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MINUTES OF THE 18TH MEETING OF THE SEEPZ-SEZ AUTHORITY HELD ON 03.06.2013 AT 3:00 P.M. UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER, SEEPZ-SEZ AND CHAIRPERSON, SEEPZ-SEZ AUTHORITY.

Present 1. Shri P.S.Raman : Member
Secretary

2. Dr. Ramesh : Nominee of Zonal Addl. DGFT

In attendance 3. Shri Y.B.Baghel
(Asstt. Development Commissioner)

Minutes of the 17th meeting held on 26.02.2013 were confirmed.

Agenda Item No.1: Providing new access to SEEPZ Service Centre premises and providing chain link fencing around the premises

It was noted that for administrative convenience, the proposal is for isolating the SEEPZ Service Centre bldg, BFC bldg. and Bank bldgs., from the processing area of the Zone, by providing a separate entry/exit gate and erecting suitable wall to separate these buildings from the processing area. It was also noticed that estimated expenditure for the work is Rs. 82,31,600/- as per estimate submitted by MIDC.

Decision: The Authority approved the proposal.

Agenda Item No.2: Creche facility

It was noted that crèche facility is to be provided by the employer as per the Factories Act, 1947 wherever is 30 or more women are employed. Considering the space constraints in SEEPZ-SEZ, it is not practically possible for providing space for crèche facility for each unit and therefore, the common crèche facility has been considered necessary. It was further noted that due to increase in the number of children in the crèche and also due to the need for granting wage increase to the persons employed in the crèche, Stree Mukti Sangathana has sought enhancement in the quarterly amount from the existing Rs. 1,20,000/- to Rs. 1,50,000/-.

The Authority noted that so far an amount of Rs. 8,37,426/- has been spent from the Authority Fund for running the crèche facility against which a sum of Rs. 5,16,750/- has been received as contribution from some of the employers. The remaining employers have been reminded and the progress of recovery is being monitored. It was noted that the contribution from the employers should come in time and regularly so that the operational expenses of the crèche facility is met from the same.

Decision:

1. The proposal to enhance the quarterly amount from Rs. 1,20,000/- to Rs. 1,50,000/- w.e.f. 01.04.2013 was approved.
2. It was directed that as providing crèche facility is mandatory on the part of the employer, it is necessary to open a separate bank account for depositing contributions of the employers and for meeting the operational expenditure for running the creche facility. It was directed that this issue may be examined and suitable proposal may be submitted in the next meeting of the Authority.
3. The recovery of expenditure already incurred from the Authority fund for running the crèche facility should be monitored and the progress thereof should be submitted in the next meeting of the Authority.

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Agenda Item No.3: Continuation of Gym Facility with 50% discount rent

The Authority noted that an area of 230.83 sq.mtrs. has been provided for Gym facility in the BFC bldg as a part of common infrastructure. This facility was allotted to M/s. D.K. Hospitality and the Gym became operational w.e.f. 02.07.2011. The rent applicable to the BFC bldg is @ of Rs. 44/sqft/month apart from service charges of Rs. 56 sq. mtr per annum. Concession of 50% in rent as well as service charges were granted to M/s. D.K. Hospitality for a period upto 31.02.2012. in order to facilitate effective running of the Gym facility. Therefore, it was decided to charge full rent and service charge w.e.f. 01.04.2012.

It was noted that M/s. D.K. Hospitality vide their letter dated 25.02.2012 has requested to re-consider grant of concessional rent and service charges as they have been suffering loss in running the facility. They have also stated that they are not in a position to manage the Gym at the present rental charges and have served 30 days termination notice with the request to terminate the contract w.e.f. 30.04.2013. The proprietor of M/s. D.K. Hospitality was granted a personal hearing before the Authority, during which he submitted that at present, the monthly expenditure for running the Gym facility works out to Rs. 2,53,497/- as against the monthly income of Rs. 1,55,799/-, thereby suffering a loss @ Rs. 97,698/- per month. He further submitted that he is making all the possible efforts to increase the membership by contacting the units and also by providing modern equipment in the Gym. He submitted that the 50% concession in rent as well as service charges needs to be refunded from 01.04.2012 onwards till the membership level improves to the extent of generating finance to wipe out the loss.

Decision: Considering that the Gym has been created as part of infrastructure of the Zone for benefit of employers/employees of units, the Authority approved grant of 50% concession in rent as well as service charges w.e.f. 01.04.2013 for a period of one year i.e. upto 31.03.2014. The request for grant of concession retrospectively from 01.04.2012 onwards was not agreed to.

Agenda Item No.4: Extension of tenure of appointment of Shri R.Asokan, Legal Consultant

The Authority noted that the present arrangement of outsourcing services of Legal Consultant, Shri R.Asokan (who is Sr. Govt. Counsel in the Panel of Law Ministry) is for the period upto 10.10.2013 and the proposal is to extend the arrangement for further period of one year w.e.f. 10.10.2013 on the existing terms and conditions.

Decision: The Authority approved the proposal.

Agenda Item No.5: Draft Exit Policy and Rent Policy

It was noted that the draft Exit Policy for units located in SEEPZ SEZ in SDF VII, Towers I & II of SEEPZ++, multistoried building (allotted to units by recovering cost) and self built factories on plots in SEEPZ SZ or part thereof and Rent Policy formulated by the Authority was hosted on the website of the Zone on 27.05.2013, and an e-mail was sent to the SEEPZ units on the same day informing the hosting of the draft policy on the website of the Zone and also inviting suggestions, if any, in the matter to be submitted by 31.05.2013.

It was also noted that SGJMA sought extension of time of one month for furnishing their suggestions. Three banks, SEEMA and five units have furnished their suggestions.

It was noted that the suggestions received were broadly the following:

1. The area of premises should be specified in carpet area instead of built up.
2. In respect of self built factories, the reserved price should be higher depending on the quality of construction, investment in interiors etc.
3. The present six differential rent slabs in respect of premises in Govt. SDFs may be removed over a period of six years and thereafter a 50% rent subsidy may be given to electronics hardware sector.
4. Rent increase be graded based on year of construction, condition of bldg, investment at the time of construction.
5. The banks suggested that SARFAESI auction procedure should be specified.
6. Reserved price should be comparable from market price ascertained from the Govt. Valuer.

It was noted that the above suggestions in the suggested procedure in the draft policy, i.e. while bidding for the premises, the prospective bidder usually inspects the premises and quotes based on the usable area, quality of construction, facilities available in the premises, market price for similar facilities available outside, etc. As regards the suggestions received from the banks, it was noted that possession of the premises, either symbolic or physical, is with the concerned bank under the SARFAESI Act, the bank could apply to the Authority for considering auction of the premises for which the procedures stated in the Exit Policy is considered adequate.

Decision: The Authority approved the Rent Policy as well as Exit Policy as mentioned below:

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The unit holders in SDF-VII, Towers I & II of SEEPZ++, multistoried building (allotted by recovering cost) and self-built factories on plots in SEEPZ SEZ or part thereof shall be allowed to exit and receive compensation in accordance with the guidelines issued by Authority from time to time. The compensation shall be paid directly by the new allottee in accordance with the procedure/guidelines issued from time to time. The selection of the new entrepreneur shall be on the basis of following criteria:-

1. Export projections
2. Investment envisaged,
3. Employment envisaged
4. Premium offered over and above the reserve price
5. Priority sector declared by the Authority
6. Any other criteria declared by the Authority from time to time.

The preference, however, shall be given to the criteria which meet the objectives of SEZ Act/Rules.)

Rent Policy

1. Rent will be uniform for all Govt. built SDFs.
2. Difference in lease rent in different SDFs shall be removed in a phased manner.
3. Rent shall be liable for revision every year.
4. The new allotment shall be at the highest prevailing rate of Govt. built SDFs.
5. The allottees shall be liable to pay penal rent in case of failure to meet the projections or keeping the space vacant.

The guidelines alongwith Exit Policy and Rent Policy displayed at website, for inviting suggestions shall be suitably modified in accordance with above policy.

Agenda Item No.6: Bio-Methanization plant in SEEPZ SEZ

The Authority noted that the plant has been conceived with the objectives of disposal of bio-degradable waste and supply of gas generated out of the waste to restaurants/units in the Zone. It was noted that the estimated expenditure for the project is Rs. 90.00 Lakhs, out of which Rs. 32.50 Lakhs has been the contribution from the SEEPZ Authority. Rs. 28.57 Lakhs as promoter's contribution from M/s. Ashoka Bio Green and Rs. 21.75 Lakhs as grant from MN&RE. It was noted that the present status of the project is as follows:

- Though the project was commissioned on 25.07.2012, the MN&RE vide their letter dated 21.12.2012 has held the view that the grant sanctioned by them is for demonstration of integrated technology-package on medium-size bio gas fertilizer plants for generation, purification and bottling of biogas, which has not been implemented. MN&RE has therefore cancelled the grant sanctioned for the project.
- M/s. Ashoka Bio Green have discussed with MN&RE their proposal to implement the project as per the terms and conditions specified in their sanction. M/s. Ashoka Bio Green have to furnish schedule of implementation in this regard which needs to be submitted to MN&RE through DC, SEEPZ-SEZ, for considering restoration of grant.
- The existing availability of the canteen waste is not adequate to feed the plant and therefore other bio-degradable waste such as dry leaves, lawn cuttings etc. will have to be used after necessary pre-treatment for feeding the plant. Since the extent of gas generation from the mixed bio-degradable waste is not certain, the promoter has come up with the suggestion to treat the plant as for disposal of waste since commercial gas expected to be generated is negligible.
- The promoter during discussion stated that the plant needs to be recharged with fresh culture and thereafter they can hand over to SEEPZ.

Decision: The Authority directed that the plant needs to be commissioned as per the conditions specified by the MNRE in their grant sanction letter dated 10.02.2011, so that the plant becomes eligible for getting release of the sanctioned grant (which has now been cancelled and will require restoration based on compliance by the promoter of the conditions specified by MNRE). It was directed that review of the MOU between the Authority and the promoter can be considered after the plant is fully commissioned and release of the MNRE grant for the project.

The meeting ended with a vote of thanks to the Chairperson.


Chairperson
SEEPZ-SEZ/Authority.