contract is expiring on 31.10.2020. The firm has given their willingness for a further extension of one year without any escalation.

After deliberation, the Authority held the view that the extension of the existing cleaning contract may be deferred, with performance and adherence to conditions of the contract to be examined in detail. Various activities required to be performed at specified intervals, say weekly or monthly etc, should be monitored properly and cross verified. Similarly, where use of mechanized means is prescribed, the details of machinery used may be examined. Likewise, mechanism to monitor response to requests /complaints need to be developed, like the request option on the portal of Facilities Module.

Agenda Item no. 10: Proposal for purchase of EDI stationary for security gate passes.

Authority was informed that the contract of present vendor M/s Laser Tele Systems for printing of gate passes has expired on 31.07.2020. Authority was also apprised that analyzing the purchase of the new printer and cartridge there is a saving on annual basis if the facility is undertaken in-house, though it will entail deployment of staff and supervision.

After deliberation, the Authority held the view that since bids have already been received in response to the tender, the same may be opened, evaluated and put before the Authority in next meeting. Thereafter it will be assessed which mechanism

is to be adopted. Authority extended the period of current contract till 30.09.2020 with same terms and conditions.

Agenda Item no. 11: Proposal for hiring of Executives under Authority for SEEPZ SEZ.

Authority was apprised that as there is huge amount of work to be attended related to infrastructure, rent and revenue, ministerial references, tenders, Disaster management, etc. Despite the urgent need to move notes on many such issues, it is not being possible as the immediate day and on-going issues take up all the time of existing staff. Executives should be hired to assist for smooth functioning of the Authority, as number of regular staff is very less. The issue of which work is to be given and in what manner will be worked out in consultation with all concerned.

After deliberation, Authority held the view that the service provider may be hired from GeM who will provide qualified and experienced Executives, as per requirement of the job, for effective, efficient and smooth functioning of the Authority. It was further held that no work related to Authority should be left pending/unattended for want of qualified staff. The quotation may be called for 5 to begin with, while the number may go up to 15.

Agenda Item no. 12 : Proposal for non-levy of penalty for un-surrendered and expired Gate Passes.

Authority was apprised that penalty was levied for un-surrendered and expired gate passes by way of Circular issued by Authority in past. However, on nonpayment by the Unitholders, CRA had raised objection which got converted into DAP. Trade representatives, SGJMA and stakeholders had time and again given representations for waiver of the same. The said facts were conveyed to the Ministry vide letter dt. 09.06.2020 for guidance/instructions and the Ministry vide letter dt. 22.07.2020 had directed that the said issue may be decided by the Authority and thereafter DGEP may be requested to drop the DAP no. 60.

After deliberation, Authority held the view that no penalty to be levied in future on expired/surrendered gate passes as such practice is not followed in any other Govt. SEZs. Also, the collection of such penalty is not prime motive or function of the Authority and the SEZ Act/Rules do not contain provisions for penalty in such matter.

However, in order to make this decision retrospective from the date of issuance of Circular by Authority in this matter imposing penalty, a legal opinion through Ministry of Law and Justice may be obtained w.r.t. non-levy of penalty for the previous period, on the issue whether limitation on waiver which applies to recovery of statutory dues, will also apply to recovery of such dues as in this matter; and whether this situation will be covered under general clauses, i.e., power to do includes power to undo. It was further held that there is need for systematic changes in the methodology for issuance and monitoring of gate passes like face recognition entries, RFID cards etc. with the use of latest technology and steps should be taken on priority towards this in consultation with trade representatives.


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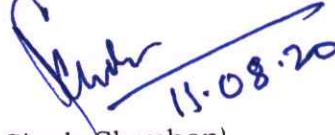
Agenda Item no. 13: Proposal for implementation of Solar Power Project by MEDA and appointment of PMC @ 3% as consultancy charges.

Authority was apprised that the implementation of the Solar Project of 5 MW with 1% PMC charges was approved in the 34th and 37th Authority meeting held on 11.05.2018 & 24.10.2019 respectively. However, on further discussion with MEDA, they insisted to work with 3% PMC charges only. Authority was also apprised by the Consultant Engineer that RESCO model, which involves no capital investment by Authority, would be more beneficial than CAPEX model.

After deliberation, Authority held the view that the Authority Engineer to expedite the matter and discuss with MEDA and draw a conclusion as to whether in RESCO model also, 3% PMC charges is liable to be paid by Authority when the responsibility of the project implementation from concept to commissioning lies with MEDA through developer other than Authority. It was further directed that this process should be completed within 15 days without loss of further time as it has already been delayed in correspondence with MEDA and other agencies.

The Meeting ended with a vote of thanks to the Chair.

This issues with the approval of the Chairperson of SEEPZ SEZ Authority.


(C.P. Singh Chauhan)
Secretary/Jt. Development Commissioner,
SEEPZ SEZ Authority