

COCHIN SPECIAL ECONOMIC ZONE AUTHORITY

XXX Meeting

Date	:	26-02-2019
Time	:	12.30 p.m.
Venue	:	CSEZ Admn. Building

COCHIN SPECIAL ECONOMIC ZONE AUTHORITY (CSEZA)  
XXX MEETING OF THE COCHIN SPECIAL ECONOMIC ZONE AUTHORITY  
TUESDAY THE 26<sup>HT</sup> FEBRUARY, 2019.

AGENDA

Sl. No	Item	Page Nos.
A-i	Confirmation of the minutes of the 29 <sup>th</sup> CSEZ Authority meeting held on 31-08-2018.	4-6
B-i	Action taken on decisions of the previous meeting.	7
C-i	Complaint regarding exorbitant lease rent at CSEZ	8
C-ii	Lease rate to be charged after completion of the lease period.	8-9
C-iii	Onetime non-refundable deposit for allotment of plot/built-up Area	9
C-iv	Format of Lease Agreement	10
C-v	Engagement of Consultants – Renewal.	10
C-vi	Revised Estimate for the year 2018-19 of CSEZ Authority	11
C-vii	Schedule of vacant space in the Zone	12
D	Any other item approved by Chairman	12

**CSEZA AGENDA  
XXX Meeting  
26.02.2019**

**COCHIN SPECIAL ECONOMIC ZONE AUTHORITY (CSEZA)  
XXX MEETING OF THE COCHIN SPECIAL ECONOMIC ZONE AUTHORITY  
TUESDAY THE 26<sup>TH</sup> FEBRUARY, 2019.**

**AGENDA-ITEM A:**

- i. Confirmation of the minutes of the 29<sup>th</sup> CSEZ Authority meeting held on 31.08.2018.**

The minutes of the 29<sup>th</sup> CSEZ Authority meeting held on 31.08.2018 is placed before the Committee for confirmation

CSEZA AGENDA  
XXX Meeting  
26.02.2019

Cochin Special Economic Zone Authority (CSEZA)  
Ministry of Commerce & Industry,  
Government of India  
Administrative Building  
Kakkanad, Cochin-682 037

Minutes of the 29<sup>th</sup> meeting of CSEZ Authority held on 31.08.2018.

The 29<sup>th</sup> Meeting of the Cochin Special Economic Zone Authority (CSEZA), Kakkanad, Cochin, was held on 31<sup>st</sup> August, 2018 at 11.00 am in the Chamber of the Development Commissioner, CSEZ & Chairman, CSEZA. The meeting was chaired by Dr. Shanmuga Sundaram, Development Commissioner, CSEZ & Chairman, CSEZA. The list of members present is Annexed (Annexure-1).

Agenda Item No. A-i : Confirmation of the minutes of 28<sup>th</sup> meeting of the CSEZ Authority held on 26<sup>st</sup> June, 2018.

*The minutes of the 28<sup>th</sup> meeting, circulated among the members in advance, was confirmed.*

Agenda item No. B-i: Action taken on decisions of the previous meeting.

*Action taken on the decisions/approvals of 28<sup>th</sup> meeting as reported was noted by the Authority.*

C: AGENDA ITEMS

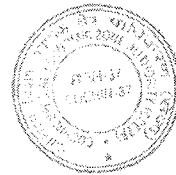
(i) Annual accounts of CSEZ Authority for the financial year 2017-18.

*The Authority considered and approved the Annual Accounts for the year 2017-18. The Chairman while approving the Annual Accounts suggested for taking severe action against the defaulters of lease rent such as disconnection of water supplies to the units concerned and to issue notice accordingly.*

(ii) New capital works proposed:-

*The Authority, after deliberations, took the following decisions with regard to the proposed capital works.*

1. Setting up and Implementation of ZLD System exclusively for Textile Effluent in CSEZ.



Page 1 of 3

**CSEZA AGENDA**  
**XXX Meeting**  
**26.02.2019**

CSEZA  
29<sup>th</sup> Minutes  
31-08-2018

*The Authority after deliberation decided to form a committee for implementation of the proposed ZLD system, as follows:-*

- |  |   |          |
|--|---|----------|
| (1) Dy. Development Commissioner, CSEZ         | - | Chairman |
| (2) Secretary, CSEZA                           | - | Member   |
| (3) Chief Scientist, WAPCOS Ltd., CSEZ         | - | Member   |
| (4) Representative from Textile Industry, CSEZ | - | Member   |

2. Transfer of Assets of Bangalore Office to Authority and setting up of branch office of CSEZ Authority at SEZ Bhavan, Bangalore.

*Authority after due deliberation approved the proposal.*

3. Proposal for construction of Guest rooms and record storage area at terrace floor of Admn. Building for CSEZ Authority.

*Authority after due deliberation approved the proposal.*

- (iii). Proposal for financial aid for flood affected Units/families(DC Office) in CSEZ:

The Authority after due deliberations approved the proposal and authorised the Chairman, CSEZA to form a Committee to look into the issues & submit a report in this regard.

- (iv) Schedule of vacant space in the Zone

*The Authority noted the vacancy position of SDF space/land available in CSEZ. The Authority authorized the Chairman, CSEZA to advertise/auction the availability of vacant SDF space/land through MSTC after completing the registration formalities with them.*

Deputy Development Commissioner,  
for Chairman,  
CSEZ Authority.



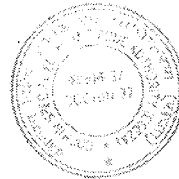
**CSEZA AGENDA**  
**XXX Meeting**  
**26.02.2019**

CSEZA  
29<sup>th</sup> Minutes  
31-08-2018

Anneuxre-1

LIST OF PARTICIPANTS

1. Dr. M.K. Shanmuga Sundaram, IAS : Chairman (ex-officio)  
Development Commissioner,  
Cochin Special Economic Zone
2. Shri. Dy. DGFT,  
Represented for JDGFT, Kochi. : Member (ex-officio)
3. Shri Saju K. Surendran  
Deputy Development Commissioner : Member (ex-officio)  
Cochin Special Economic Zone
4. Smt. Suchitra Menon, : Member  
Director and CEO,  
M/s WFB Baird & Company (India) Pvt. Ltd.,  
CSEZ.
5. Shri N Jahangir,  
Managing Director, : Member  
M/s SFO Technologies Pvt. Ltd.  
CSEZ.



⑥ Committee  
Center UCCES blog.

④ Trade facilities  
center

② Hq. Center by TIGL  
Exclusive Conference  
Conference hall.

**AGENDA ITEM B :**

**i. Action taken on decisions of the previous meeting.**

Agenda No.	Date	Subject	Action taken ③
C(i)		Annual accounts of CSEZ Authority for the financial year 2017-18	Audit completed by C&AG and the report is under examination
C(ii)	31-08-2018	<b>New capital works proposed:-</b>	
		1. Setting up and Implementation of ZLD System exclusively for Textile Effluent in CSEZ	Hon'ble CIM inaugurated the project on 5 <sup>th</sup> December 2018. WAPCOS submitted the DPR. It is under examination.
		2. Transfer of Assets of Bangalore Office to Authority and setting up of branch office of CSEZ Authority at SEZ Bhavan, Bangalore.	Action is under process
C(iii)	31-08-2018	Proposal for financial aid for flood affected Units/families (DC Office) in CSEZ:	WAPCOS conducted strength analysis of Admn. Building and reported that the foundation does not have enough strength to support additional construction on the top.
C(iv)		Schedule of vacant space in the Zone	As directed by the Chairman CSEZA formed a two member Committee under the Chairmanship of the Dy. Commissioner of Customs, CSEZ. The Committee has submitted the report for perusal of CSEZ Authority.
			The registration with MSTC is under process.

**C: AGENDA ITEMS****(i) Complaint regarding exorbitant lease rent at CSEZ**

At present the lease rent at CSEZ is Rs.2916 (per m<sup>2</sup>/annum) for built up area and Rs.389 for plots (per m<sup>2</sup>/annum). CEPZIA, vide their letter dated 05 February 2019 informed that the rate at CSEZ is among the highest charged in any SEZ and requested to consider reducing the rates.

The matter was examined at this Office. The information received from other Govt. SEZs confirms the fact that the rate at CSEZ is indeed very high compared to others. A comparative statement of rent charged at other Govt. SEZs is given in the following table:

Name of SEZ	Rent for built-up space (in Rs./m <sup>2</sup> /annum)	Rent for plot (in Rs./m <sup>2</sup> /annum)
MEPZ	1771	160
KSEZ	1500	212
FSEZ	1652	85
VSEZ	1200	150
<b>CSEZ</b>	<b>2916</b>	<b>389</b>

As can be seen from the above table, the rent charged at CSEZ is on a higher side compared to other Govt. Zones. Keeping the lease rate at a competitive level can attract more Units to the Zone. Moreover, the Units coming to CSEZ are mostly from the MSME sector and therefore a higher rate may act as a deterrent for them to operate here.

**In view of the above, it is suggested that we may not revise the rent for the current FY and continue with the existing rate.**

**(ii) Lease rate to be charged after completion of the lease period**

The lease period in CSEZ is 15 years. After the expiry of the lease period, if the Unit is desirous of renewing the lease agreement, renewal of lease deed for next 15 years is allowed subject to the condition that the Unit pays the prevailing lease rent. In many instances, the prevailing lease rate would be much higher compared to the last rate the Unit was paying. CEPZIA has pointed out that this practice is putting a heavy burden on the existing units. There is a sudden increase in the lease rent which many of the Unit finds difficult to pay. CEPZIA requested that the existing Units may be given a special consideration given the fact that such Units have contributed positively to the development and export performance of the Zone.

The matter was examined in detail. The practice of charging the prevailing rate on the existing Unit during renewal of lease agreement may create financial problems for many Units. A performing Unit which intends to continue the business at CSEZ should be given a special consideration.



In view of this, it is suggested that the practice of charging prevailing lease rent to the existing Unit during renewal of lease agreement may be done away with. In case of such Units, lease agreement may be renewed after enhancing the rent by 25% above the rate paid by the Unit at the time of expiry of lease deed.

**(iii) Onetime non-refundable deposit for allotment of plot/built-up Area**

Another issue raised by CEPZIA is with regard to the collection of onetime non-refundable deposit during allotment of plot/built-up Area. It may be noted that the plot/built-up Area in CSEZ is allotted to Units through a bidding process. The bid variable is development fund (non refundable) and the H1 bidder offering the highest development fund is allotted the plot/built-up space. The minimum bid value is fixed at 100% of the annual lease rent. Since the said amount is non-refundable, CEPZIA has pointed out that it imposes a huge financial burden on the upcoming Units. This is also acting as a deterrent for startups to start business in SEZ.

**Suggestion: The Development Fund may be made refundable subject to the following conditions:**

- a) There shall be a lock-in period of 3 years for such fund.
- b) The refund will be made only at the time of final exit
- c) Dues if any shall be adjusted and only the balance amount will be refunded.
- d) There shall be no interest given on the Development Fund.

The proposal is placed before the Committee for consideration and approval.

(iv) **Format of Lease Agreement**

DoC has published a standard format for lease agreement to be used in all DC offices. However, this document is very different from the format followed in this office. The major differences are given in the following table:

SI No	Description	Standard Lease Deed	Modified Lease Deed
1.	Tenure	5 years <b>(Clause 11)</b>	15 years <b>(Clause 1)</b>
2.	Payment of Rent	Lease to be paid on quarterly basis by Bank draft, RTGS, ECS or through any other banking instrument. <b>(Clause 12,13)</b> Lessee shall pay in advance lease rent for the first quarter <b>(Clause 15)</b>	First Year rent to be paid in advance during the time of allotment. From 2 <sup>nd</sup> year onwards payment to be made in advance on quarterly basis <b>(Clause 4)</b>
3.	Liability for non-payment of rent	12% p.a. from 1 <sup>st</sup> day of 2 <sup>nd</sup> month of the quarter for every day of the delay <b>(Clause 30)</b>	12% p.a. for every day of delay <b>(Clause 4, 11)</b>
4.	Termination of Lease Deed	Mentions only about eviction under the provisions of the PP Act <b>(Clause 51)</b>	Reasons to be provided within 7 days of show cause <b>(Clause 7)</b>
5.	Re-allotment	Not Mentioned	Right to allot the demised premises to new units <b>(Clause 12)</b>
6.	Rent after execution of new Lease Deed	The quarterly lease rent shall be revised at the rate of 10% p.a. over the existing rental every year <b>(Clause 27)</b>	As decided by the lessor <b>(Clause 14)</b>
8.	Full utilization of land	Within a period of one year from the date of commencement of the lease <b>(Clause 25)</b>	Not Mentioned
9.	Amendment to agreement	<b>Clause 54</b>	Not Mentioned

(v) **Engagement of Consultants – Renewal.**

CSEZA had engaged various consultants, on contract basis, for specific works for a period of one year, the details of which are given below:-

a	Legal Consultants	Adv. Rajesh and Adv. Arathi
b	Electrical Consultant	Shri Krishna Varma, Sr Engineer (Rtd)
c	Land Acquisition matters	Shri A Abdul Najeeb, Dy. Collector (Rtd)
d	GST/Tax consultant	V. A. Joseph George IRS (Rtd.)
e	CA Firm	M/s G. Natesan & Company

Since the above consultants are engaged for specialized works and the said work is for protecting the interest of CSEZ Authority, the proposal for extension of the services of the Consultants mentioned above for another period of one year from the date of expiry of their contract agreement is placed before the Committee for consideration and approval.

(vi) **Revised Estimate for the year 2018-19 of CSEZ Authority**

The budget estimates of the Cochin Special Economic Zone Authority was approved in the 28<sup>th</sup> meeting of the Authority held on 26<sup>th</sup> June, 2018. The budget envisaged a total income of Rs.6862.38lakh with an expenditure of Rs.5614.71 lakh leaving an operating surplus of Rs.1247.57 lakh.

The actual income and expenditure for the period upto December, 2018 has been taken into consideration for revision of the budget estimates for the year 2018-19.

There is a nominal net operating profit of Rs.30.09 lakh in power distribution .

The total income from IWMS is estimated to be Rs.536.79lakh against the projection of Rs.599.15.lakh, whereas the expenditure reduced from Rs.443.71 lakh to Rs. 306.24 lakh.

The total income from Estate has been revised from Rs.1960.64lakh toRs.1752.58 lakh.

The revised operating income and expenditure for 2018-19 are 6190.78 lakh and Rs. 4519.64 lakh respectively, resulting in an operating surplus of 1671.14 lakh. The net surplus for the year 2018-19 is Rs.2159.25 lakhs.

The revised budget estimates in detail is placed below (Annexure I) for consideration and approval of the Authority.

CSEZA AGENDA

XXX Meeting

26.02.2019

(vii) **Schedule of vacant space in the Zone**

A list of vacant space in SDF Buildings/Plots as on date available for allotment is prepared as follows:-

Vacant Space in SDF 16:

Sl. No.	Approximate Area in Sq.mtr.	Location
1	184.01	II Floor
2	288.42 [Furnished for IT] cost of furniture should be borne by the lessee.	IV Floor
3	101.52	IV Floor
4	768.87	II Floor
5	575.00	II Floor
6	443.54 & [51.30 Open Area]	II Floor
7	99.5	II Floor
8	445.00	III Floor

Vacant Space in SDF 17:

1	292.20	IV Floor
2	116.00	IV Floor
3	166.95	II Floor
4	497.86	II Floor
5	684.68	I Floor
6	152.77	I Floor

Vacant Space in SDF 43A:

16	398.53 [Furnished for IT] cost of furniture should be borne by the lessee.	I Floor
----	---	---------

Vacant Space in Old K Mohan and Co. Building Plot No.30:

Sl.No	Address/ land mark of space	Area in sq mtr.
1	Ground floor	187.00

The total area of built-up space is 5694.05 Sq. Mtr. Including furnished space.

Submitted for perusal of the Authority.

**D. Any other items approved by Chairman.**

.....